Clear strategic direction

annual report
2010

TESSENDERLO
GROUP

The group in a few figures

Tessenderlo Group in a few figures over 10 years (*)

(Million EUR)		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
		IFRS									
Revenue		2,427.3	2,093.8	2,765.0	2,405.9	2,238.3	2,149.6	2,062.9	1,972.0	1,934.0	1,890.0
Rebitda		175.6	63.4	344.7	261.6	188.4	191.8	220.8	204.0	259.0	230.0
Rebit		58.9	- 51.4	239.1	152.3	72.3	67.4	106.2	82.0	115.0	109.0
Non-recurring items		- 1.6	- 99.8	- 26.9	35.1	- 76.9	- 8.2	- 25.0			
Ebit		57.4	- 151.2	212.2	187.4	- 4.6	59.2	81.2			
Profit (+) / loss (-)		20.3	- 166.7	140.4	128.7	- 24.3	35.1	53.6	43.0	71.0	65.0
Net cash flow		105.3	45.9	280.1	248.1	142.8	161.0	195.6	162.0	207.0	168.0
Profit (+) / loss (-)/Revenue	(%)	0.8	-8.0	5.1	5.3	-1.1	1.6	2.6	2.2	3.7	3.4
Rebit/Revenue	(%)	2.4	-2.5	8.6	6.3	3.2	3.1	5.1	4.2	5.9	5.8
Net cash flow/Revenue	(%)	4.3	2.2	10.1	10.3	6.4	7.5	9.5	8.2	10.7	8.9
Capital Employed (CE)		976.5	1,099.4	1,282.7	1,118.9	1,181.3	1,258.0	1,166.0	1,136.0	1,141.0	1,259.0
Working Capital		179.6	283.7	552.5	367.0	392.7	447.0	413.2	425.0	436.0	521.0
Roce	(%)	6.0	-4.7	18.6	13.6	6.1	5.4	9.1	7.2	10.1	8.7
Capital expenditure (PP&E)		117.1	112.4	94.2	98.6	119.3	172.5	171.1	119.0	110.0	133.0
Equity attributable to equity shareholders of the Company		724.8	705.2	900.0	800.2	709.5	774.3	755.5	756.0	758.0	836.0
Return on equity (ROE) (%)		2.8	- 20.8	16.5	17.0	- 3.3	4.6	7.2	5.7	9.5	9.2
Net financial liabilities		162.0	209.0	294.6	243.8	411.0	428.9	351.4	339.0	303.0	341.0
Net financial liabilities/Equity (%)		22.3	29.6	32.7	30.4	57.8	55.4	46.5	44.8	40.0	41.0
Net financial liabilities/Rebitda		0.9	3.3	0.9	0.9	2.2	2.2	1.6	1.7	1.2	1.5
Interest coverage		2.8	- 17.3	14.3	10.9	0.5	3.9	5.2	5.0	8.0	5.0
Dividend paid		38.3	37.1	36.9	35.0	33.3	32.7	32.7	30.7	30.6	30.5
Pay out ratio	(%)	188.7	N/A	26.3	27.2	n/a	94.4	58.0	71.5	43.1	46.9
Headcount		8,262	8,317	8,237	8,121	8,124	8,123	8,181	8,223	7,934	7,849

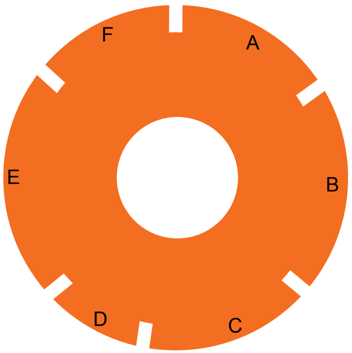
(*) A financial glossary is available on page 244.

Tessenderlo Group at a glance

2010 revenue:
2.4 billion EUR

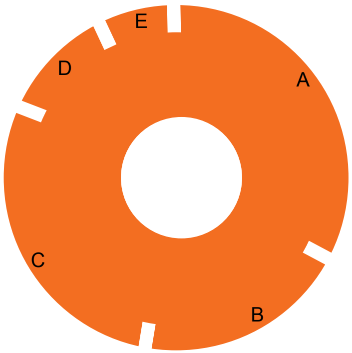
Revenue per:

Operating segment



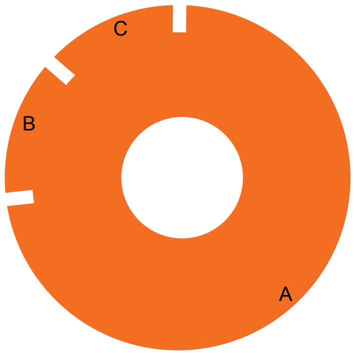
A.	Inorganics:	16%
B.	PVC/Chlor-Alkali:	20%
C.	Gelatin & Akiolis:	17%
D.	Tessenderlo Kerley:	10%
E.	Plastic Pipe Systems and Profiles:	23%
F.	Other Businesses:	14%

End market



A.	Building Industry & Public Works:	33%
B.	Industry:	20%
C.	Fertilisers & Animal Nutrition:	29%
D.	Health & Hygiene:	11%
E.	Household:	7%

Geography



A.	Europe:	73%
B.	USA:	14%
C.	Rest of the world:	13%

Company profile

A global player in various markets

Tessenderlo Group is an international group with over 100 locations worldwide. The group primarily serves customers with its products and services for use in construction, agriculture, industry, and health and consumer goods end markets. The group has developed expertise in innovative processing of by-products from different industries into valuable new products.

Tessenderlo Group reports its activities as follows:

- Inorganics
- PVC/Chlor-Alkali
- Gelatin and Akiolis
- Plastic Pipe Systems and Profiles
- Tessenderlo Kerley
- Other Business (Organic Chlorine Derivatives, Pharmaceutical Intermediates, Compounds)

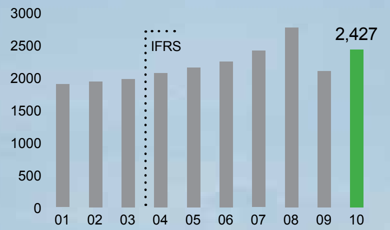
Present in everyday life

Tessenderlo Group's products form an integral part of our everyday lives and are used in various applications, from high-quality fertilisers and animal feed to medicine and car dashboards. A little bit of Tessenderlo Group can also be found in sweets, perfumes, batteries, blood bags, water treatment products, washing powders and window profiles – just to mention a few examples.

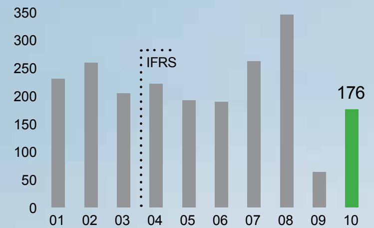
What's inside

Tessenderlo Group in a few charts

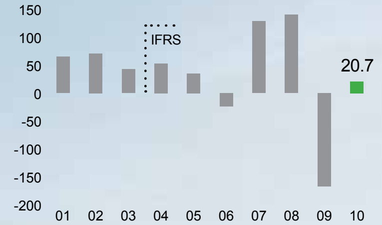
Revenue
(Million EUR)



Rebitda
(Million EUR)



Profit (+) /loss (-) attributable to shareholders of the Company
(Million EUR)

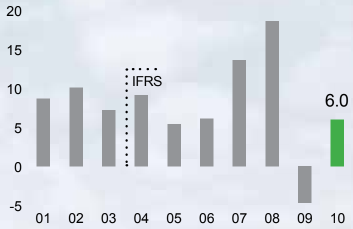


Working capital / Revenue

(%)

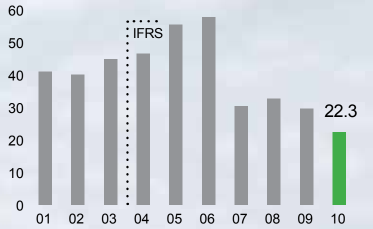
ROCE

(%)



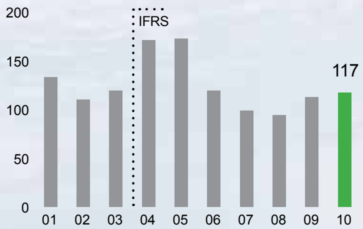
Net financial liabilities / Equity

(%)



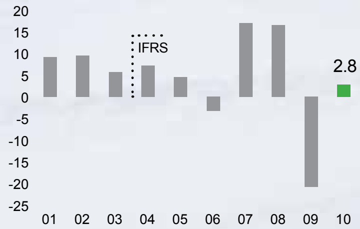
Capital expenditure (PP&E)

(Million EUR)



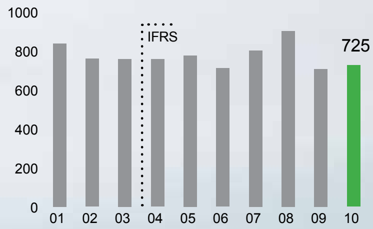
Return on equity

(%)



Equity attributable to equity shareholders of the Company

(Million EUR)



Summary consolidated balance sheet

(Million EUR)	2010	%	2009	%
Property, plant and equipment	682.2		694.7	
Goodwill	53.4		53.6	
Other intangible assets	61.2		67.4	
Other non-current assets	81.0		68.3	
Total non-current assets	**877.9**	**52**	**884.0**	**56**
Inventories	349.7		361.1	
Trade and other receivables	300.2		286.9	
Cash and cash equivalents	150.5		44.3	
Total current assets	**800.4**	**47**	**692.3**	**44**
Non-current assets classified as held for sale	**18.1**	**1**	**0.3**	
Total assets	**1,696.5**	**100**	**1,576.6**	**100**
Issued capital and share premium	201.2		182.9	
Total reserves	390.8		373.1	
Retained earnings	132.8		149.2	
Non-controlling interest	3.7		2.3	
Total equity	**728.6**	**43**	**707.5**	**45**
Provisions and deferred taxes	147.6		251.4	
Financial liabilities				
- Non-current	195.4		11.6	
- Current	117.1		241.7	
Other liabilities	501.2		364.4	
Liabilities	**961.4**	**57**	**869.1**	**55**
Liabilities associated with assets held for sale	**6.5**	**0**	**0.0**	
Total equity and liabilities	**1,696.5**	**100**	**1,576.6**	**100**

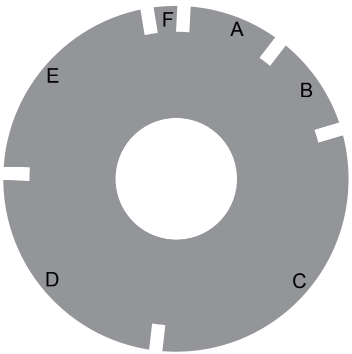
Summary consolidated income statement

(Million EUR)	2010	2009
Revenue	**2,427.3**	**2,093.8**
Cost of sales	-2,010.1	-1,813.0
Gross profit	**417.2**	**280.8**
Distribution expenses	-136.5	-112.6
Sales and marketing expenses	-68.8	-57.8
Administrative expenses	-141.2	-152.9
Other operating income/expenses	-11.9	-8.9
REBIT	**58.9**	**-51.4**
Non-recurring items	-1.6	-99.8
EBIT	**57.4**	**-151.2**
Finance costs - net	-28.6	-11.2
Share of result of investments accounted for using the equity method	1.6	1.0
Profit (+) / loss (-) before tax	**30.4**	**-161.4**
Income tax expense	-10.1	-5.3
Profit (+) / loss (-) for the period	**20.3**	**-166.7**
Attributable to :		
Equity holders of the group	**20.7**	**-167.0**
Non-controlling interest	**-0.4**	**0.3**

2010 operating segment key figures

Rebitda

175.6 million EUR

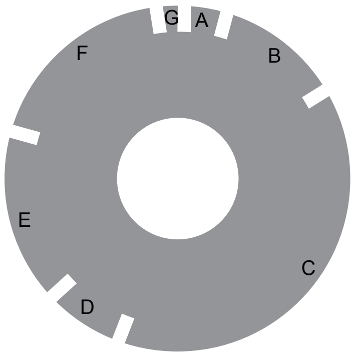


A.	Inorganics:	10.4%
B.	PVC/Chlor-Alkali:	10.7%
C.	Gelatin and Akiolis:	30.6%
D.	Tessenderlo Kerley:	23.8%
E.	Plastic Pipe Systems and Profiles:	22.4%
F.	Other Businesses:	2.2%

Excluding non-allocated costs: -24.4 million EUR

Capital expenditures (PP&E)

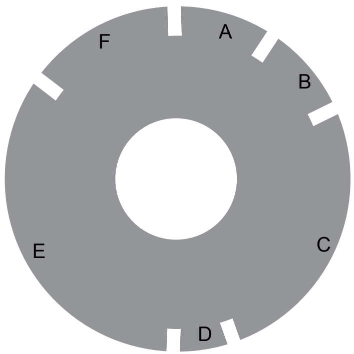
117.1 million EUR



A.	Inorganics:	4.7%
B.	PVC/Chlor-Alkali:	11.7%
C.	Gelatin and Akiolis:	39.5%
D.	Tessenderlo Kerley:	7.4%
E.	Plastic Pipe Systems and Profiles:	15.9%
F.	Other Businesses:	19.5%
G.	Non-allocated:	1.3%

Headcount

8,262



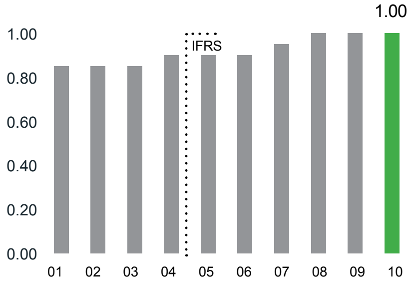
A.	Inorganics:	9.6%
B.	PVC/Chlor-Alkali:	9.2%
C.	Gelatin and Akiolis:	25.9%
D.	Tessenderlo Kerley:	5.4%
E.	Plastic Pipe Systems and Profiles:	35.1%
F.	Other Businesses:	14.8%

Key figures per share

EUR	2010	2009
Basic earnings per share (Basic EPS)	0.72	-5.84
Net cash flow per share	3.67	1.65
Shareholders' equity per share	25.37	25.45
Net dividend per normal share	1.00	1.00
Net dividend per normal share with VVPR strips	1.13	1.13
Number of shares	**28,715,584**	**27,798,255**

Evolution of the net dividend per share

(EUR)



Financial calendar

Results

Tessenderlo Group publishes quarterly releases of its consolidated results through the news media. The dates of the releases will be as follows:

- Full year 2010 results .... 24th February 2011
- First quarter 2011 results .... 5th May 2011
- Second quarter and half year 2011 results ....25th August 2011
- Third quarter and nine months 2011 results .... 27th October 2011

General Meeting

Approval of the financial statements 2010..............................June 7th, 2011

News releases: see our website www.tessenderlogroup.com under 'News & Media' - 'News'.

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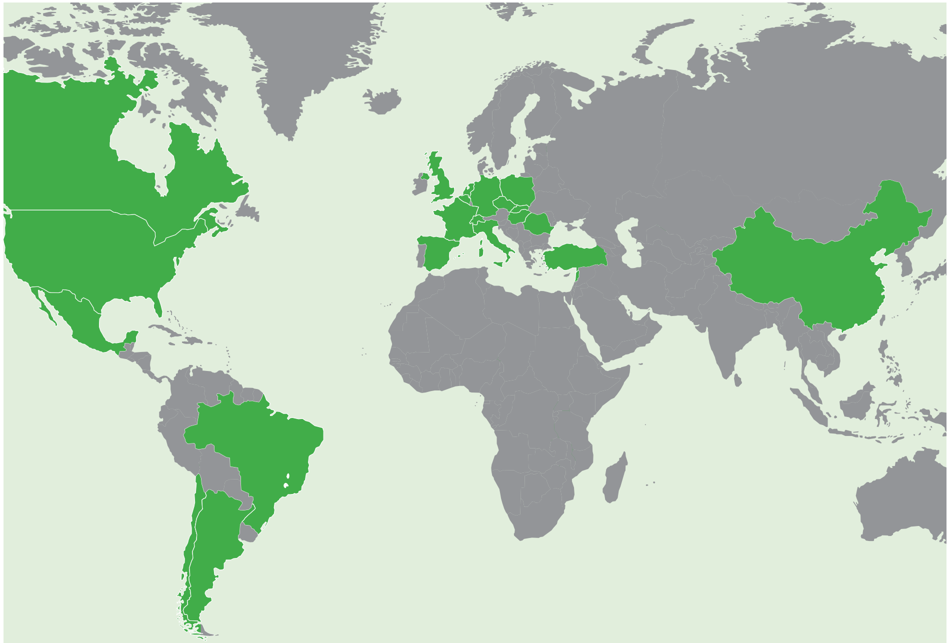
Tessenderlo Group's global presence



Argentina*	Germany*	Romania
Belgium*	Great Britain*	Slovakia
Brazil (under construction)	Hungary	Spain
Canada*	Italy*	Switzerland
Chile	Lebanon	Turkey
China*	Mexico	United States of America*
Czech Republic	Netherlands*	*WITH PRODUCTION UNITS
France*	Poland*	

Highlights of 2010

During 2010

Tessenderlo Group progressed as planned in the construction of a gelatin production facility in Acorizal (Mato Grosso), Brazil. This facility, the Group's second in Latin America, is scheduled to be operational in the second half of 2011.

1 December 2010

Tessenderlo Group sold Immo Watro s.a., the real estate company owning the Group's administrative building in Brussels, to GLL Real Estate Partners GmbH. Tessenderlo Group will rent the property back and the headquarters of the Group remain at the present location.

19 October 2010

Tessenderlo Group completed the bookbuilding of a private placement of senior unsecured bonds, due 2015. This private placement provides a more balanced maturity profile and marks another milestone in the Group's funding strategy.

18 October 2010

Tessenderlo Group signed, through its French subsidiary CTS, an agreement with the Chinese authorities to start up a new production plant in Changsu, Jiangsu province. This plant, scheduled to start up in autumn 2011, will produce thermoplastic elastomers (TPEs) and PVC slush compounds for customers in the automotive industry.

15 October 2010

Tessenderlo Group invested in a new factory for the production of gelatin in Heilongjiang (north-east China) through a joint venture in which the Group holds 86% of the shares. The production unit, which is already under construction, will concentrate primarily on pharmaceutical applicatons and be operational by mid-2011, becoming the Group's second production site in China.

15 July 2010

Tessenderlo Group announced that, related to its offer to pay the 2009 dividend in shares and/or in cash, 61% of coupons were tendered for new shares. As a consequence, 844,258 new ordinary shares were issued as per July 15, 2010.

World Water Day 2010

Tessenderlo Group is proud to support World Water Day 2010, which was held March 22nd, 2010.

01 March 2010

Tessenderlo Group successfully closed syndicated credit facilities with a group of leading international banks, for an aggregate amount of 500 million EUR. This milestone represents the Group's first syndicated loan transaction, and indicates the confidence of both existing and new relationship banks in the Group.

01 March 2010

Tessenderlo Group sold its goodwill in zinc chloride to Floridienne Chimie.

22 January 2010

Tessenderlo Group, together with Ghent University and various soil experts, has devised a new method to clean up the soil of its factory grounds. On the strength of its innovative nature, the project has received recognition and financial support from the European Commission through the LIFE+ programme.

15 January 2010

Frank Coenen succeeded Gérard Marchand as new Tessenderlo Group CEO on January 15th.

Clear strategic direction

Letter to stakeholders

Dear stakeholders,

2010 marked an important year of progress for Tessenderlo Group. In spite of a cautious start to the year, in part due to the global economy emerging from the worst economic environment in recent memory, the Group managed to deliver a strong rise in revenue, REBIT and REBITDA. Revenue totaled 2.4 billion EUR, a 15.9% increase and the second highest revenue in the Group's history. Following a slow start to the year, the second, third and fourth quarters each had double digit revenue growth, and each reported segment showed revenue gains. Inorganics, with 40.4% more revenue had the biggest increase, and Tessenderlo Kerley was 28.5% ahead. Gelatin and Akiolis grew 14.6%, Other Businesses was up 16.4% and PVC/Chlor-Alkali rose 11.9%. Soft construction activity and unusually cold winter conditions at the start and end of the year limited revenue growth of Plastic Pipe Systems and Profiles to 3.0%.

The increase in full year revenue of 15.9% to 2.4 billion EUR for the Group confirmed the broad-based nature of the recovery, as each operating segment recorded revenue higher than 2009

Group REBITDA for 2010 came in at 175.6 million EUR, nearly three times the low amount of 2009. The recovery of profitability in Inorganics provided the largest part of this increase. The recovery of general economic activity was also evidenced by the improvements in REBITDA for PVC/Chlor-Alkali and Other Businesses; together with Inorganics these reported segments turned from negative to positive REBITDA. Tessenderlo Kerley recorded higher REBITDA, while Gelatin and Akiolis nearly matched the historically high REBITDA of 2009. The weak fourth quarter in Plastic Pipe Systems and Profiles explained nearly all of the fall for the full year for this segment. Cost control remained in place during the year, and combined with the revenue gains, contributed to material improvements in Group REBITDA and REBIT. Profit for the full year of 20.3 million EUR reflected the better operating results, and was a significant turnaround compared to the exceptional loss seen in 2009.

Tessenderlo Group also made important progress in executing its funding strategy in 2010. Net financial debt ended the year at 162.0 million EUR, a considerable decline of 47.0 million EUR versus one year ago. This performance was made possible by a strong rebound in REBITDA, improving working capital and disciplined cash allocation management. The Group also received strong support for its first ever syndicated credit facility for an amount of 500 million EUR, signed at the end of February 2010 with a Group of 15 international banks. In October, Tessenderlo Group enjoyed solid support for its 5 year bonds, for an aggregate amount of 150 million EUR via a European private placement, providing a more balanced maturity profile.

The Group continued to implement its strategy during the year. Important targeted investments were made in selected businesses to improve the Group's performance, and to increase the proportion of specialty products and services in the Group's portfolio. Highlights included progress on construction of the Group's first gelatin plant in Brazil (its second in Latin America); an important increase of supply capacity at Tessenderlo Kerley; entering into the Group's second joint venture for gelatin in China; and an investment to produce specialty compounds for the automotive industry in China. At the same time, more than 40 million EUR was generated through sales of non-core businesses and non-strategic assets, fully in line with the Group's strategy.

Tessenderlo Group enters 2011 confident that it will be a year of further progress. Operationally, revenue and profitability are expected to increase. Demand from agricultural markets – encompassing the Tessenderlo Kerley and Inorganic segments - remains firm and is underpinned by ongoing requirements of global food production. The Group's leading positions in Gelatin and Akiolis enjoy underlying demand which continues to be solid. Construction activity is expected to stabilize and remain subdued. Operations which serve a broad range of general industries, such as PVC/

Chlor-Alkali, should benefit from further economic recovery.

The Group will continue to manage costs strongly and pursue cost reduction opportunities

Enabled by a solid balance sheet, 2011 will also be an important year of growth. 3 key projects will be completed in the second half of the year, which will boost the Group's presence in faster growing economies. The gelatin business will open its first site in Brazil, while its recently formed joint venture will start up the Group's second gelatin site in China. The Compounds business will bring its first site in China into production to serve its customers in the automotive industry. Alongside these projects, Tessenderlo Group intends to step up its investment plans, particularly in the USA, which should lead to higher capital expenditures in 2011.

Of course the achievements realized in 2010 were the result of the efforts made by all employees of the Group. On behalf of the Board of Directors, we recognize these efforts and want to thank our employees for their commitment to improve the company and its performance.

Frank Coenen,
CEO

Gérard Marchand,
Chairman of the Board of Directors

Strategy

Business unit strategies: profitable top tier performer

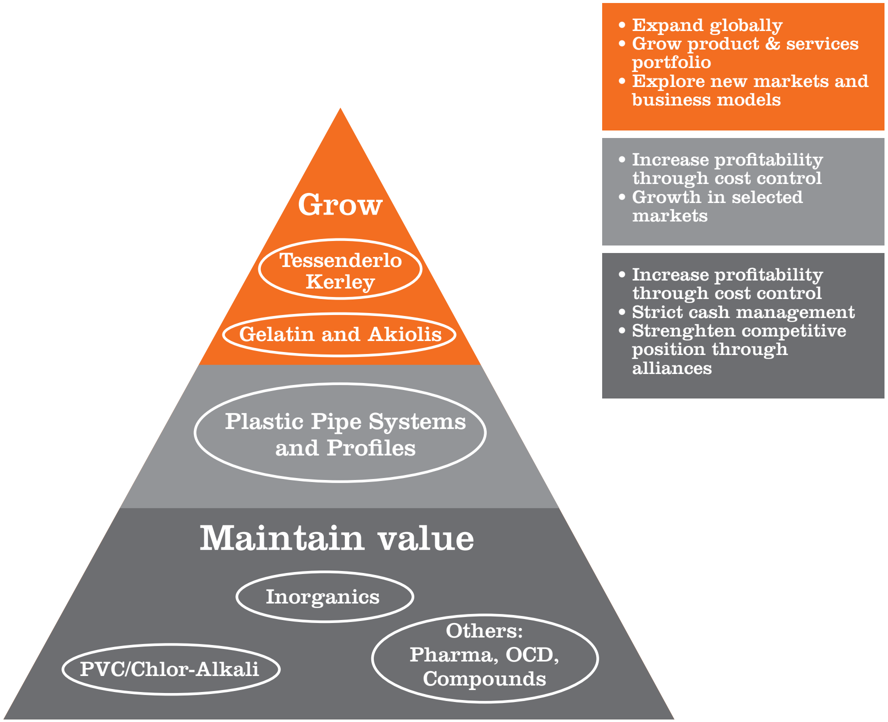
During 2009 and 2010, Tessenderlo Group has strengthened its strategic planning process, which has resulted in updated business unit strategies, as well as corporate strategy. For each business unit, the Group has mapped the attractiveness of the relevant market segments, taking into account factors such as market growth prospects, market structure and overall profitability and returns, as well as assessed the current competitive and potential position of the Group in those markets.

This has led to defining the most appropriate strategy for each of the business units, with a common goal to be among the leaders in each of the relevant markets, and generating a return on capital employed of 12% or more. The Group's businesses compete in markets which have different geographic characteristics; some, such as gelatin, are global in nature, whereas for others the basis of competition is more local.

Group strategy: reshaping the portfolio

Following development of individual strategies for each business unit, the Group also assessed the impact of mega trends, such as globalization, and the need foreconomies to become more sustainable.

This process has led to a grouping of activities into 3 categories, as shown in the pyramid below.



Sustainability and globalization are considered long-term developments the Group wants to understand deeply and leverage on.

Sustainability as a driving force

Alongside many customers and suppliers, Tessenderlo Group is already active in a number of areas which are aligned with global “green” trends. However, the Group wants to go further, by developing new products, services and even business models in line with the identified mega trends.

The top of the pyramid features businesses with strong positions, which the Group believes can be grown further. These businesses have solid profitability and returns, and have developed business models which make use of residuals or side streams of other processes as raw materials, hence preserving virgin natural resources, and serving end markets critical for future generations. For example, Tessenderlo Kerley provides environmental services to refineries, processing their tail gasses. In turn, the recovered products are transformed into specialty liquid fertilizers that can be applied with minimal use of water, and which significantly increase crop yields per hectare. Gelatin and Akiolis collects and treats organic side streams, and transforms them into a variety of products, ranging from gelatin for pharmaceutical and food applications, raw materials for oleochemistry, pet food, fertilizers, biofuels and energy.

The middle of the pyramid contains businesses which have strong regional positions, and where Tessenderlo Group will continue to expand our positions selectively. This is driven by water management needs in the Plastic Pipes Systems markets, and increased energy efficiency through higher insulation needs, as well as PVC recycling, in Profiles markets.

The base of the pyramid groups a number of our businesses which serve mainly agricultural, industrial and construction markets. Here the focus is to improve profitability, and where necessary strengthening our competitive position through forms of alliances and/or partnerships.

Increasing presence in faster-growing economies

Strong growth of emerging economies, as well as shifting economical and political powers are forces all industries recognize and try to turn into opportunities. Tessenderlo Group, which currently has a majority of its activities in Europe and to a lesser extent in the US, is taking active steps to benefit from these buoyant regions. Most of the Group's growth businesses present attractive, profitable opportunities in emerging economies, and will allow the Group to diversify its geographic footprint as these businesses grow. Evidence of this can be seen in announcements for new gelatin plants in Brazil and China, as well as a new plastic compounds plant in China, all of which will be operational in 2011. Furthermore, the Inorganics businesses have been increasingly active in serving customers in South America, the Middle East and sub-Saharan Africa. The Group expects this geographic diversification to be a key element in the execution of its strategy.

Executing a multi year plan

Activity report

Inorganics

Business description

The Inorganics segment features the supply of products primarily to agricultural end markets. Within Inorganics, Tessenderlo Group operates two main businesses - potassium sulphate fertilizers and inorganic feed phosphates – which play an important role in helping to meet the challenges of feeding a growing global population with evolving diets.

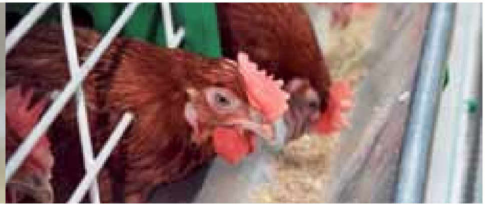
Potassium Sulphate (K_2SO4), **or Sulphate of Potash** (SOP), is the world's most popular low-chloride potash fertilizer. It is especially suitable for use in dry areas, and for highly sensitive crops such as flowers, vegetables and fruit. Tessenderlo Group is the world's second largest supplier of potassium sulphate, with two production locations: one in the North of France, the other near the port of Antwerp in Belgium, allowing for efficient logistics to export to more than 80 countries worldwide.

Combining potassium and sulphur, SOP offers a high concentration of nutrients readily available to plants. SOP has a very low salinity index, making it the preferred potash fertilizer in areas at risk from soil salinity. SOP improves crop yield and quality, making plants more resistant to drought, frost, insects and disease. Not only does potassium sulphate improve the crop's nutritional value, taste and appearance, but also its resistance to deterioration during transport and storage, and its suitability for industrial processing. Tessenderlo Group produces the complete range of potassium sulphate grades: standard, granular (GranuPotasse®) and fully soluble (SoluPotasse®).

The activities of **Inorganic feed phosphates** cover the supply of feed phosphates as well as other specialized feed ingredients. They are widely used to meet the nutritional needs of cattle, pigs, poultry and aquaculture. Inorganic feed phosphates provide the vital mineral element phosphorous, which plays a major metabolic role and has more physiological functions than other elements. It is, for example, involved in the development and maintenance of skeletal tissue (80% of the phosphorus is found in the bones), as well as in energy utilisation and transfer. An adequate supply of phosphorus in the feed is considered to be crucial to the health and optimal production of livestock.

Aliphos is the feed ingredients division of Tessenderlo Group, and is one of the world's largest producers of inorganic feed phosphates for animal feeds. As such, it offers a complete range of feed phosphates, as well as feed ingredients designed to offer optimal animal nutrition. Aliphos offers feed producers a safe, highly digestible source of phosphorus with a consistent, precise nutritional value and high product purity that is fully controlled and traceable.

The Aliphos range is produced at three modern, ISO 9002 and GMP-certified plants located in Belgium, the Netherlands and Italy. From these sites, the Group delivers products to customers in Europe, Latin America and sub-Saharan Africa.



2010 performance and highlights

Global demand for fertilizers, including the Group's potassium sulphate products, recovered well after the unusually strong decline in 2009. This was fuelled by the ongoing demand for food, combined with unfavourable weather conditions in a number of important agricultural regions. In particular, Tessenderlo's specialized potassium fertilizers did very well, especially in countries outside of Europe. Inorganic feed phosphates also had good growth in markets such as Latin America, while the European market showed a slight decline.

Following the global economic downturn in 2009, demand for **potassium sulphate fertilizers** returned to growth again in 2010. With the price agreement signed at the end of December 2009 between China and the major potash producers for the import of potash fertilizer in 2010, ended a period of uncertainty for prices, and market conditions started to improve. Following the slow start to the year, fertilizer demand was boosted by higher prices for major crops such as wheat, rice and cotton – partly a consequence of the drought in Russia and Western Europe, and the floods in Pakistan. The higher crop prices encouraged farmers to increase their fertilizer consumption. The prices of crops in 2011 are anticipated to remain at a high level, which should support solid demand for potassium sulphate fertilizers.

Due to the gradual recovery in 2010, the Group's stock levels were above average in the first months of the year. This led to some margin losses recorded in the first half of the year; thereafter, the resumption of more normal demand brought inventories back into line with normal levels and led to improved margins.

Tessenderlo Group is the market leader in premium grade - liquid and granulated - fertilizers. Driven by increased demand for crop-specific products, this market recovered faster than the standard fertilizer market, and the Group benefited from its leadership position.

Measures for water projects taken by governments in North Africa, the Middle

East and Latin America was an additional element supporting demand for the Group's products. In those areas where agricultural land and water are scarce, the efficiency of specialized liquid fertilizers produced by Tessenderlo Group is an added advantage. Overall, growth of the sulphates business in 2010 was strongest outside Europe.

European demand for **inorganic feed phosphates** in 2010 showed a modest decline, similar to the trend recorded over recent years and improved versus the sharp fall of 2009. This market decrease reflected a lower demand for feed for pork production, which was mostly compensated for by increasing demand for feed ingredients for poultry, dairy cattle and aquaculture. In this environment, Aliphos maintained its clear leadership position in Europe, with volumes which were in line with market developments.

In addition, Aliphos' focus on further developing its activities outside of Europe continued to pay off, such as in South America and sub-Saharan Africa. While for Aliphos these markets are a smaller proportion of its total volumes when compared to volumes sold in Europe, the continued increase in meat production and consequently animal nutrition needs in these areas represent in important growth area for Aliphos. On a worldwide basis, volumes grew nearly 20% due to a solid increase outside of Europe.

Key figures

Inorganics

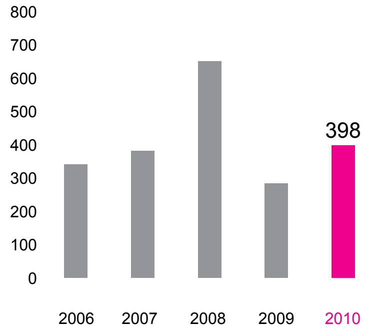
Key figures

(Million EUR)

	2010	2009
Revenue	398	284
Rebit	14	- 57
Capital expenditures	6	7

Revenue over 5 years

(Million EUR)



PVC/Chlor-Alkali



Business description

Polyvinyl chloride (PVC) is one of the most versatile synthetic resins in the world, and estimated to be the third most widely produced plastic. The range of applications in which PVC can be used is very high. This includes plastic pipe systems, and window and door profiles for the building and construction sector; flexible and rigid films for packaging; compounds, cables and wire jackets.

Tessenderlo Group manufactures and distributes PVC from its polymerization units located in Holland and France, with most of its sales in northern and western Europe.

The main raw material to make PVC, vinyl chloride monomer (VCM), is produced from a single large scale plant in Tessenderlo, from where it is transported by pipeline or rail to the polymerization units. VCM is made from chlorine or hydrochloric acid, and ethylene; the first two are also produced at the same site in Tessenderlo, while ethylene is purchased from third parties and supplied via a dedicated pipeline system. Chlorine is produced in the Group's modern electrolysis unit, while hydrochloric acid is a by-product of manufacturing potassium sulphates. This integration of raw materials eliminates the need for road transportation.

When making chlorine by electrolyzing sodium or potassium chloride, the process also yields alkali caustic soda and caustic potash. Caustic soda is used for water purification and for the production of soaps and detergents. In addition, it has many applications in the chemical, aluminium and paper industries. Caustic potash is used in food and fertilizers, alkaline batteries, de-icing products for airports, detergents and the chemical industry. Today, Tessenderlo is the leading supplier of caustic potash in Europe.

The chlor-alkali activity also includes the production and supply of ferric chloride, which is an important product in the growing sector of water treatment. The Group is Europe's second largest supplier of ferric chloride, and is the exclusive supplier for the cities such as Paris and Brussels.

Next to these products, the Group also produces several derivative products for use in the photographic, food, water purification and mining industries.

2010 performance and highlights

Market demand for PVC in Western Europe displayed a modest recovery, compared to the very weak situation in 2009. The largest end market, construction, did not see a material pick-up in activity, which fell back substantially following the impact of the economic crisis. As a result, demand is still well below its long-term level. By contrast, demand in Central and Eastern Europe grew more strongly than Western Europe in 2010.

During the last 2 years, a limited amount of industry production capacity has been closed; however, this has not been sufficient to support supply/demand balance given the fall in demand over the past years. In addition to these structural reductions in supply, 2010 featured several industry supply outages from mid 2010 until the end of the year. The Group's PVC business generally benefited from these events, due to the strengthening of its sales efforts over the past few years, and the recognition by its customers of being a reliable partner. This consistent approach led to an increase in sales volumes, and an estimated rise in the Group's market share.

PVC pricing in 2010 was above 2009, reflecting increased production costs primarily driven by higher ethylene costs. Margins, which were broadly stable during the first half of the year, improved versus the extremely low margins in the same period of 2009, while second half 2010 margins could not match the material rise in the second half of 2009 due to supply problems at competitors. Costs remained under control to benefit the overall result for PVC.

Demand for **chlor-alkali** products improved, linked to the general economic recovery, and more specifically to a pick-up in activity in the aluminum and paper industries. Additionally, stronger winter weather conditions prevailed at the start and end of 2010, which supported demand for caustic potash. Despite the increase of chlor-alkali volumes, this level of demand is below the trend of the years prior to 2009.


Caustic soda demand rose in 2010, mainly in the first half when prices were substantially lower than the record levels in the first half of 2009. Towards the end of the third quarter, low inventory levels in Europe led to higher market prices which were maintained during the fourth quarter.

Volumes of caustic potash rebounded well, also linked to improving economic conditions. Demand from end markets such as fertilizers and de-icing applications was an important contributor to this increase in volumes. In 2009 prices reached an all-time high in the first quarter but collapsed afterwards, linked to the rise and fall of the cost for the primary raw material, potassium chloride. The margins fell significantly and could only be partially restored in the second half of 2010.

For derivative products, demand from water treatment customers was solid, and volumes rose in 2010. In May, Tessenderlo was chosen as the exclusive supplier of ferric chloride for the city of Paris in a multi-year contract. Sulfur derivatives had much better volumes due to demand from the tanning and mining industries.

Key figures

PVC/Chlor-Alkali

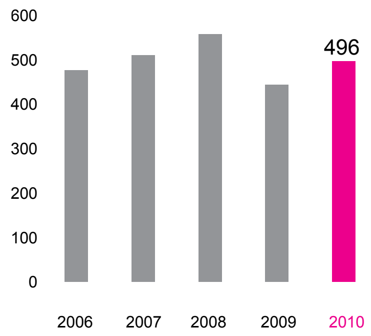
Key figures

(Million EUR)

	2010	2009
Revenue	496	443
Rebit	-7	-28
Capital expenditures	14	29

Revenue over 5 years

(Million EUR)



Gelatin and Akiolis



Gelatin

Business description

Gelatin is a purified protein, produced by the selective hydrolysis of collagen, which is the major organic component of the bones and skins of mammals. It is classified as a food ingredient, and is one of the most versatile and multifunctional ingredients for commercial food manufacture. Furthermore, gelatin is free from additives and preservatives, and is non-allergenic.

Tessenderlo Group is the world's third largest supplier of gelatins. The Group supplies a complete range of high quality gelatins and collagen hydrolysates from its six production sites, strategically located in Asia, Europe, North and South America. In 2010, the Group continued the construction of a new production facility at its Brazil site. Further, the Group acquired assets which include its second production site in China. Both sites are scheduled to start production of gelatin in the second half of 2011.

Gelatin offer unique properties in food, pharmaceutical, health & nutrition, pet food and photographic applications. An estimated two-thirds of gelatin is sold into the food industry, where its properties are used to gel, thicken, stabilize, emulsify, bind and aerate.

Typical applications include confectionary, dairy products and desserts, gelatin desserts and savoury products.

Due to its capacity of forming flexible, plasticized or hard films, and to act as a binding agent, gelatin is recognized as one of the most versatile raw materials in the pharmaceutical industry. Here it is used for hard or soft capsules, tablets, emulsions and several other pharmaceutical and medical products.

Gelatin is a healthy product that is an important source of protein and does not contain any cholesterol, fat or carbohydrates. As such, collagen hydrolysates, which are obtained by enzymatic hydrolysis of collagen rich materials, are often found in food supplements, nutritional or sports food and drinks, to support arthritis and osteoporosis cure, and to maintain healthy joints and bones.

They are also used in food for people with diabetes and for products with a low glycaemic index.

Gelatin is also used for microencapsulation of flavours, colours and vitamins, and for clarifying wine and fruit juices.

2010 Performance and highlights

Gelatin's 2010 results did not match the record results of 2009;however 2010 was a solid year in which demand recovered to pre-crisis levels. Tessenderlo Group focused on implementing its strategy, including further internationalization. This included progress in the construction of its first gelatin plant in Brazil, which will be its second in Latin America. In addition, in October, Tessenderlo Group announced a new joint venture which is currently constructing a production facility in Heilongjiang, China.

Results were relatively stable across the year, and **demand** for gelatin and collagen hydrolysates in the main end markets continued to develop favourably, across all regions. Global market volume growth is estimated to be around 3-4% annually, and is underpinned by a number of sustained developments:

- In emerging economies such as China and Brazil, health care and diets are evolving as living standards increase, raising consumption of gelatin for food and pharmaceutical applications.

- The long term trend of an ageing population translates into a rising demand for products from the pharmaceutical and health & nutrition industries.

Tessenderlo Group announced further steps to increase its global presence in 2010

For Tessenderlo Group **further internationalization** was a key highlight of 2010, a year in which the gelatin business reinforced its reputation as the most global activity within the Group.

In Acorizal (Mato Grosso), **Brazil**, construction of a new production facility progressed as planned, and it is scheduled to be operational in the second half of 2011. For Tessenderlo Group, Brazil presents a number of advantages: readily available raw materials, a growing domestic market, and synergies with the existing business in Argentina.

In October Tessenderlo Group established a second majority owned joint venture in **China**. This announcement relates to a new production facility, which is already under construction in Heilongjiang, in the northeast of the country. It will be operational in the second half of 2011, and will mainly produce high-quality gelatin for pharmaceutical and health & nutrition applications.

Also in China, the existing joint venture in Pingyang further improved the quality of its gelatin with the implementation of state-of-the-art production techniques. In addition the production capacity was expanded and important investments in the field of wastewater treatment were completed in the Pingyang site.

The collaboration with Akiolis offers many benefits

The synergies between Gelatin and **Akiolis** developed further during 2010. The businesses are complementary, as Akiolis is focused mainly on collecting and processing by-products from the meat industry. The relationship offers benefits both in terms of the value added to finished goods, as well as the procurement of raw materials, particularly in Europe.

At the start of 2011, the Gelatin business renewed its website www.pbgelatins.com, which provides visitors up to date information about gelatin in a much more user-friendly way. In line with the initiatives mentioned above, the website presents the global activities of the business, replacing the separate websites previously available.

Akiolis

Business description

Tessenderlo Group plays an important role in the collection and processing of organic products from the food chain through its French subsidiary Akiolis. Akiolis has grown systematically through a series of acquisitions over many years, and is today the second largest firm in the French market, and the third largest in Europe. It adds value to the collected products, turning them into quality ingredients for various industries and renewable biofuels, while maintaining full traceability from collection to delivery to our customers.

Akiolis is divided into three complementary business lines:
The **Atemax** line of business collects and processes high-risk organic materials from farms (mainly cattle, pigs and poultry), meat processors (abattoirs, processors, butcher shops), the food industry and governments. It assists customers to comply with high sanitary standards and ensures separation of these materials from the food chain. Atemax produces renewable biofuels based on the collected materials, which are used as an alternative to fossil fuels to generate heat or electricity. Animal fats are mainly reused in the Group’s factories, replacing the need for heavy diesel.

The **Soleval** business line makes high-quality products for customers in a variety of end markets using animal ingredients. The animal raw materials are always the by-products of healthy animals intended for consumption, and are produced by the meat industry or its distribution chains. Based on these raw materials, Soleval produces ingredients with a high energy, nutritional and agricultural value, such as:

- bones for the extraction of gelatins;
- dehydrated animal proteins and fats for use in the pet food industry;
- animal fats for the soap industry and lipochemistry;


- animal proteins for fertilizers and organic fertilizers;
- dehydrated animal proteins and fats that are used as biofuels to produce heat and electricity.

In the third business area – **Development** – Akiolis focuses on businesses related to new materials and new processes in terms of organic by-products and waste from the food industry. Akiolis collects:

- used vegetable oil from restaurants, distributors, collection centers and the feed industry, under the brand Oleovia. The used oils are purified and are intended for the production of biofuels;
- by-products based on grain crops from the food industry. These dried raw materials are rich in sugars and proteins. They are used in the production of animal feed;
- fermentable waste from the food and distribution industries. It is methanised and / or composted, after which it can be used for energy production and organic fertilizers (in collaboration with several operators).

2010 Performance and highlights

For the Akiolis Group, 2010 was a positive year. The group benefited from the full year contribution of Groupe FISO, acquired in mid 2009. The Development business line performed well, thanks to a number of new initiatives and partners. The Atemax and Soleval business lines were able to maintain their volumes remarkably well, despite a lack of growth in livestock farming and meat production in France.

In 2010 Akiolis took further to improve the quality of the raw materials, in terms of sorting, freshness and the absence of unwanted elements. This resulted in a better added value for animal fats, while the value added for animal proteins was maintained. The price of fats did rise during the year, in line with international price developments of vegetable oils.

Innovation and quality are essential to Akiolis' ability to supply the pet food industry

Via Soleval, Akiolis is a partner to the largest global pet food producers. Through the standardization of quality standards such as ISO 22000 and GMP+ at all sites, the upstream cooperation with the meat industry on improving the quality of the collected materials, and the formation of dedicated teams, Akiolis expanded its product range of animal fats and dehydrated animal proteins. These efforts translated into higher sales to the pet food industry, and an increase in the added value of products on the French market. New export markets were opened up, including Russia, Thailand and the United States.

Successful new business activities provided incremental volumes

The Development activity registered double-digit growth in 2010, primarily in the market for used edible oils. By expanding its sales team and number of sites, Akiolis can now operate throughout France.

The range of services was increased through partnerships with methanization and composting businesses. This attracted new customers across France, both in distribution and industry, who are looking for a partner to manage both their organic waste and by-products. Akiolis hereby cemented its reputation as a specialist in the upgrading and recycling of organic products, and its leading position in France and Europe.

Key figures

Gelatin and Akiolis

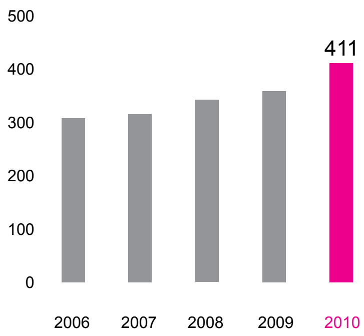
Key figures

(Million EUR)

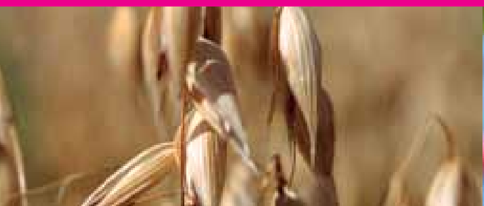
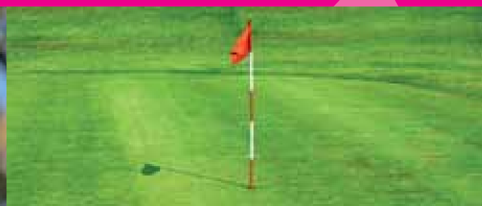
	2010	2009
Revenue	411	359
Rebit	32	36
Capital expenditures	48	32

Revenue over 5 years

(Million EUR)



Tessenderlo Kerley



Business description

Tessenderlo Kerley, Inc (TKI) produces **sulphur-based liquid fertilisers** (including ammonium, potassium, calcium and magnesium thiosulphate) that are used worldwide as fertilisers for specialty and broad-acre crops, and for arboriculture and vegetable crop cultivation. Other sulphur derivatives are used in widely differing **industrial applications** including; mining, water and waste-water treatment, soil remediation and a wide range of chemical processes.

The Kerley Chemical Company (now called TKI) was founded more than 60 years ago in Texas, based on a combination of science and ability to recognise unique business opportunities. In an unregulated era when most natural gas plants in West Texas flared the by-product hydrogen sulphide gas, Kerley possessed the knowledge to process this waste stream into merchantable industrial and agriculture products they marketed primarily in the western hemisphere.

In late 1995, Tessenderlo Chemie acquired the Kerley business. The core and basis of the company has remained unchanged, focusing on the processing of by-product sulphur and ammonia gases from petroleum, gas and selected industrial operations and turning these orphaned streams into added-value products. TKI does this selectively to balance their environmental control offering with the supply and penetration of end markets for their ammonia and sulphur derivative products to agriculture, mining, water treating and industrial segments.

The environmental services provided in processing off gas is typically characterised by long term service contracts wherein TKI invests in turn key facilities based on TKI technology and know-how. An example of this is the joint venture with ConocoPhillips (located in Oklahoma and Montana) that has just completed its 26th year. At both these refining facilities, the TKI-operated venture processes 100% of the hydrogen sulphide gas. Close coordination and high service levels are characteristic of these service relationships.

TKI is a world leader in sulphur and thiosulphate chemistry and in introducing and promoting the application of these derivatives into commercial uses. The largest existing end market is agriculture. TKI has a significant to dominant position in the specialised commodity markets in North America and Europe on broad acre (hectare) crops such as corn, wheat, alfalfa, potatoes, sugar beets/cane and dry land applications. The specialty products focus on applications in markets directed to row crops, nuts, citrus and fruit trees, grape, ornamentals, lawn and garden. The speciality offering is particularly well suited in drip and micro jet irrigation where water is scarce or rationed.

With its close ties and affiliation with world agriculture markets and the success TKI witnessed with the purchase of a metam-sodium label and production facility in late 1999, TKI formalised its efforts in developing and distributing regulated crop protection chemistries with the formation of NovaSource business unit in 2007. NovaSource serves all areas of regulated chemical market including agriculture, horticulture, turf, forestry, aquatic, structural pest control and biocides. This business group is charged to selectively expand and add proven labelled product lines to the company's portfolio. It has been a key area of growth and investment for TKI in the last 4 years, including the acquisitions of such product lines as TERBACIL, SURROUND® and LINURON.

TKI continues to evaluate and expand through its technology and knowhow into adjacent markets and where the end markets have evolved and matured to be receptive to the existing and future product offering.

2010 performance and highlights

In 2010, Tessenderlo Kerley Inc. (TKI) reaped the benefits of strong demand for fertilisers in North America. In the speciality fertiliser arena, demand exceeded available supplies on several occasions. Crop protection products also experienced marked growth. A number of new acquisitions allowed TKI to expand its product portfolio and reinforce its international position. Moreover, capital investments were made in various sites.

Tessenderlo Kerley, Inc (TKI) and its business units in the North America and internationally, achieved solid performance under very challenging conditions in the market place. Fertiliser volumes for 2010 increased due to higher farm commodity prices in the first half of the year. TKI was able to maintain margins in 2010.

The **speciality fertiliser products**, KTS® (potassium thiosulphate), CaTs® (calcium thiosulphate) and MagThio® (magnesium thiosulphate) enjoyed a strong year in 2010. Demand has been strong in all major cropping areas. **Thio-Sul**® fertilizer (ammonium thiosulphate) sales in 2010 began on a strong note for the first half, then stabilized and finished with a strong 4th quarter ordering pattern.

Fertilisers and crop protection products continued doing well in the US in 2010

NovaSource®, TKI's **crop protection** business unit, enjoyed a year of strong growth and profitability in 2010 as the result of the Surround® and Sinbar® product acquisitions made in late 2007, and the acquisition of the Linuron product family, from DuPont in 2009. These additions have strengthened TKI's portfolio, domestically and internationally. In addition, good growth was experienced in its existing business range of soil fumigants (Sectagon® 42 and Sectagon® -K54). Internationally, the Linuron products continue to experience strong support.


Tessenderlo Agrochem, a basic manufacturer and importer of liquid fertilisers since 1994 markets throughout Turkey's irrigated agriculture areas, as well as marketing the TKI specialty product range within its trade area in the Middle East. Tessenderlo Agrochem finished the year on a strong note, and this acquisition further expands TKI's international presence.

The **TKI Refinery Services** model is being pursued with refineries in the U.S.A. and internationally through Tessenderlo Kerley Services (TKS). TKS is an in-house engineering and construction group serving TKI and third party customers in the mining, refining, gas processing, petrochemical and chemical industries.

TKI has made significant capital **investments** during the year at Finley, Washington (CaPS™ filtration), Fresno, California (infrastructure replacement), CaPS (calcium polysulphide), CaTs® and KTS® production improvements and the start of the Surround® production and the Eufaula, Alabama plant (additional KTS production

Key figures

Tessenderlo Kerley

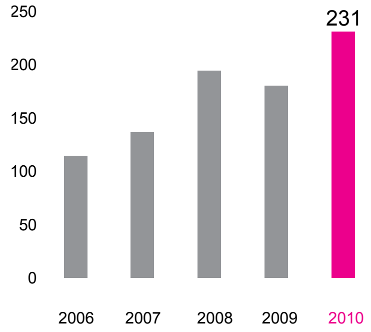
Key figures

(Million EUR)

	2010	2009
Revenue	231	180
Rebit	37	31
Capital expenditures	9	14

Revenue over 5 years

(Million EUR)



Plastic Pipe Systems and Profiles


Plastic Pipe Systems

Business description

Tessenderlo Group's Plastic Pipe Systems business develops, produces and distributes pipes and fittings for water supplies and drainage and pipe systems for gas and telecommunications among others. The applications range from civil engineering to construction, agriculture and industry. The raw materials are PVC, polyethylene and polypropylene.

Dyka, John Davidson Pipes, Sotra-Seperef and Nyloplast rank among the leading European companies in this field. The Plastic Pipe Systems business has manufacturing and distribution centers in the Netherlands, Belgium, the United Kingdom, France, Germany and Poland. In addition, Tessenderlo Group distributes these products in the Czech Republic, Slovakia and Romania.

2010 performance and highlights

Business in 2010 decreased in comparison to 2009. This is mainly due to a weak first quarter in the Benelux countries, particularly in the Netherlands, caused by the slowdown in the construction sector. Elsewhere, business remained stable or even experienced a slight growth, for example in Poland. The sharp rise in raw material prices - on average 15 to 20% - was only partially passed on to buyers, leading to a negative impact on margins and profitability. The cost savings that were realized by the earlier closure of a production site in France could not fully offset the higher raw material prices.

The Plastic Pipe Systems business has suffered from weak demand from the construction sector, combined with unfavourable weather conditions especially at the beginning of the year as well as during December. Both of these developments had a negative impact on the results.

It was mainly the Benelux countries, particularly the Netherlands, which were influenced by these problems. There was no opportunity to catch up over the rest of the year, as the construction sector has only shown a partial and fragile recovery. The effects of the increases in raw material prices, particularly PVC, was also mainly felt in the Benelux countries as weak demand in these markets made it difficult to increase selling prices to the customer. A range of high-quality products and providing excellent service through the distribution network ensured that declines in the Group's volumes were limited, especially in Belgium.

In France demand remained stable. The public works sector was at a similar level to the previous year, and in the construction sector, the renovation market showed more activity than the new buildings market. The closure of a production site in France in July 2009 provided significant savings during the whole of 2010. Production activities were successfully transferred to the site of Sotra-Seperef in Sainte Austreberthe.

Sales in the United Kingdom continued to grow despite the challenging economic environment. The new government's announced austerity measures did however have a negative impact. Tax incentives for the construction sector were scaled back, which slowed new development. The public works sector has also been heavily hit by spending cuts. As a result, some of the major players in the construction industry faced financial difficultites including in some cases bankruptcy. Tessenderlo Group managed to grow despite all this, mainly due to the expansion of the distribution network.

Improved customer service and expansion of the distribution network underpinned further growth in the UK

In Central Europe 2010 began with a sharp decline, just as in the Benelux, but the market rebounded much stronger in the rest of the year. As a results, the Group's activities in Poland and the Czech Republic ended the year with double-digit growth rates.

The portfolio of products and services was further developed in 2010. In particular water management services was a focal point in these developments. In the future it will become even more important, as this market is already showing higher growth rates than the construction market. This evolution includes the increasing importance of rainwater recovery; moreover, climate change is anticipated to lead to more rainfall in some geographies. This business has therefore great potential within the public works sector.

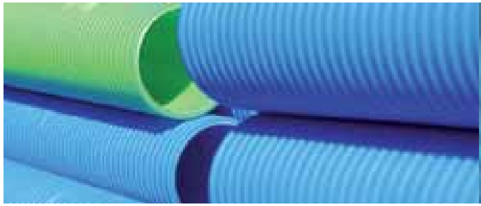
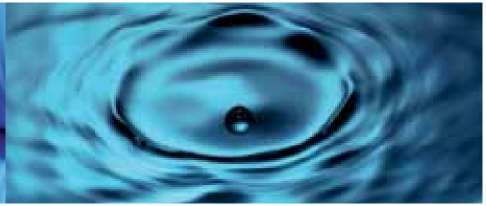
- Services related to storm water management - the management of exceptional water flows - were expanded. Tessenderlo Group offers these services as a consultancy, providing complete calculations of the pipe and water retention systems to its customers. This service is offered primarily in the Benelux and Poland.

- Development of mobile warehouses has also increased. These are storage facilities for large areas that are facing issues related to flooding.

- Dykasono, a sound-damping PVC indoor drainage for use in buildings, which was launced during 2009 in the Netherlands, started to be marketed in other markets during 2010. First year demand has been encouraging.

- Protective tubes for the cables of suspension bridges, which are also used for aesthetic purposes, have proven to be an attractive niche market.

- Sales of biaxially oriented pipe continued to develop favorably. These systems can withstand higher internal pressures than standard PVC pipes with the same wall thickness. As a result, the amount of raw

materials required can be reduced. Since 2009, polyethylene pipe systems for geothermal applications have also been available in all markets where the business is present.

Storm water management is gaining in importance

The recycling of plastic piping systems, just like sustainability in general, continues to develop as a major focus of Tessenderlo Group. This activity is valuable both for the environment as well as business results when commodity prices are high.

Dyka B.V., the Group's pipe business in the Netherlands, has held a stake in the Dutch recycling plant De Hoeve in Hardenberg since 1998. This joint venture between Dyka and the Wavin Group recycles used plastic pipes from the Netherlands.

Dyka Plastics NV in Belgium was a founding partner of the KURIO non-profit association in 2000, an initiative by the Febelplast. be non-profit association and the Belgian manufacturers of plastic pipe systems. This association aims to improve the quality and image of the plastic pipe systems and to encourage their effective implementation. An important aspect of this is the collection and recycling of pipe systems in polyvinyl chloride (PVC), polypropylene and polyethylene. These pipes are sold with a take-back guarantee. KURIO has several collection points where contractors can return their waste for free. The initiative is based on the fact that these pipes are especially suitable for reprocessing. It is also consistent with the policy of the government and the commitments of the European PVC industry.

Tessenderlo has developed a three layer pipe, where the intermediate layer is made from post industrial, post consumer recycled material. On average, this product contains 25% recycled material.

Profiles

Business description

The Profiles business brings together the production and distribution of a wide range of PVC profiles for the construction industry, such as door and window profiles, profiles for fencing, siding and porches, and various products for finishing. It has plants in the United Kingdom, France, Belgium, the United States and Canada. Customers in Central Europe are supplied from the production units in Belgium and France.

The largest producer is Eurocell, a leading UK manufacturer and distributor of high-quality rigid PVC profiles for windows, doors, conservatories and roof finishes. Eurocell's products are primarily used for renovation work in the private sector but also for new construction and in the public works sector.

2010 performance and highlights

In the Plastic Pipe Systems and Profiles operating segment, Profiles performed better than the Plastic Pipe Systems. They delivered strong growth especially in the United States and United Kingdom. Cost-cutting measures and the further diversification and modernization of the range allowed the negative impact of the high raw material prices on margins and profitability to be offset. The grouping of the businesses in the Benelux and France under the name Profialis was completed in 2010 with the closure of Profex in Avion in Northern France.

Sales of Profiles increased in 2010 by about 10%, which is a solid result against the background of a slow and uneven recovery. The growth was mainly generated in the Group's activities in the United Kingdom and United States.

Home improvement and renovation activity in the **United States** received a big boost from tax incentives during 2010. In addition, Tessenderlo Group continued to diversify its product range in the U.S. market, with an emphasis on reinforcement profiles and cladding, which offer better thermal insulation, substituting metal-containing profiles.

In the **UK**, an increase also was recorded despite weak economic conditions. Roofline profiles performed especially well, due in part to the integration of the product range acquired in October 2009. As has been the case over the past few years, the business grew due to the ongoing expansion of distribution channels by adding nine new depots, which brings the total to 107.

Further expansion of the distribution network and solid roofline sales drove UK growth

In the **Benelux** and **France**, Profialis completed its first full operating year after the merger of the Belgian Wymar, French Pastival and Profex businesses into this brand. The new structure yielded considerable cost savings as targeted, and also made it possible to rationalize the product range. The reorganization was completed at the end of 2010 with the closure of the Profex production site in Avion (France); customers will now be served from the two sites in Belgium and France.

While the business in continental Europe 2010 was focused on the Benelux and France, activities in Central Europe were intentionally scaled back, due to persistently lower margins prevalent in these markets.

Despite the difficulties faced in many of the Group's markets, **sustainability** continued to be a focus in the Profiles business. This can be seen in the **expansion of the product range**. The emphasis is on products that contribute to a reduction in energy consumption, such as profiles that are designed for windows with a high energy rating, such as A-rated windows. One of the recent developments is PVC profiles which no longer require reinforcement with metal, but instead with recycled PVC, which increases the thermal insulation. In continental Europe, the "Performance" window system range and the "Horizon" sliding door launched in 2009 gained further significance, as they are more energy-efficient than the systems previously on the market.

The focus is on products that help reduce energy usage

Since the acquisition of Merritt Plastics Ltd in March 2009, Eurocell has been active in the **collection and recycling** of PVC windows, which are then extruded into profiles with a high added value. This serves as both an important source of new materials and has a positive impact on the environment. Merritt Plastics currently processes 6,000 tons of PVC per year, via a closed circuit that recycles old PVC windows to new, high-quality, ecological profiles.

The Merritt business was further strengthened in 2010, including further enhancements to the product range to accommodate this growth. The decision was taken in 2010 to increase recycling capacity significantly and launch a new range of “ecological windows” in 2011 with an even higher added value.

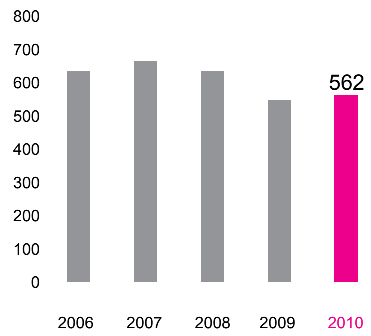
Key figures

Plastic Pipe Systems and Profiles

Key figures
(Million EUR)

	2010	2009
Revenue	562	546
Rebit	16	22
Capital expenditures	20	23

Revenue over 5 years
(Million EUR)



Other Businesses



Organic Chlorine Derivatives

Business description

The Organic Chlorine Derivatives business supplies chemical solutions to growing markets including agrochemicals, coatings, and pharmaceuticals.

These products are mainly based on the chlorination of toluene, for which chlorine is normally sourced from within the Group. The business has built its reputation as a reliable supply partner, and can deliver to its global customer base from 4 sites located in Asia and Europe. Tessenderlo Group is one of the world's leading supplier of benzyl chloride, and also holds a leading position for this product in China from its local production site.

2010 performance and highlights

After a difficult 2009, the Organic Chlorine Derivatives business returned to profitability. This is the combined result of increased market demand, higher margins, and various measures to save costs and enhance productivity.

The year 2010 saw the market for organic chlorine derivatives recover across all markets in which Tessenderlo Group is active. For example, in spite of an increasing trend towards the use of water-based paints, the Group recorded strong growth in the paint solvents market. This is thanks to Tessenderlo's solvents, used in the production of the most environmentally friendly, solvent-based paints, which meet the demanding requirements for use on aircraft, ships and drilling platforms.

Rising demand has also improved the margins. This combined with various initiatives to increase productivity and reduce costs meant that the business was profitable again after a number of negative years.

A total of 15 million EUR was invested in the comprehensive modernization of an hydroelectric power station at the site in Pieve Vergonte (Italy). The efficiency increase already led to a positive impact on energy production as anticipated.

At Tessenderlo (Belgium), the ortho-chloro derivatives business was further expanded. These products are used in the latest generation of agro-chemicals, which is characterized by higher efficiency.

Tessenderlo Group's business in China benefited from its leading position as a supplier of benzyl chloride, as market demand increased during the year. The Group's consistent attention to quality and environmental standards strengthened our position as one of the most reliable suppliers.

Intermediate and active ingredients for the pharmaceutical industry

Business description

The production and sales activity of active ingredients for the pharmaceutical industry was satisfactory over 2010, thanks to the introduction of new products. However, demand for intermediate products' activity remained down. As announced in 2009, the glycine activity was stopped at the end of 2010, due mainly to strong competition from China.

Tessenderlo Group is a preferred supplier of intermediate and active ingredients for several global pharmaceutical companies. With three production sites, a pilot unit and a research and development department, the Group is able to cover the range of needs of its clients. From the development stages of a product to the commercial scale, Tessenderlo develops the synthetic route, process optimization and scale-up and/or technology transfer to enable manufacture on an industrial scale.

The Group's activities covers mainly the European and North American markets, for both new molecules and on the generic product market.

2010 performance and highlights

In 2010, sales of active pharmaceutical ingredients (APIs) benefited from the introduction of new products. For the intermediate products, although the activity was at a lower level, the Group's initiatives to expand into markets other than pharma led to contacts with potential new clients and the assessment of the manufacture of new products. The results of this activity should start to be seen in 2011.

For both APIs and intermediates, the product portfolio under development was strengthened in 2010, and further work will take place in the coming year. In addition, in 2010, the R&D staff worked to strengthen the Group's range of available technology in specific enzymatic catalysis and low temperature synthesis, in order to offer a more complete range of technology solutions to customers.

All sites are subject to strict quality, safety and environmental requirements, and are regularly audited by the authorities and clients. 2010 was no exception, and included a site inspection of the Group's site in Italy by the US Food and Drug Administration which was successful.

The business saw its results progress during the year, but these remain at an unsatisfactory level for this type of activity. The restructuring plan for the site in France is in progress and is foreseen to be implemented in the first quarter of 2011.

Compounds

Business description


The Compounds business produces various blends based on ready-made PVC and thermoplastic elastomers (TPE). These are mainly intended for the injection and extrusion market, with applications in consumer products (handles of household appliances, pens and toothbrushes), construction (shutters, cladding, window seals) and the automotive industry (airbag covers, dashboard skins, interior finishing and sealing systems). Tessenderlo Group has developed compounds that meet the needs of the most important vehicle manufacturers and their suppliers. CTS (Compound Technology Services) - that combines Thermoplastiques Cousin-Tessier (France) and TCT Polska (Poland) - has developed products in collaboration with the industry that are sold under the brand names Tefabloc®, Tefaprene®, Marvyflo®, Marvylex® and Tefanyl®.

2010 performance and highlights

The sales volume increased in 2010 for both PVC compounds and thermoplastic elastomers. The focus on specialty products with a high added value, mainly for the automotive industry, was further strengthened. This allowed Tessenderlo Group to profit last year from the recovering demand for cars. That impact, combined with cost-cutting measures - including the closure of the plant in France in July 2009 - led to a substantial increase in profitability. Demonstrating its commitment to serving customers in growing automotive markets, in October, the Group announced that it would open a new production plant in China in 2011.

In 2010, Tessenderlo Group focused further on specialized products for the automotive industry. This **strategic focus on the automotive industry** also led to the combination of the businesses under a single management of the activities relating to Marvyflo® compound for dashboards and those of TPE producer Cousin-Tessier. This has already translated into positive results, despite a difficult first half.

In **Western Europe** the automotive industry displayed a solid recovery, partly boosted by various tax and economic incentives. The latter mainly benefited thermoplastic elastomers, which are mainly used in entry level and mid-range models that are eligible for these government subsidies. Independent of government support, further growth in this market looks especially promising for TPE sealing systems. These systems are increasingly substituting conventional systems due to their superior processing characteristics and recyclability.

In **Central Europe**, especially Poland, the production capacity for both compounds and thermoplastic elastomers was further expanded to meet the increasing demand, mainly linked to the building & construction and consumer products end markets.

Marketing activities of the compounds outside Europe, particularly in Asia and especially **in China were increased throughout 2010**. Sales of specialty products for the automotive industry in China in 2010 increased much faster than specialty products overall. The commercial and technical team was also reinforced there, in anticipation of the construction of a local production site in the second half of 2011.

Key figures

Other Businesses

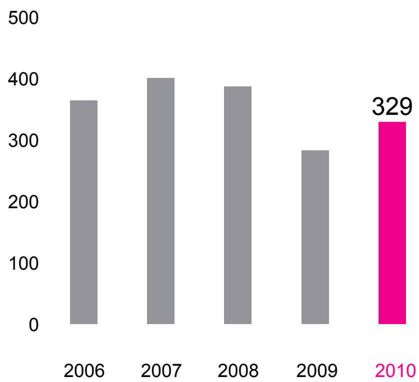
Key figures

(Million EUR)

	2010	2009
Revenue	329	283
Rebit	-7	-27
Capital expenditures	23	12

Revenue over 5 years

(Million EUR)



Translating sustainability into business growth

Management report

The Management Report for the financial year ended on December 31, 2010, has been prepared in accordance with article 119 of the Belgian Companies' Code and approved by the Board of Directors on February 23, 2011.

1. Business progress

Group performance

2010 revenue totaled 2.4 billion EUR, a 15.9% increase and the second highest revenue in the Group's history. Following a slow start to the year, the second, third and fourth quarters each had double digit revenue growth, and each reported segment showed revenue gains. Inorganics, with 40.4% more revenue had the biggest increase, and Tessenderlo Kerley was 28.5% ahead. Gelatin and Akiolis grew 14.6%, Other Businesses was up 16.4% and PVC/Chlor-Alkali rose 11.9%. Soft construction activity and unusually cold winter conditions at the start and end of the year limited revenue growth of Plastic Pipe Systems and Profiles to 3.0%.

REBITDA at Group level for 2010 came in at 175.6 million EUR, nearly three times the low amount of 2009. As has been the case throughout the year, the recovery of profitability in Inorganics provided the largest part of this increase. The recovery of general economic activity was also evidenced by the improvements in REBITDA for PVC/Chlor-Alkali and Other Businesses; together with Inorganics these reported segments turned from negative to positive REBITDA. Tessenderlo Kerley recorded higher REBITDA, while Gelatin and Akiolis nearly matched the historically high REBITDA of 2009. The weak fourth quarter in Plastic Pipe Systems and Profiles explains nearly all of the fall for the full year for this segment.

The 2010 cash flow from operating activities amounted to 159.5 million EUR. During the year, a strong increase in REBITDA, and a consistent focus on freeing up cash from working capital were the two most important drivers of this outcome.

At the end of December 2010, net financial debt was 162.0 million EUR (including the impact of 121.2 million EUR non-recourse factoring), confirming the Group's success in maintaining a low level of net debt seen during the whole of 2010. Solid cash flow from operating activities, tight management of capital expenditure and acquisitions, and a reduction in cash payout for the dividend following the successful implementation of an optional dividend helped drive down net debt from 209.0 million EUR (including the impact of 123.4 million EUR non-recourse factoring) at the end of December 2009.

Reported operating segment performance

2010 revenue for Inorganics amounted to 398.1 million EUR, representing an increase of 40.4% versus the very low results of 2009. This growth was entirely driven by higher volumes, primarily of potassium sulfate fertilizers, but also by inorganic feed phosphates, in each quarter of the year. This effect was in part offset by lower prices compared to the high prices of 2009, especially for potash fertilizers, where prices remained below 2009 throughout the year. Feed phosphate prices were also down for the full year, due to much lower prices in the first half, while second half 2010 prices were above the same period of 2009. REBITDA for the full year of 20.7 million EUR was a significant improvement, due to higher gross profits and lower overhead costs, while fixed production costs increased as capacity was brought back on line to meet the recovering demand.

PVC/Chlor-Alkali revenue in 2010 of 495.8 million EUR was 11.9% up on 2009, as PVC revenue grew throughout the year, mainly due to a partial recovery of volumes, and higher prices in the first half than the extreme lows of 1H09. The increase for PVC was partially offset by a decline in Chlor-Alkali revenue due to much lower selling prices in the first half of the year. REBITDA totaled 21.3 million EUR, which is a solid gain versus the record low of 2009 but remains well below trend. Improved margins for Chlor-Alkali products was the main driver of the increase, combined with lower overhead costs, partly offset by an increase in maintenance costs to ensure that the Group maintains its position as a reliable partner for its customers.

2010 revenue for the segment Gelatin and Akiolis ended up at 410.8 million EUR or 14.6% more than 2009, and all quarters of 2010 had higher revenue than equivalent prior year period. This was in part due to the full consolidation of the FISO group, which generated important incremental revenue in the first half of 2010, following Tessenderlo's acquisition of the remaining 50% in June 2009. In addition, underlying revenue also increased during the year, thanks to volume growth and firmer prices. REBITDA of 61.2 million EUR nearly equaled the record performance in 2009. This was the result of a full year of REBITDA generated by the FISO group, and a modest decrease in underlying REBITDA, solely related to lower first half year REBITDA versus the historically high comparable period in the first half of 2009.

Tessenderlo Kerley (TKI) had a strong performance in 2010. Revenue moved 28.5% higher to 231.4 million EUR, with volume growth underpinned by more optimism in the agricultural community and further supported by favorable weather conditions in the US. REBITDA of 47.6 million EUR, a 25.2% gain versus 2009, was mainly the result of higher revenue and cost management. The Linuron product line, which was added to the crop protection business in June 2009, provided significant incremental revenue and REBITDA to TKI's first half 2010 results.

Plastic Pipe Systems and Profiles segment revenue for 2010 rose 3.0% to 562.1 million EUR. This result is primarily attributable to a solid gain in Profiles, thanks to increases in the UK and US, while continental Europe matched last year's level, partly offset by a drop in revenue for Plastic Pipe Systems. This decline can be explained by lower revenue in the Benelux, which was not compensated for by growth in the UK and central Europe. 44.8 million EUR of REBITDA for the segment was 11.4% below last year, as significantly higher raw material costs reduced margins.

Other Businesses had revenue growth of 16.4% to 329.2 million EUR in 2010. Revenue was much higher for Organic Chlorine Derivatives and Compounds, while Pharmaceutical Intermediates declined. REBITDA showed an improvement for the full year, as each segment had a better performance.

2. Analysis of the main risks

The main risk factors and uncertainties for Tessenderlo Group are listed below. Additional risks of which Tessenderlo Group is not aware may possibly exist. There may also be risks that Tessenderlo Group currently believes to be unimportant, but which can still have an adverse effect. The order of the risk factors described below is not an indicator of their probability of occurrence or the extent of their financial implications.

The main risks detected were classified into four categories: strategic, operational, financial and external risks.

Strategic risks

Risks relating to the strategy are linked to the choice of the product portfolio, markets and business models. The strategic choices of the business units can strongly influence the results of the Group.

Tessenderlo Group seeks to manage these risks through:

- a careful analysis of the attractiveness of the market (s), the competitive position of the business unit and the conformity with the Group strategy when drawing up the strategy of each business unit;
- a continuous, careful review (due diligence) of acquisitions, joint ventures and divestments, depending on the needs and strategy of the Group, and to limit potential liabilities ('representations and warranties');
- the geographic spread of operations, with a focus on emerging markets.

Operational risks

Risks relating to safety

Certain Tessenderlo Group activities can significantly harm people or the environment, or in the case of accidents have serious consequences. Transport and *storage may also entail certain risks.*

These risks are reduced as much as possible by:

- a system for the management of process risks. Concrete measures such as preventive maintenance, critical spare parts inventory and strict operating procedures further contribute to managing the production risks;
- safety audits by the Risk Management Department, some in cooperation with the insurers;
- constant attention to - and awareness of- various safety aspects and the associated best practices.

Risks relating to the adherence to guidelines

These risks involve failure to comply in full with internal or external laws, policies or instructions. They can have a significant negative impact on the cash flow and results, and give rise to potential lawsuits.

Tessenderlo Group monitors the proper compliance with internal policies and guidelines through an internal audit system. The Audit Committee monitors this system.

Risks relating to Human Resources (HR)

Ongoing challenges are ensuring there are sufficient motivated and qualified staff in the right places, and meeting financial obligations with respect to the pension plans.

The capacity of the Group to achieve its long-term strategy, including operating results, depends on attracting, retaining, developing and motivating its employees, insofar as that failure in this task could be a decisive factor for the performance of the Group and its success in achieving its strategy.

As part of the Group strategy, it is important to increase the global presence and activities of the organization. The Group's portfolio is also shifting so that specialized products and services will be an ever-increasing part of the Group results. Given that these developments require significant change, not having sufficient change management skills and/or career succession planning may be a significant risk to the achievement of the objectives of the Group.

Pension plans have assets invested in stocks and bonds, which are subject to volatility in financial markets. If Tessenderlo Group is obliged to pay increased contributions to pension plans, either due to the volatility of the financial markets or because of increased regulations, this could lead to less capital being available for other Group objectives.

Risks related to Information Technology (IT)

The Tessenderlo Group operations are

based on IT systems and networks. When these are disrupted the functioning of the Group can be compromised.

Tessenderlo Group takes the necessary measures to ensure the security of IT systems and provide the required back-ups. Disaster recovery plans ensure that the impact of any malfunction is minimized, and that operational activities are not compromised.

Financial risks[1]

Credit risk

Credit risk is the risk of default by a counterparty in relation to the sale of goods or rendering of services; this may negatively affect cash flow.

In order to limit this risk, Tessenderlo Group has implemented a credit policy with requests for credit limits, approval procedures and a continuous monitoring of credit risk. In addition, the collection of a part of the outstanding credit is outsourced (non-recourse factoring).

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.

Tessenderlo Group makes short- and long-term forecasts on a regular basis to match the financial resources to the projected needs. The Group also maintains certain credit lines.

Risks relating to prices of products and raw materials

The availability and prices of raw materials fluctuate, and thus have a major impact on profitability. The value of the stocks of finished products can decline in price due to the law of supply and demand. In addition, energy prices are also an unpredictable factor that can affect profitability.

Tessenderlo Group manages these risks through:

- constantly evaluating the purchasing strategy;
- sharing the risks of impairment of stocks with the suppliers;
- prioritizing the creation of a sustainable energy strategy;
- spreading the dependence on suppliers as much as possible;
- having an appropriate relationship between purchase and sales prices.

1 For a more detailed overview of the financial risks relating to the situation in 2010, refer to the Chapter 'Financial instruments' in the Financial Report, Note 27

Currency risk

The currency risk is the risk that cash flow may be affected by fluctuations in exchange rates. Tessenderlo Group is exposed to currency risk on sales, purchases and borrowings denominated in currencies other than the euro, the functional currency of the Group. The currencies giving rise to this risk are primarily the British pound (GBP), U.S. dollar (USD), Polish zloty (PLN), Hungarian forint (HUF), Chinese yuan (CNY) and Swiss franc (CHF).

Subsidiaries are required to submit information on their net foreign exchange positions when invoiced (customers, suppliers) to Tessenderlo Finance NV, a Belgian subsidiary. All the positions are netted at the level of Tessenderlo Finance NV and the net positions (long/short), are then sold or bought on the market. The main management tools are the spot, purchase and sales of currencies followed by currency swaps.

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 can affect the market value of certain financial assets, liabilities and instruments as described in the notes to the financial statements.

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

(Million EUR)	Note	2010	2009
Fixed rate instruments			
Financial assets	19	86.5	
Financial fiabilities	23	287.7	81.7
Variable rate instruments			
Financial assets	19	64.0	443
Financial fiabilities	23	31.1	171.6

On the total amount of financial liabilities at the end of 2010, 287.7 million EUR carries a fixed interest rate between 2011-2022.

External risks

Risks relating to changing legislation

Tessenderlo Group's activities are subject to strict laws and regulations, including those related to health, safety and the environment. These can change over time. Where they are not always fully complied with, legal problems can arise.

The Group follows the relevant legislation proactively, and implements any new safety guidelines at all sites.

Risks relating to economic conditions and financial markets

The Group is exposed to the risk of deterioration in the global economy, which can lead to a global recession or a recession in one or several of the major geographic markets. It is also exposed to credit and capital market volatility and economic and financial crises, which can have a negative influence on the results, given some of the operating segments are closely linked to general economic conditions.

3. Environment, Health and Quality

3.1 Regulatory Affairs - Product Stewardship

Tessenderlo Group has successfully submitted 53 files for 41 different substances to ECHA (European Chemicals Agency). The registrations were completed before the deadline of 30 November 2010 for substances in excess of 1000 tonnes per year. Tessenderlo Group was the lead registrant for the joint submission of 10 files, including potassium hydroxide, potassium sulphate, several chlorinated toluene derivatives and some pharmaceutical intermediates.

Preparation for REACH (**R**egistration, **E**valuation, **A**uthorisation & restriction of **CH**emicals) registration in 2010 for large volume substances was an important priority for the Group. This required intense cooperation externally in consortia with other producers, as well as internally among different departments. The communication within information exchange forums and consortia, as well as with suppliers and customers in complex supply chains was a big challenge.

As lead registrant, Tessenderlo Group chaired several committees within the consortia, as well as provided support in the form of consultants for the preparation of technical dossiers, the organization of the internal IUCLID (**I**nternational **U**niform **C**hemica**L** **I**nformation **D**atabase) database and finally, the joint registration via the REACH-IT website.

With respect to the legislation on classification and labelling of dangerous products (CLP), more than 300 substances were classified according to CLP of which 94 were registered with the ECHA before the deadline of 1 December 2010. This was required to keep these products on the market.

The voluntary commitment of the PVC industry, endorsed by the Group, faced a pivotal year in 2010. The original programme terminated at the end of 2010 and had successfully run for 10 years. In 2010 a successor to the voluntary agreement was drafted to further demonstrate the sustainability of PVC in terms of the future. For more information about the commitment and results, see the website www.vinyl2010.org.

3.2 Environment

Extensive investments are made annually in environmental projects in various locations. This policy has helped greatly reduced the emissions into the air and water in the past. In recent years Tessenderlo Group invested primarily in various energy projects, and 2010 was no exception; the Group spent 15 million EUR on the renewal of a hydroelectric power plant.

Water, air and soil

Under the agreements that were made with the Flemish government during the handling of the re-licensing dossier, projects were started at Tessenderlo Chemie NV in Limburg (Belgium) relating to the modification of the wastewater discharge and the refurbishment of the sludge basins. In this context, in 2010 some of the existing wastewater holding basins were cleaned and refurbished. This is a first step in the preparation for the modification of the discharge situation. Once the entire basin has been refurbished, the wastewater discharge flow can be matched to the flow in the receiving watercourse, starting in 2014. In dry weather and when the risk of flooding is high, part of the wastewater can be temporarily stored or buffered in the holding basins.

With regard to the historical soil contamination of the factory sites in Limburg, the submitted descriptive soil investigations were approved by

OVAM (Public Waste Agency of Flanders) and together with the government information meetings were held with the owners of the plots concerned. Meanwhile, further work on the soil decontamination projects continued in order to refine or continue measures and prevent the spread of contamination.

In late 2009, the European Commission under the “Life+” program granted Limburgse Vinyl Maatschappij (LVM) financial support for the soil decontamination work to be carried out at the monomer vinyl chloride (MVC) plant. The project officially started in January 2010 and will last five years. This project aims to demonstrate the applicability of an innovative, cost-effective and energy-efficient decontamination technology for groundwater contaminated with chlorinated aliphatic hydrocarbons on a site with a low natural groundwater flow. The soil decontamination project, of which the LIFE+ project is a part, was approved in the first half of 2010 by the OVAM.

Focus on Energy

The site in Pieve Vergonte (Italy) consumes a lot of energy produced by its two power plants, Ceppo Morelli and Megolo. The latter dates from the 1930s and was in urgent need of renewal. The renewal of the Megolo plant and the reconstruction of the canal amounted to approximately 15 million EUR.

Following a comprehensive energy study of the MVC plant in 2009, it was decided in 2010 to install 3 heat exchangers in a first phase, resulting in saving a lot of natural gas. This project involves an investment of 1.7 million EUR and results in a 5% decrease in total energy consumption per tonne of MVC produced. The execution of this project should help ensure that the objectives of the energy plan are met on time.

The PVC site at Mazingarbe (France) was able to reduce its energy consumption and CO_2 emissions on the PVC drying unit using the “Green Drying” project, with support from the European Union. The annual gas consumption was reduced by 2%.

The work on the independent T-Power 420 MW STEG power plant (steam and gas combined cycle on the Tesssenderlo, Belgium site), which is planned to start up in 2011, was largely finalized.

3.3 Quality

The quality department continued to provide support to the businesses for:

- implementing and maintaining the quality management systems according to internationally recognised standards;

- retaining the required certificates for the marketing of products in the Group’s various markets.

4. Human Resources

4.1 Talent Management

Talent Management is one of the strategic processes at Tessenderlo Group. In order to help accomplish Tessenderlo Group's strategy and the current business plans, the Human Resources function will provide strategic HR management. Concretely this means a long-term sustainable approach to ensure that the Group has the right talent, at the right time, in the right role, and that the Group's employees are more talented and motivated than those of competitors.

The Group works on a long-term sustainable plan focused on structure, process, and people.

Structure

HR will provide the expertise to built aligned organization models, governance structures and will define roles and responsibilities, functional and specific competencies per region and per Business Groups/units, and provide guidance during changes within the organization.

Process

HR will support building policies and processes which enable and stimulate behavior focused on high performance in a sustainable and legally compliant way.

People

In line with Tessenderlo Group strategy and business needs, HR will attract, engage and retain people by strong investment in training and development and career perspectives. Group HR policies and processes are designed to stimulate diversity and mobility, and focus on broader business competencies. The core competencies - commitment to excellence, integrity, personal ownership, customer driven – apply for every employee.

With talent management, the Group will reinforce its current population by strengthening performance management , stimulating career and succession planning and internal mobility, and strengthening current and future leadership. After an objective assessment, every executive gets a personal development plan and a career plan in 2011.

Tessenderlo Group also prepares young potentials to take up future roles, by providing challenging international projects, training, mentoring and coaching.

Looking towards the future, the Group will be strengthened by professionalizing further its recruitment process, based on potential-based hiring, and will work intensively on employer branding.

4.2 Reward

The last 2 years Tessenderlo Group redefined its reward vision to ensure the right alignment with the business strategy. The Group believes that a high performing organization can be triggered by attracting, developing and retaining the right talent, creating the environment to have engaged employees that drive business performance, and ensuring business affordability at all times.

Tessenderlo Group believes in a broad vision of rewards. Tangibles such as base pay, short and long term variable incentives, benefits and perquisites can only result in a high performing organization if they are combined with intangibles such as inspiration and values, future growth opportunities, and an enabling environment where recognition and empowerment are key.

This reward vision is translated into a clear and transparent contribution based pay mix that drives performance, enhances competencies, recognizes talent and embeds values through supporting the right behaviors.

Based on a Group grading system as common language to speak about job levels, the Group ensures internal equity and external equity with the market where the Group is positioned according to the business strategy and diversified activities where the Group is present. Tessenderlo Group continues focusing on performance-based pay mix by increasing the variable pay element in the total reward package, and developing a sustainable long term incentive plan.

Human Capital Management Information Systems

Also during 2010, strategy was developed in order to support:

- **A single, unique global source of employee data to support global reporting, decision making and business processes**. In order to achieve this the functional requirement specification was agreed upon with the business, and the Group is running an RFP process to start the development and implementation of a global identity management system as from next year.
- **Redefine the payroll landscape to make as much as possible use of benefits of scale in systems, maintenance and to increase operational efficiency.** The payroll landscape was assessed to determine how these would fit Tessenderlo Group's requirements. The next step will be to find matching solutions and partnerships.
- **Support the changing role of the strategic HR function** with key requirements such as winning the war for talent, talent resource planning, contribution of staff to business performance through developing of competencies and contributing to business performance, rewarding Group staff accordingly, and creating a learning organization. The initial focus was on realizing strategic benefits rather than tactical benefits, and the search towards an affordable and flexible global solution.

4.3 Organisation Design & Development

In 2010, the development of common tools such as job descriptions and job grading was rolled out further to all sectors of Managers / Experts. This structure for a single coherent classification of all sectors of the Group provides the basis for policy developments in the areas of Compensation & Benefit and Talent Management.

The development of methodologies and common tools in terms of Organization Design and Change Management will be pursued and implemented in 2011 to accompany the Group in the organizational changes necessary to achieve its strategy.

5. Research and Development

5.1 Inorganics

Research efforts were focused on products having increased value for the customer. For example, the Group put special attention to ensure that the quality of SoluPotasse® continued to improve, to meet the increasing requirements of the Group's customers. Improvement proposals were successfully tested on an industrial scale, which also generated an increase of capacity.

Work continued on evaluating alternative ingredients for the production of feed phosphates. Industrial tests, both in Belgium and the Netherlands, were performed to validate new chalk and limestone resources for the production of Dicalphos and Monocal.

5.2 PVC

In 2010, research efforts were concentrated on energy savings and debottlenecking. The functioning of the drying section has been optimized in cooperation with the University of Toulouse. Improved polymerization recipes have been developed in order to increase product quality constancy and decrease the variable costs on both PVC-plants. 2011 will again focus on further debottlenecking and improvement of some product quality parameters.

5.3 Chlor-Alkali

During 2010, several new processes for the production of ferric chloride were developed, in close collaboration with the industrial development department. This will increase flexibility in terms of sources of raw materials. Further work will be carried out to validate this on pilot scale in 2011.

5.4 PVC-transformation

Patents have been granted for the composite reinforced PVC-compounds developed to improve insulation properties of PVC windows in one application, and to provide a lightweight material with very low thermal expansion for the building industry in another application.

Research was undertaken to develop a PVC compound for the production of transparent pipes, which are used for the growth of algae in the production of biodiesel. Several industrial trials have taken place, and further refinements are planned to take place.

5.5 Organic Chlorine Derivatives

During 2010, Tessenderlo Group started the production of a new chlorinated toluene derivative, which will be on the market from 2011. Other chlorinated intermediates will follow in the coming year. Work also continued to extend further the Group's range of products for pharmaceutical and agrochemical applications.

6. Corporate Governance Statement

Transparent Management

Tessenderlo Chemie accepts the Belgian Corporate Governance Code 2009 as its reference code, and subscribes to the principles of corporate governance outlined in this code. To the extent the Company does not comply with any provision of the code, this is indicated in the section of this Corporate Governance Statement concerned, together with the reasons for such non compliance.

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 on November 10, 2005. As a result of a change in the management structure of the Company whereby the functions of Chairman of the Board and CEO were split, the Charter was adapted by decision of the Board of January 7, 2010. It was further amended by decision of the Board of December 22, 2010 to bring it in line with the law of April 6, 2010 particularly with respect to the role and responsibility of the Appointment and Remuneration Committee. The charter can be consulted on the website of Tessenderlo Group:

www.tessenderlogroup.com /tessenderlo group/governance/corporate governance charter.

6.1 Capital and shares

6.1.1 Capital

The capital of Tessenderlo Chemie NV amounts to 143,700,000 EUR represented by 28,715,584 ordinary shares.

By decision of the extraordinary general meeting of June 1, 2010, the Board of Directors was granted the authority to increase the capital in one or more times, during a five year period, up to a maximum amount of forty million (40,000,000) EUR, exclusively for (i) capital increases reserved for the personnel of the Company or of its subsidiaries, (ii) capital increases in the framework of the issue of warrants in favour of certain members of the personnel of the Company or of its subsidiaries and, possibly, in favour of certain persons who are not part of the personnel of the Company or of its subsidiaries, (iii) capital increases in the framework of an optional dividend, whether the dividend is directly distributed in the form of shares or is distributed in cash which afterwards can be used to subscribe to shares, possibly with a complementary cash payment and (iv) capital increases by conversion of reserves or other entries of equity so as to enable rounding up of the amount of the capital to an appropriate rounded amount.

By decision of the shareholders' meeting of June 1, 2010 it was decided to offer to pay the 2009 dividend in shares and/or in cash. As a result 844,258 new ordinary shares were issued out of the authorised capital.

6.1.2 Shares

The share capital is represented by 28,715,584 shares without par value entitling the shareholder to one vote per share.

Shares which have not been paid up are registered shares. Fully paid up shares and other securities of the Company are registered or bearer or dematerialised shares, within the limits set by the law.

The holder may at any time request their shares to be converted into registered or dematerialised shares.

Dematerialised shares are represented by an entry in an account held in the name of its owner with an authorised account holder or with the clearing institution.

A register for each registered share category is held at the Company's registered office. All shareholders may consult the register entry referring to their shares.

The bearer shares issued by the Company and which are located on a securities account as per January 1, 2008, exist in dematerialised form from that date. Other bearer shares, to the extent that these are registered on a securities account from January 1, 2008 onwards, are also automatically dematerialised.

No transfer of not fully paid up shares is possible without the prior permission of the Board of Directors, which is not required to motivate its decision.

Operations in connection with the transfer of registered shares or conversion of shares into one or other form will be suspended on the day of the General Meeting and for ten business days preceding it.

The share certificates are indivisible in respect of the Company. In the event that several persons hold rights to one and the same share certificate, the Company is entitled to suspend the exercise of the rights attached thereto until one person has been appointed to act as the owner of the share certificate in respect of the Company.

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

6.1.3 Warrants

Per December 31, 2010, there were in total 572 227 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 plan 2002-2006 (issue of bonds cum warrant) and in the context of the plan 2007-2011 (issue of naked warrants).

On November 4, 2010, Tessenderlo Chemie NV issued 293,000 warrants under the Plan 2007-2011 (Tranche 2010) under the condition precedent of their acceptance on or prior to January 2, 2011. The exercise price was 24.01 EUR[4]. 279,499 were accepted.

The detail of the outstanding warrants on the date of this Statement is as follows :

Tranche	Exercise period	Number of warrants	Exercise price
Tranche 1 (2002)*	2006-2012	12,200	25.87 EUR
Tranche 2 (2003)**	2007-2015	9,800	26.45 EUR
Tranche 3 (2004)**	2008-2016	32,600	31.69 EUR
Tranche 4 (2005)**	2009-2017	36,200	27.11 EUR
Tranche 5 (2006)**	2010-2018	60,960	30.02 EUR
Tranche 1 (2007)**	2011-2017	97,175	43.10 EUR
Tranche 2 (2008)	2012-2013	130,750	23.08 EUR[2]
Tranche 3 (2009)	2013-2014	192,542	21.96 EUR[3]
Tranche 4 (2010)	2014-2015	279,499	24.01 EUR[4]
TOTAL		**851,726**	

* Exercise period prolonged by 3 years - ** Exercise period prolonged by 5 years

2 In deviation of the abovementioned price, the exercise price for the French beneficiaries is 22.07 EUR and for the US beneficiaries is 22.09 EUR.
3 In deviation of the abovementioned price, the exercise price for the US beneficiaries is 22 EUR, while also warrants were granted with an exercise price of 26.47 EUR.
4 In deviation of the abovementioned price, the exercise price for the US beneficiaries is 24.72 EUR.

The total number of shares that can be created in the future, on the basis of the aforementioned warrants, is 851,726.

6.1.4 Treasury shares

On December 31, 2010 neither Tessenderlo Chemie NV nor any of its subsidiaries holds Tessenderlo Chemie shares.

6.2 Shareholders and shareholders structure

Tessenderlo Chemie NV's main shareholder is the French Company Société Nationale des Poudres et Explosives (SNPE), 99.9% owned by the French state. SNPE has made on October 30, 2008 a transparency declaration in accordance with the Law of May 2, 2007 and has on a voluntary basis informed the Tessenderlo Group in August 2010 that it holds 7,546,023 shares bringing its shareholding to 26.28%.

No other transparency notifications have been received.

On the basis of this information the distribution of the shares at December 31, 2010 in Tessenderlo Chemie NV is as follows:

SNPE	26.28%	7,546,023 shares
Not negotiable shares held by personnel	1.15%	329,750 shares
Free Float	72.57%	20,839,811 shares

The shares issued to the benefit of the personnel, are not negotiable during a period of 5 years as from the date of issue. This period can only be shortened in the case of events limitatively enumerated in the law or, in the case of modification of the legal provisions, by special decision of the Board of Directors. The final listing of these shares will only occur at the end of the said 5-year period.

6.3 Board of Directors

6.3.1 Composition

At December 31, 2010, the composition of the Board of Directors of Tessenderlo Chemie was as follows:

Non-executive directors	
Gérard Marchand - Chairman	(June 2014)
Valère Croes	(June 2013)
Antoine Gendry	(June 2013)
Michel Nicolas	(June 2014)
François Schwartz	(June 2011)

Independent non-executive directors [1]	
Paul de Meester	(June 2011)
Jaak Gabriels	(June 2011)
Baudouin Michiels	(June 2011)
Bernard Pache	(June 2011)
Thierry Piessevaux	(June 2011)
Alain Siaens	(June 2014)
Karel Vinck	(June 2011)

Executive Director	
Frank Coenen – CEO	(June 2013)

1 Pursuant to paragraph 4.10 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 article 526 of the Company 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.

All Board of Directors meetings were attended by the Chief Financial Officer; other members of the management attended certain meetings. Anne Mie Van Walleghem assisted at all Board meetings as Secretary of the Board.

The composition of the Board of Directors fulfills the objective of assembling complementary skills in terms of competencies, 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 diversity, both for gender as well as in general. Although some mandates came up for renewal in 2010 it was considered that in view of the fact that a new CEO had been appointed and a strategic re-alignment was in progress, continuity was the more important factor. It is the intention of the Board to propose a more diverse Board composition to the shareholders meeting of June 2011.

6.3.2 Activities

During 2010, the Board's main areas of discussion were financial reporting, approval of the financial statements and reports, the response to the economic crisis, debt refinancing, review of the Group's long term strategy and budget, evaluation of a number of divestment projects, the terms of the credit facility, the funding strategy of the Group, as well as the revision of the Charter. The Board also approved the contribution of the Chlor-Alkali and OCD businesses to LVM NV.

The Board also heard the reports of the Audit Committee and the proposals of the Appointment and Remuneration Committee. It decided to approve the members of the GMC as proposed by the CEO. The Board further approved the various proposals and reports to be submitted to the shareholders, including the proposal to increase the authorized capital, and to re-appoint KPMG as Group auditors.

The Board also reviewed in depth together with the CEO, the CFO and the Business Group directors concerned the business strategy and development of each of the Business Groups.

There were no transactions or contractual relationships between Tessenderlo Group companies and a member of the Board that could create a conflict of interest not covered by the legal rules on conflicts of interest.

As no new members joined the Board in 2010, there was no induction programme.

At the end of 2010, the Chairman conducted an assessment of the Board through the completion of a self assessment questionnaire and individual interviews.

6.3.3 Board Committees

General

The following Committees exist within the Board of Tessenderlo Group:

The Audit Committee
The Appointment and Remuneration Committee
The Strategy Committee

Previously, the Board of Directors had set up an Appointment Committee, a Remuneration Committee and an Audit Committee.
The Appointment Committee and the Remuneration Committee were merged in 2010.

In addition, the Strategy Committee was created by decision of the Board of January 7, 2010 with a view to preparing the Board review of the Company's strategy. The Chairman, Gérard Marchand, as well as the Board members Bernard Pache, Antoine Gendry, Baudouin Michiels and Karel Vinck are members of this Committee. It is attended by the CEO and the CFO.

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

6.3.3.1 Appointment and Remuneration Committee

At December 31, 2010, the Appointment and Remuneration Committee was constituted as follows:

Paul de Meester (Chairman) Independent
Antoine Gendry
Valère Croes
Thierry Piessevaux (Independent)
Alain Siaens (Independent)

By decision of the Board of December 22, 2010, membership of the Appointment and Remuneration Committee was extended to Thierry Piessevaux.

In 2010, the Appointment and Remuneration Committee discussed composition and remuneration of the Group Management Committee, advised the Board on an increase of stock options to be awarded to the members of the GMC and the Leadership Team. The Committee recommended to the Board that the stock options be linked to performance. The Board followed the recommendations of the Committee.

6.3.3.2 Audit Committee

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

At December 31, 2010, the Audit Committee was constituted as follows:

Valère Croes (Chairman)
Baudouin Michiels (Independent)
Thierry Piessevaux (Independent)
François Schwartz
Alain Siaens (Independent)

The Audit Committee is chaired by Baron V. Croes.

The CFO, the Internal Auditor, the Group Director Controlling, Consolidation & Accounting and the statutory auditor attend all the meetings of the Audit Committee. The Chief Legal Officer, responsible for Risk Management, attended certain meetings.

In the course of 2010, Baudouin Michiels, Chairman of an industrial group and member of a number of audit committees and Director of Guberna and Alain Siaens, Chairman of a financial institution and Emeritus professor of Economics, and Honorary Chairman of the Belgian Association of Financial Analysts, both independent directors, joined the Audit Committee. As a consequence, the Company fulfills the legal requirement that its Audit Committee has at least one independent director with the necessary accounting and audit expertise, and complies with the Charter in that the majority of the members are independent directors.

In addition to reviewing the quarterly financial statements and quarterly press releases the Audit Committee heard reports from the external auditors on the actions taken to remedy certain IT system weaknesses and heard the Internal Auditor on the Internal Audit programme for 2010, the results of such internal audits as well as on a review of the follow-up actions taken by the Company to remedy certain weaknesses identified by Internal Audit. The Audit Committee also decided on the implementation of an Enterprise Risk Management system throughout the Group.

In 2010, the mandate of the Group auditors expired. The Audit Committee decided to proceed with a selection procedure inviting several audit firms to submit a proposal for services and fees. A pre-selection was performed by the CFO and 2 candidates presented their proposal to the Audit Committee which recommended to the Board to propose to the shareholders meeting to re-appoint the incumbent auditors KPMG, represented by Ludo Ruysen.

The Audit Committee also approved an internal policy for the appointment of the Group auditors for non audit services in order to increase transparency and avoid conflicts of interest.

6.3.4 Strategy Committee

The Strategy Committee met 3 times in 2010 to review the overall long term strategy of the Group, and formulate recommendations to the Board in this respect.

Attendance Rate

	Board		Appointment & Remuneration Committee		Audit Committee		Strategy Committee	
	Number	%	Number	%	Number	%	Number	%
Marchand	8	100%	N/A	N/A	N/A	N/A	3	100%
Coenen	8	100%	N/A	N/A	N/A	N/A	N/A	N/A
Croes	8	100%	4	100%	4	100%	N/A	N/A
de Meester	8	100%	4	100%	N/A	N/A	N/A	N/A
Gabriels	6	75%	N/A	N/A	N/A	N/A	N/A	N/A
Gendry	8	100%	4	100%	N/A	N/A	3	100%
Michiels	8	100%	N/A	N/A	3	75%	3	100%
Nicolas	8	100%	N/A	N/A	N/A	N/A	N/A	N/A
Pache	6	75%	N/A	N/A	N/A	N/A	2	66.67%
Piessevaux	7	87.50%	N/A	N/A	3	75%	N/A	N/A
Schwartz	8	100%	N/A	N/A	4	100%	N/A	N/A
Siaens	8	100%	3	75%	N/A	N/A	N/A	N/A
Vinck	6	75%	N/A	N/A	N/A	N/A	3	100%
TOTAL %		**93.27%**		**93.75%**		**87.50%**		**93.33%**

Pol Deturck	Eddy Vandenbriele	Frank Coenen	Mel de Vogüé	Albert Vasseur	Jan Vandendriessche	Jettie Van Caenegem	Jordan Burns

6.4 Group Management Committee (GMC)

Role and responsibilities

Composition

As per December, 31 2010, the GMC of Tessenderlo Chemie was constituted as follows:

Frank Coenen	Chief Executive Officer
Jordan Burns	Director Tessenderlo Kerley Business Group
Mel de Vogüé	Chief Financial Officer
Pol Deturck	Director Chemical Business Group
Jettie Van Caenegem	Chief Legal Officer – Director Risk and Internal Audit
Eddy Vandenbriele	HR and IT Director
Albert Vasseur	Director Plastics Converting Business Group
Jan Vandendriessche	Director Organic Specialities Business Group

The meetings of the Group Management Committee were also attended by the Strategic Planner, Vincent Wille, Secretary to the GMC.

By decision of the Board of December 22, 2010 the composition and responsibilities of certain members of the GMC were changed. Responsibility for Risk Management, Internal Control and Internal Audit was transferred to Eddy Vandenbriele. Responsibility for IT to Mel de Vogüé, Chief Financial Officer, and for Mergers and Acquisitions to Jettie Van Caenegem, Chief Legal Officer. Responsibility for HR will be assumed as of April 1, 2011 by a new member, Rudi Nerinckx.

Evaluation

The CEO evaluates annually the performance of each of the members of the GMC through a performance appraisal. The evaluation is done taking into account the responsibilities of the GMC members based on KPI's (Key Performance Indicators) fixed in line with the Group's Strategy.

In December 2010, the members of the GMC participated in an assessment lead by a specialized service company, consisting of tests measuring management competencies and potential and of 360 degree evaluations by their manager, direct reports and internal customers.

Operation

In principle, the GMC meets once a month. The Committee can lawfully deliberate only if half of its members are present or duly represented. The GMC aspires to arrive at decisions by consensus. If no consensus can be found the CEO decides.

The CEO reports to the Board of Directors about the strategic decisions taken within the GMC.

The GMC convened 14 times during 2010. The attendance rate was 98.7%.

6.5 Remuneration report

6.5.1 Non executive directors (including the CEO in his capacity as director)

6.5.1.1 Remuneration policy

It is the responsibility of the Board of Directors of the Company to put forward proposals with regard to the remuneration awarded to the members of the Board of Directors to the shareholders.

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

- the remuneration for participating in the meetings of the Board and the Board

Committees.

- the remuneration awarded for assignments related to special mandates.

In order to determine the remuneration of the directors the Human Resource Department proceeds with a benchmarking exercise of similar Belgian companies, with the assistance of an external consultant on a bi-annual basis, and makes a proposal to the Appointment and Remuneration Committee. The CEO, executive director, receives the same remuneration as the non executive directors for his role of director. Membership of Committees entitle the participants to an attendance fee in line with the benchmark. Finally the Chairman receives and additional fee for his responsibility as Chairman in line with the benchmark as per the study of various specialised consultants.

6.5.1.2 Procedures applied during 2010 to develop this policy

No changes were brought to the remuneration policy for directors and no steps were taken with respect to developing such policy in 2010.

6.5.1.3 Remuneration received

The directors receive a fixed remuneration and reimbursement of travel expenses per meeting. The total annual remuneration amounts to 53,679 EUR per mandate paid in the next year, excluding the reimbursement of travel expenses. In addition, attendance fees are awarded to the amount of 1,860 EUR per meeting of the Appointment and Remuneration Committee, and also for the Committee of Independent Directors set up in accordance with article 524 of the Belgian Company Code. The attendance fee for each meeting of the Audit Committee stands at 3,000 EUR per director and at 4,500 EUR for the director chairing the Audit Committee.

The Chairman receives a fixed remuneration of 140,000 EUR, and the use of a Company car.

Member		Fees received in 2010 (in EUR)
Gérard Marchand (Chairman) (non-executive director)	Fixed annual fee	140 000
	Total remuneration	**140 000**
Frank Coenen (executive director)	Fixed annual fee	26 840
	Total remuneration	**26 840**
Valère Croes (non-executive director) Chairman audit committee	Fixed annual fee Travel fee Audit Ctee - attendance fee Appoint. & rem. Ctee. - attendance fee	53 679 3 968 18 000 7 440
	Total remuneration	**83 087**
Paul de Meester (independent non-executive director) Chairman Appoint.& rem. committee	Fixed annual fee Travel fee Appoint. & rem. Ctee. - attendance fee	53 679 3 968 7 440
	Total remuneration	**65 087**
Jaak Gabriels (independent non-executive director)	Fixed annual fee Travel fee	53 679 2 976
	Total remuneration	**56 655**
Antoine Gendry (non-executive director)	Fixed annual fee Travel fee Appoint. & rem. Ctee. - attendance fee Strategy Ctee - attendance fee	53 679 3 968 7 440 5 580
	Total remuneration	**70 667**
Baudouin Michiels (independent non-executive director)	Fixed annual fee Travel fee Audit Ctee - attendance fee Strategy Ctee - attendance fee	53 679 3 968 9 000 5 580
	Total remuneration	**72 227**
Michel Nicolas (non-executive director)	Fixed annual fee Travel fee	53 679 3 968
	Total remuneration	**57 647**

Member		Fees received in 2010 (in EUR)
Bernard Pache (independent non-executive director)	Fixed annual fee Travel fee Strategy Ctee - attendance fee	53 679 2 976 3 720
	Total remuneration	**60 375**
Thierry Piessevaux (independent non-executive director)	Fixed annual fee Travel fee Audit Ctee - attendance fee	53 679 3 472 9 000
	Total remuneration	**66 151**
François Schwartz (non-executive director)	Fixed annual fee Travel fee Audit Ctee - attendance fee	53 679 3 968 12 000
	Total remuneration	**69 647**
Alain Siaens (independent non-executive director)	Fixed annual fee Travel fee Appoint. & rem. Ctee. - attendance fee	53 679 3 968 5 580
	Total remuneration	**63 227**
Karel Vinck (independent non-executive director)	Fixed annual fee Travel fee Strategy Ctee - attendance fee	53 679 2 976 5 580
	Total remuneration	**62 235**

6.5.2 Group Management Committee

6.5.2.1 Remuneration policy

The compensation policy for GMC members was established by the Board of Directors based on recommendations of the Appointment and Remuneration Committee. The policy ensures that the GMC compensation package is equitable and sufficient to attract, retain and motivate executives, remaining attentive to what the business can afford.

Each year, the Appointment and Remuneration Committee considers the appropriate compensation to be offered based on recommendations from the Human Resources Department (Group Reward). These recommendations result from an annual market study conducted by Towers Watson, and Hay for a second reference for non-Belgian functions, to ensure the competitiveness of the compensation packages.

Tessenderlo Group compares the compensation package of its GMC to a sample of Belgian industrial. Non-Belgian members of the GMC were compared with reference to their local market. The level of the current package for each member, considering the market and their performance and experience, has proved to be in accordance with the market.

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

6.5.2.2 Compensation Package

The GMC compensation package consists of the following items:

I. Base Salary
II. Variable Salary (including short and long term variable plans)
III. Other compensation items

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

6.5.2.2.1 Base Salary

The base salary compensates individual members in relation to the market and with respect to their level of competence/ experience and position within the Group.

6.5.2.2.2 Variable Compensation

A. Short term variable compensation

Tessenderlo Group has developed a variable compensation plan in order to ensure that all GMC members are compensated according to overall performance of the Tessenderlo Group as well as in relation to their individual performance in the year preceding the year in which the bonus is paid out.

The cash bonus for the Executive Officer (CEO) varies between 0% and 80% of the Base Salary and the objectives are set on the predetermined financial objectives of the Group, established by the Appointment and Remuneration Committee. For 2010, the financial objectives of the Group were set at ROCE, EBITDA and Net result on equity levels. These financial objectives of the Group are directly connected to the success of strategic initiatives, the relative price of Tessenderlo Group stock and compliance with financial covenants by Tessenderlo Group.

For other GMC members, the cash bonus is set at a percentage between 20% and 40% of salary. Payment of this percentage can vary between 0% and 200% based on performance. Cash bonuses for Business Group directors within GMC consists of three related performance components, one element in reference to the Group's financial performance (20%), another element related to the financial performance of the Business Group (20%) and the third related to individual objectives (60%) of which half is related to the financial performance of the Business Group. For functional members of GMC (CFO, HR/IT, CLO), there are only two performance components, one element related to the Group's financial performance (40%) and another element related to individual objectives (60%). The financial objectives of GMC Business Groups and individuals are set by the Executive Officer (CEO) based on a cascade of the Group's strategies and objectives. Objectives take into account specific circumstances of the field of activities or Business Units that each member manages.

There is a "claw-back" provision which applies only in case of incorrect financial statements.

B. Long term variable compensation

There is a share option plan at Tessenderlo Group. In 2010, the Appointment and Remuneration Committee decided to link award of options to performance criteria, and to make reservations for GMC and senior executives (together The Leadership Team) and to accelerate issuance of the options under the current stock option plan, in order to align with prevailing market practice. Different numbers of options were granted to the CEO, the directors of the Business Groups and the functional directors (CFO, HR/IT, CLO) within the GMC.

6.5.2.3 Procedures applied in 2010 to develop this policy

In 2010 the HR Department proposed to the Appointment and Remuneration Committee of October 29, 2010, to improve the alignment of the variable part of the remuneration to the market by accelerating the granting of the stock options increasing the total number of shares attributed to the GMC members as well as other members of the Senior Leadership Team. The Appointment and Remuneration Committee decided to propose such increase to the Board provided there would be a link to performance. No other changes were made to the remuneration policy of the GMC members in 2010.

Subscription rights can only be exercised after three years and only for two consecutive years, except if extended by Board decision. The list of beneficiaries, being the GMC and senior executives of the Group (together The Leadership Team), is determined each year by the Board of Directors. The Board of Directors entrusts distribution to beneficiaries of these subscription rights to the Appointment and Remuneration Committee. Subscription rights are registered and non-transferable, except in case of death. The exercise price of options submitted by the Board of Directors on November 4, 2010, with exercise period until January 2, 2011, has been set at 24.01 EUR, and at 24.72 EUR for the sub plan in place for the United States.

6.5.2.3.1 Other Compensation items

Members of the GMC (including the CEO) are eligible to participate in the extra-legal pension plan, a hospitalisation plan, a life insurance plan, etc, which are also available to the members of the Senior Leadership Team. No distinction is made in this respect. 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 CEO 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 which took effect on or after January 1, 2008. All GMC members that have a Belgian employment contract in effect before December 31, 2007, remain affiliated to the "defined benefit" plan. All these compensation elements are included in the compensation declaration. Jordan Burns participates in a 401K plan in the United States.

6.5.3 Remuneration Earned in 2010

6.5.3.1 CEO

Annual gross compensation earned by the CEO in 2010 is detailed below:

Component	Amount
Fixed compensation (excluding director fees)	512,275 €
Variable compensation (excluding options)	179,296 €
TOTAL	**691,571 €**
Pension[5]	38,076 €
Other benefits[6]	20,159 €

5 Defined benefit plan: annual estimate of premiums paid by the employer for 2010, as calculated by an actuary.
6 Other benefits include coverage for death, disability, work accident insurance, taxes (4.40%) on an additional personal contribution pension plan, meal vouchers, company car – all under the same conditions applicable to other Leadership Team members (Senior Executives) and the ruling approved by the Belgian tax authorities for representation allowances.

6.5.3.2 GMC (excluding CEO) gross compensation earned in 2010

Component	Amount
Fixed compensation	1,850,565 €[7]
Variable compensation (excluding options)	618,043 €
TOTAL	**2,468,608 €**
Pension	150,902 €
Other benefits	165,620 €

7 Exchange rate used: 1 USD = 0.76 EUR (for all conversions related to the US compensation package for Jordan Burns)

6.5.3.3 Stock options (warrants) granted to GMC members

Stock options are awarded to GMC members after the Board of Directors' approval upon the recommendation of the Appointment and Remuneration Committee. The following table shows the respective number of options that were allocated to each member of the GMC during 2010, the number of options vested during 2010 and the number of shares exercised during 2010.

Name	2010 grant	Exercise price	Value at grant[8]	Vesting in 2010[9]	Options exercised in 2010
Frank Coenen	45,000	24.01 €	297,000 €	3,840	0
Pol Deturck	17,000	24.01 €	112,200 €	0	0
Jan Vandendriessche	17,000	24.01 €	112,200 €	0	0
Albert Vasseur	17,000	24.01 €	112,200 €	3,840	0
Jordan Burns	20,000	24.72 €	128,000 €	1,920	0
Eddy Vandenbriele	9,000	24.01 €	59,400 €	3,840	0
Mel de Vogüé	20,000	24.01 €	132,000 €	0	0
Jettie Van Caenegem	9,000	24.01 €	59,400 €	0	0

8 Value of 6.6 EUR per option according to the Black & Scholes valuation model
Value of 6.4 EUR US plan, according to the Black & Scholes valuation model
9 Related to the 2006 plan (exercise price: 30.02 EUR)

6.5.3.4 Agreements on Severance Pay

At December 31, 2010 there are no agreements entered into with the CEO or any member of the GMC after July 1, 2009 providing for severance pay.

6.6 Main features of the company internal control and risk management

6.6.1 Internal Control Framework

6.6.1.1 Actors on Internal Controls

Tessenderlo's Group Management Committee is responsible for the Group's internal control system, as approved by the Board, while the Audit Committee is responsible for ensuring the effectiveness of the Group's internal control and risk management. In 2010 the decision was taken to create a new function within the GMC, Group Director Risk Management, Internal Audit & Control, to whom a newly appointed Internal Control Manager will report. They will ensure that the internal control procedures are applied correctly in the subsidiaries, Shared Services Center and central functions.

6.6.1.2 Scope of internal controls

In 2010 Tessenderlo started with a number of internal control procedures in its Shared Services Center. The outcome of this exercise will be used as a guideline for further roll out of the internal control procedures, documentation and analysis throughout the Group.

6.6.1.3 Overall Internal Control Procedures

The Internal Control process consists of the following components, which are implemented at Tessenderlo Group in the following manner:

Control environment

- The Business Group directors are members of the GMC, enabling a good monitoring and execution of the Group strategy and its performance and control of the risks.
- The Chief Financial Officer (CFO) is responsible for the finance function throughout the entire Group, directly through various centralized functions (Controlling, Accounting and Consolidation, Treasury and Financing, Credit Control, Tax, Investor Relations) and through the CFO's functional responsibility over the finance directors of the Business Groups.
- The Chief Legal Officer (CLO) is responsible for the roll out of a code of conduct throughout the Group.

Information and Communication: the code of conduct and all policies and procedures are published on the intranet and are rolled out through presentations in various fora.

Control activities: the control activities are intended to ensure the application of the standards, procedures and recommendations that contribute to the implementation of the main strategic decisions made by the Group's General management.

Continuous monitoring: the internal control systems will be reviewed periodically for the performance and effectiveness.

6.6.1.4 Internal Control Procedures for the Preparation and Processing of the Financial and Accounting Information

Control environment

The finance function consists of centralized functional departments (Treasury and Financing, Credit Control, Accounting and Consolidation, Controlling & Reporting, Tax, Investor Relations) and each Business Group's Finance Department. The operating units are responsible for the production and content of their financial statements and for their own internal control procedures. The roles and the skills required at the different levels of the organization are clearly defined and internal training programs are tailored accordingly.

Information and communication

The internal information system, based on the most widely used consolidation software on the market, enables the Group to produce the financial information necessary to manage and control the operating units' activities. All procedures related to the security and use of this consolidation system – as well as the development of new functions – are documented. Regular training sessions are planned together with an update on the main IFRS developments, ensuring a full understanding of the consolidation software and the recordings. This, in combination with the intranet portal, gives all financial managers access to the Group's procedure manuals and accounting policies. The controllers of each Business Group and business unit meet on a regular basis to share information and best practices. Every quarter, the CEO addresses the Group's entire Senior Leadership Team with comments on the activity for the quarter, the year-to-date financial results, and the major challenges for the Group.

Control activities

Each Business Group has a Finance Department, which is responsible for monitoring performance, capital expenditure, and free cash flow. In addition, a central Finance Department oversees the entire financial control function within the Group. The principal components of the performance review process are combined in a stringent financial planning process that includes: a strategic plan; a budget process, preceded by the preparation of guidelines with the key objectives to be achieved; complete forecasts at regular intervals;

monthly closings and quarterly updated forecasts. In this context, each operating unit prepares a monthly, detailed financial report, and a twice-yearly exhaustive consolidation package for use in preparation of the Group's consolidated financial statements.

Monthly financial report and quarterly information

- The financial report is prepared using a standard format focusing on a limited number of monthly performance indicators. The financial information is incorporated into a centralized and unified database, used for both internal management purposes and for external reporting.

Preparation of the six-month and annual financial statements

- The operating units use consolidation packages to report financial statements presented in compliance with the International Financial Reporting Standards used by the Group and the analytical tables presented by balances and by movements that are used to prepare the consolidated financial statements and the notes to the consolidated financial statements. These consolidation packages are verified by a central team, which throughout the year checks the accounting options used, is responsible for all elimination and consolidation entries, and validates those line items that present the highest degree of risk (intangible assets, financial assets, taxes, provisions and debt). Members of the central departments visit the operating units on a regular basis (performance monitoring, procedures reviews, pre-closing meetings, ad hoc audits, progress on improving internal controls, follow-up on actions plans, training in accounting standards, etc.). The appropriate documents are provided sufficiently in advance for them to be reviewed by the Group's management bodies.

Continuous monitoring

One of the responsibilities of each Business Group/business unit controller is to improve the procedures used to prepare and process financial information. Audits are conducted on the key control procedures in the preparation of financial information in the subsidiaries and in the Group's headquarters and on their effective application.

These internal audits are aimed amongst others at verifying the quality of the accounting and financial information.

6.6.2 Enterprise Risk Management System

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

In particular:

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

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

- Tessenderlo Group anticipates fluctuations in energy prices through a centralised purchasing policy.

- Tessenderlo Group hedges transactions in foreign currency. Subsidiaries are also required to communicate their net foreign currency positions for invoiced amounts (customers, suppliers) to Tessenderlo Finance NV, a subsidiary set up for this purpose. All positions are netted at the level of Tessenderlo Finance NV. The net balances, which are very small, are then purchased or sold on the market. The main management tools are spot purchase and sales of currencies, followed by currency swaps.

- Operational, health and safety environmental risks are kept to a minimum with a system for managing the process risks, with an evaluation of the risks related to safety, the environment, production and quality. The necessary measures are taken with regard to risk control, such as preventive maintenance, stocks of critical spare parts and operational procedures.

- The Risk Management Department conducts safety audits in various production sites. Sites are also audited by an external insurance company, in collaboration with the Risk Management Department. Preventive actions are recommended and implemented.

- Furthermore, insurance cover also exists for operational risks, including a maximum possible cover for Tessenderlo Group for damage to property (including aspects related to interruptions of activities at nearly all sites), operational and other liabilities.

- An extensive strategic planning process is applied to provide even better control of the Group's strategic risks, by thoroughly analysing the strategy, the process, the content of each business unit and how these aspects correspond with the Group's strategy.

- Compliance with laws and regulations and in particular anti-trust law is addressed through the implementation of an anti-trust compliance programme and the appointment of an anti-trust compliance officer.

In the second half of 2009, the decision was taken to make risk management one of the key management processes of the Group. A significant step was taken in 2010 through a project entailing the launch of a Group wide Enterprise Risk Management system (ERM). In the context of this project, risks were systematically mapped, the appropriate responses to these risks were formulated and the necessary actions associated with them across the whole Group.

The first step taken in the ERM project was the establishment of a risk catalogue and risk assessment scales for the consistent identification of risks and their assessment in terms of impact, probability and level of control. After this, a large number of individual, in-depth interviews were conducted in all businesses and departments of the Group to identify potential risks. The next step was to group all the identified risks by Business Unit which were then assessed by each interviewee individually for probability and impact, taking into account the existing risk reduction measures. Then the objectified and aggregated list was discussed in a joint workshop per business unit and department in order to prioritize the risks, validate the rating, appoint a 'risk owner' for each risk and to determine additional risk reduction measures where necessary.

The ERM project is not merely about creating a list of the risks, but it aims to be a permanent structure for the optimal management of these risks and to include the risk factors in strategic and operational decision-making. Based on the results of the survey in 2010, a permanent ERM system will be implemented as from 2011 so that risk management becomes even more an inherent part of daily operations and strategic decisions. The various business units and supporting departments will carry responsibility for identifying, managing and reporting on their specific risks. Aggregation, monitoring and reporting at Group level will also be recorded in the ERM system.

6.7 Policy on inside information and market manipulation

Chapter 8 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 down with regard to inside information and market manipulation. She is also the point of contact for questions about the application of the policy.

As from January 1, 2010, this task is assumed by the Chief Legal Officer.

6.8 External audit

Klynveld, Peat Marwick Goerdeler Bedrijfsrevisoren (KPMG), represented by Ludo Ruysen was reappointed as the Group statutory auditors by the shareholders meeting of June 1, 2010.

The fees paid by Tessenderlo Group to its auditors amounted to (EUR):

	Audit	Audit related	Other	Total
KPMG (Belgium)	330,496	158,070	197,788	686,354
KPMG (outside Belgium)	598,953	754	340,750	940,457
Total	**929,449**	**158,824**	**538,538**	**1,626,811**

6.9 Subsequent events

On January 31st 2011, the Group has sold its subsidiary Tessenderlo Fine Chemicals Limited, active within the operating segment Organic Chlorine Derivatives to Tennants Consolidated Ltd., a leading UK privately held chemical manufacturing and distribution group. The transaction amounted to 17.0 million GBP on a cash-free, debt-free basis, of which 1.0 million GBP is deferred based upon agreed profitability ratios as per December 31st 2011. In accordance with IFRS 5 Non-current assets held for sale and discontinued operations, the assets and liabilities of this disposal group have been presented as assets and liabilities held for sale at year-end. Details of the assets and liabilities held for sale are disclosed in note 20 – Non-current assets classified as held for sale. The sales price exceeds the carrying value of the assets and liabilities held for sale.

6.10 Application of article 523 of the company code

Excerpt from the minutes of the Board of Directors held on November 4, 2010

(Excerpt minutes :)

[…]

-* Preliminary declaration *-

The Chairman states that:

1. Agenda.

The agenda items to be discussed in the presence of the notary are the following:

- Decision to issue, in the context of the five-year warrant plan of the issuance of warrants decided on November 8, 2007, two hundred ninety-three thousand (293 000) warrants, each entitling to subscription to one (1) new share in the Company.

- Decision to nullify, in application of Article 596 in conjunction with 603 of the Companies Act, the preferential right of subscription of the shareholders in connection with this issuance of warrants.

- The establishment of the conditions of issuance of the warrants.

- Decision to increase, under the suspensive condition of the exercise of the warrants, the share capital through the issuance of up to two hundred ninety-three thousand (293 000) new shares of the same nature and enjoying the same rights and benefits as the existing shares, reserved for warrant holders.

- Powers to be granted to ensure the implementation of the decisions taken.

2. Call to meeting.

The call to the meeting, including the agenda, was sent to the directors on October, 27 2010.

3. Quorum.

The Chairman notes that given the majority of the members of the Board are present or represented, it may validly deliberate on the agenda.

4. Authorised capital.

The Chairman reminded the Board of the powers granted to him by the extraordinary general meeting of shareholders of June, 1 2010, as these are set out in Article 7, paragraph 4, of the Articles of Association, namely to increase the share capital by a maximum amount of forty million euro (40 million euro) in one or more transactions, exclusively in connection with (i) capital increase reserved for employees of the

Company or its subsidiaries, (ii) capital increases in connection with the issuance of warrants granted to certain employees of the Company or its subsidiaries, and possibly, to certain persons who are not personnel of the Company or its subsidiaries, (iii) capital increases under an optional dividend, whether in this context the dividend is directly paid in shares or the dividend is paid in cash and then the distributed cash may be used to subscribe to shares, as appropriate, an equalisation payment in cash and (iv) capital increases effected by capitalization of reserves or other items of capital in order to allow the amount of capital to be increased to a suitably round amount.

The Chairman also pointed to the content of Article 8, in line of the Articles of Association, which states that in the context of the authorized capital, the Board of Directors acting in the interest of the Company may decide to reduce or eliminate the preferential right of existing shareholders even if that restriction or elimination is done in favour of one or more persons who are not employees of the Company or one or more of its subsidiaries, insofar as permitted by law.

The Chairman also reminded the Board of the contents of the report drawn up in execution of Article 604, third paragraph, of the Companies Code in order to obtain aforesaid permission to increase the capital, the report indicating according to which specific conditions the authorized capital may be used and for which purpose.

- Reports -

The Chairman submits to be attached to this deed to the undersigned notary, the special report by the Board of Directors prescribed by Articles 583, 596 in conjunction with 603 of the Companies Code.

A report was prepared by the directors in pursuance of the same decisions; the report is submitted to the undersigned notary.

-* Article 523 *-

The Chairman states to the Board that Mr. Frank COENEN, Director, has informed him that he has a financial interest in the stated decisions regarding the stock option plan, as he is also a recipient of Tranche 2010 of the aforementioned warrant plan.

Under Article 523 of the Companies Code, this director abstains from attending and participating in the vote on the deliberations of the Board concerning these issues.

-* Decisions *-

This being explained and using the powers granted them by Article 7 of the Articles of Association, the Board of Directors takes, acting unanimously, the following decisions:

First decision

under the five-year plan of issuance of warrants decided on November, 8 2007, the board decided to approve the issue, outside the preferential right and at the following agreed terms, of two hundred ninety-three thousand (293 000) warrants, each entitling to subscription of one (1) new share in the Company.

With application of Article 596 in conjunction with 603 of the Companies Code, the Board decided to nullify the preferential right of subscription by the shareholders in the context of the recently decision to issue warrants to the benefit of the beneficiaries of the issue appearing on the list to the Board for consideration and approved by them.

The Board decided to issue the warrants subject to the conditions described in the report of the Board and in the information brochure, and in particular the following conditions:

a. Allocation

The warrants are granted for free.

The beneficiaries are persons employed under an employment contract with Tessenderlo Chemie or one of its subsidiaries. They can only subscribe to this tranche if they, at the time of the offer, have not left Tessenderlo Group for any reason whatsoever.

A nominative list of the persons listed above who can participate in the subscription to the Tranche 2010 warrants must be approved by the Board of Directors. Afterwards, these beneficiaries will be allocated a number of warrants by the Appointment and Remuneration Committee.

b. Offering

The offer is valid from November 4, 2010 (hereinafter the “offer”) for U.S. beneficiaries (date Appointment and Remuneration Committee), November, 5 for the Belgian beneficiaries (date of transmission of offering to beneficiaries). Beneficiaries must confirm that they accept the offer and for which number of warrants the acceptance applies by January 2, 2011, at the latest.

c. Nature of the warrants

The warrants are nominative and may not be transferred inter vivos.

d. Exercise price of the warrants

The warrants entitle the holder to subscribe for new shares to be issued by the Company at the price which will be calculated according to the following calculation method to the lower value of:

- either the average closing price of the Tessenderlo Chemie stock on Eurolist on Euronext Brussels during the thirty days preceding the offer,
- or the last closing price for the Tessenderlo Chemie share on Eurolist by Euronext Brussels preceding the date of the offer,

The exercise price of the warrants will, for some participants who are not Belgian residents, be equal to such an exercise price as is applicable under the current legislation for stock option plans in the respective countries of different participants, provided that such exercise price matches as closely as possible with the exercise price pursuant to the current plan.

- For U.S. residents, the exercise price is equal to the price of the Tessenderlo Chemie stock at the close of business on the day of the offer.

The actual exercise price of the warrants, calculated as defined above, will be established on November 4, 2010 by the Secretary of the Board of Directors.

In the case of the execution of a transaction that affects the representation of the capital, including the incorporation of reserves in the capital involving the issue of free shares (“bonus shares”), the issuance of convertible bonds or bonds with warrants, payment of stock dividends, extraordinary dividends as well as the change in the representation of the capital or of the provisions relating to the distribution of profits or liquidation bonuses, the exercise price of the warrants may be modified by the board in order to safeguard the interests of the warrant holders.

The difference between the subscription price and the par value of the issued share represents an issue premium, which will be consigned as provided in Article 7, third paragraph, of the Articles of Association.

e. Exercise term of the warrants

To enjoy the reduced rate of 7.5% (for participants who are Belgian resident) (instead of 15%) of the benefit in kind, coupled with the calculation of acceptance of the warrants, the options may not exercised before the end of the third calendar year after which the offer has been made. Thus the warrants are exercisable during the fourth and fifth year following the year of the offer, either in 2014 or 2015. In each of these years, exercise periods are open from the fifth banking day following the approval of financial statements, approved by the ordinary general meeting of shareholders, until the fifteenth bank day before the end of the respective years. Within this exercise periods, the warrants may not be exercised in the closed periods and, where appropriate, the occasional closed periods (under the Tessenderlo Chemie Corporate Governance Charter). Such a prohibition shall also include during 30 calendar days preceding the publication of the results of Tessenderlo Group and the day of their publication.

f. Modalities for the exercise of warrants

The written request relating to exercise of warrants should be directed to the Company during the exercise periods of the warrants. The payment of the price of the shares must be made to the bank account opened for that purpose.

g. New shares

The creation and provision of new shares will take place after the adoption of the capital increase by notarial deed, depending on the request of the subscriber and within the limits provided by law either in the form of nominative securities or dematerialized.

The new shares are entitled to the dividends declared for the year in which the registration is completed.

h. Taxes, fees and contributions.

The taxes, fees and contributions that would be payable in connection with this operation or operations that directly or indirectly resulting there from, are borne by the beneficiary.

Second decision

under the condition precedent of the exercise of the warrants of which the issue has just been decided, the Board decided to increase the registered capital by a maximum one million four hundred sixty-six thousand two hundred twenty five euro sixty-five cents (EUR 1 466 225, 65) through the issuing of a maximum of two hundred ninety-three thousand (293 000) new shares of the same nature and enjoying the same rights and benefits as the existing shares, which subscription is reserved to the warrant holders.

Third decision

the Board decided to grant all powers (i) to the members of the (Appointments and) Remuneration Committee of the Company, acting jointly, for the purpose of deciding the number of warrants to be granted to each beneficiary (if the list of beneficiaries is approved by the Board of Directors) and (ii) to the Secretary of the Board of Directors to determine the exercise price of these warrants on the basis of the criteria established by the Board.

The Board decided to grant full powers to any current or future director of the Company and/or the Secretary of the Board of Directors of the Company, with the right to act jointly or separately and the right to transfer this power in order to:

a) implement the resolutions passed, including the execution of the capital increase and determine that the conditions required by the board for the completion have been met;

b) under Article 591 of the Companies Code, record the number of new shares issued, their full paid status, the corresponding realization of the capital increase and the subsequent amendment of the charter.
[…]
(Report Excerpt :)
[…]

In the plan the full exercise of the warrants of the Tranche 2010 may result in a maximum financial dilution for existing shareholders of 0.15%, to a dilution in terms of profits and voting rights of 1.01% and a dilution of 0.01% on equity, taking into account the number of securities in circulation on November 4, 2010. […]

6.11 Information required by art 34 of the Royal Decree of November 14, 2008, s .8.9

Tessenderlo Chemie NV is a party to the following contracts which enter into force, 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 26 February 2010 for a maximum amount of 500 million euro between, amongst others, Tessenderlo Chemie NV as Company and Guarantor, Tessenderlo Finance NV and Tessenderlo NL Holding B.V. as Borrowers, certain subsidiaries of Tessenderlo Chemie NV as Guarantors, Fortis Bank NV/SA, ING Bank N.V. and KBC Bank NV as Arrangers, ING Bank N.V. 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 per cent of the voting rights in the Company. The change of control clause described above has been approved by the general meeting of shareholders of Tessenderlo Chemie NV on 1 June 2010 and a copy of this resolution has been filed at the registry of the court of commerce promptly thereafter.

- the prospectus dated 25 October 2010 of Tessenderlo Chemie NV regarding the issue of senior unsecured bonds, due 27 October 2015, for an amount of 150 million euro: 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 per cent. 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 offeror 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 offeror has acquired or, following the publication of the results of such offer by the offeror, 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 per cent. of the voting rights in Tessenderlo Chemie NV. Tessenderlo Chemie NV has undertaken to use all reasonable endeavours to procure that the change of control clause described above will be approved by the general meeting of shareholders of Tessenderlo Chemie NV scheduled to be held on 7 June 2011 and to file a copy of this resolution promptly thereafter at the registry of the court of commerce.

- terms and conditions of the bond loan with warrants issued under the plan 2002-2006, and terms and conditions of the warrants issued under the plan 2007-2011 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 SA 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. Per 31 December 2010, 572 227 warrants were outstanding.

6.12 Dividends policy

The dividends policy remains unchanged: Tessenderlo Group aims to maintain a stable gross dividend per share, independent of the result of any single financial year, while taking into account the financial position of the Group.

A net dividend per share for the financial year 2010 in the amount of 1.00 EUR, the same as last year, will be proposed at the General Meeting of June 2011.

Progress along our strategic journey

Financial report

CONSOLIDATED FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

(Million EUR)	note	2010	2009
Revenue		2 427.3	2 093.8
Cost of sales		-2 010.1	-1 813.0
Gross profit		**417.2**	**280.8**
Distribution expenses		-136.5	-112.6
Sales and marketing expenses		-68.8	-57.8
Administrative expenses		-141.2	-152.9
Other operating income and expenses	5	-11.9	-8.9
Profit (+) / loss (-) from operations before non-recurring items (REBIT)		**58.9**	**-51.4**
Gain on disposals	6	25.6	2.8
Provisions and claims	6	12.4	-60.0
Restructuring	6	-11.5	-30.5
Impairment losses	6	-14.8	-18.9
Environmental provisions	6	-9.5	-1.0
Other income and expenses	6	-3.7	7.8
Profit (+) / loss (-) from operations (EBIT)		**57.4**	**-151.2**
Finance costs	9	-40.2	-18.5
Finance income	9	11.6	7.3
Finance costs - net		**-28.6**	**-11.2**
Share of result of equity accounted investees, net of income tax	14	1.6	1.0
Profit (+) / loss (-) before tax		**30.4**	**-161.4**
Income tax expense	10	-10.1	-5.3
Profit (+) / loss (-) for the period		**20.3**	**-166.7**
Attributable to:			
- Equity holders of the Company		**20.7**	**-167.0**
- Non-controlling interest		**-0.4**	**0.3**
Basic earnings per share (EUR)	22	0.72	-5.84
Diluted earnings per share (EUR)	22	0.72	-5.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Million EUR)	note	2010	2009
Profit (+) / loss (-) for the period		**20.3**	**-166.7**
Translation differences	21	15.7	-3.2
Net change in fair value of derivative financial instruments		-1.4	-2.5
Revaluation reserves	21	-	16.1
Income tax on other comprehensive income		0.5	-4.5
Other comprehensive income for the period, net of income tax		**14.8**	**5.9**
Total comprehensive income (+) and expense (-) for the period		**35.1**	**-160.8**
Attributable to:			
- Equity holders of the Company		35.5	-161.1
- Non-controlling interest		-0.4	0.3
Total comprehensive income (+) and expense (-) for the period		**35.1**	**-160.8**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Million EUR)	note	2010	2009
ASSETS			
Total non-current assets		**877.9**	**884.0**
Property, plant and equipment	11	682.2	694.7
Goodwill	12	53.4	53.6
Other intangible assets	13	61.2	67.4
Investments accounted for using the equity method	14	27.7	21.3
Other investments	15	6.7	6.5
Deferred tax assets	16	23.7	17.8
Trade and other receivables	17	22.9	22.7
Total current assets		**800.4**	**692.3**
Inventories	18	349.7	361.1
Trade and other receivables	17	299.5	286.8
Derivative financial instruments	27	0.7	0.1
Cash and cash equivalents	19	150.5	44.3
Non-current assets classified as held for sale	20	**18.1**	**0.3**
Total assets		**1 696.5**	**1 576.6**

(Million EUR)	note	2010	2009
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the Company	21	**724.8**	**705.2**
Issued capital	21	143.7	139.0
Share premium	21	57.5	43.9
Reserves	21	393.6	373.1
Retained earnings	21	132.8	149.2
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale	21	-2.8	-
Non-controlling interest	21	**3.7**	**2.3**
Total equity		**728.6**	**707.5**
Liabilities			
Total non-current liabilities		**362.2**	**250.9**
Financial liabilities	23	195.4	11.6
Employee benefits	24	38.2	39.7
Provisions	25	65.9	167.5
Trade and other payables	26	30.2	0.2
Derivative financial instruments	27	0.8	-
Deferred tax liabilities	16	31.6	31.9
Total current liabilities		**599.2**	**618.2**
Financial liabilities	23	117.1	241.7
Trade and other payables	26	469.6	363.1
Derivative financial instruments	27	0.2	0.4
Current tax liabilities		0.4	0.7
Provisions	25	11.9	12.3
Liabilities associated with assets classified as held for sale	20	**6.5**	**-**
Total liabilities		**967.9**	**869.1**
Total equity and liabilities		**1 696.5**	**1 576.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Million EUR)	note	Issued capital	Share premium	Other reserves	Translation reserves	Revaluation reserves	Hedging reserves	Retained earnings	Translation reserves relating to non-current assets classified as held for sale	Equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance at 1 January 2009		**138.0**	**43.3**	**340.2**	**-26.8**	**-**	**-**	**405.3**	**0.0**	**900.0**	**2.0**	**902.0**
Profit (+) / loss (-) for the period		-	-	-	-	-	-	-167.0	-	-167.0	0.3	-166.7
Other comprehensive income for the period												
- Translation differences		-	-	-	-3.2	-	-	-	-	-3.2	-	-3.2
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-	-1.6	-	-	-1.6	-	-1.6
- Revaluation reserves, net of tax	4/21	-	-	-	-	10.7	-	-	-	10.7	-	10.7
Total comprehensive income for the period, net of income taxes		0.0	0.0	0.0	-3.2	10.7	-1.6	-167.0	0.0	-161.1	0.3	-160.8
Transactions with owners, recorded directly in equity												
- Shares issued	21	1.0	0.6	-	-	-	-	-	-	1.6	-	1.6
- Dividends paid to shareholders		-	-	-	-	-	-	-37.0	-	-37.0	-	-37.0
- Warrants and capital increase		-	-	1.7	-	-	-	-	-	1.7	-	1.7
Total contributions by and distributions to owners		1.0	0.6	1.7	-	-	-	-37.0	-	-33.7	-	-33.7
Other movements		-	-	52.1	-	-	-	-52.1	-	0.0	-	0.0
Balance at 31 December 2009		**139.0**	**43.9**	**394.0**	**-30.0**	**10.7**	**-1.6**	**149.2**	**0.0**	**705.2**	**2.3**	**707.5**
Balance at 1 January 2010		**139.0**	**43.9**	**394.0**	**-30.0**	**10.7**	**-1.6**	**149.2**	**0.0**	**705.2**	**2.3**	**707.5**
Profit (+) / loss (-) for the period		-	-	-	-	-	-	20.7	-	20.7	-0.4	20.3
Other comprehensive income for the period												
- Translation differences		-	-	-	15.6	-	-	-	-	15.6	0.1	15.7
- Change in consolidation scope		-	-	-	-	-	-	-		0.0	1.7	1.7
- Translation differences recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale		-	-	-	2.8	-	-	-	-2.8	0.0	-	0.0
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-	-0.9	-	-	-0.9	-	-0.9
- Revaluation reserves, net of tax		-	-	-	-	-	-	-	-	0.0	-	0.0
Total comprehensive income for the period, net of income taxes		0.0	0.0	0.0	18.4	0.0	-0.9	20.7	-2.8	35.4	1.4	36.8
Transactions with owners, recorded directly in equity												
- Shares issued	21	0.5	0.8	-	-	-	-	-	-	1.3	-	1.3
- Shares issued (stock dividend)	21	4.2	12.7	-	-	-	-	-	-	16.9	-	16.9
- Dividends paid to shareholders	21	-	-	-	-	-	-	-37.1	-	-37.1	-	-37.1
- Warrants and capital increase		-	-	3.0	-	-	-	-	-	3.0	-	3.0
Total contributions by and distributions to owners		4.7	13.5	3.0	0.0	0.0	0.0	-37.1	0.0	-15.9	0.0	-15.9
Balance at 31 December 2010		**143.7**	**57.5**	**397.0**	**-11.6**	**10.7**	**-2.5**	**132.8**	**-2.8**	**724.8**	**3.7**	**728.5**

CONSOLIDATED STATEMENT OF CASH FLOWS

(Million EUR)	note	2010	2009
Operating activities			
Profit (+) / loss (-) for the period		20.3	-166.7
Depreciation, amortisation and impairment losses on tangible assets, goodwill and other intangible assets	8/11/12/13	130.2	136.5
Impairment losses on other investments	15	1.1	-
Changes in provisions		-46.3	76.1
Finance costs	9	40.2	18.5
Finance income	9	-11.6	-7.3
Profit on sale of non-current assets		-24.9	-1.5
Share of result of equity accounted investees, net of income tax		-1.6	-1.0
Income tax expense	10	10.1	5.3
Other non-cash items		-0.5	6.0
Changes in inventories		13.9	119.7
Changes in trade and other receivables		-17.1	187.6
Changes in trade and other payables		79.3	-38.5
Cash generated from operations		**193.1**	**334.7**
Interest paid		-11.9	-8.9
Interest received		1.4	0.2
Other finance costs paid		-9.5	-1.7
Income tax paid		-18.6	-15.3
Dividends received from investments accounted for using the equity method	31	5.0	6.3
Cash flow from operating activities		**159.5**	**315.3**
Investing activities			
Acquisition of property, plant and equipment	11	-117.1	-112.4
Acquisition of other intangible assets	13	-3.7	-3.8
Acquisition of investments accounted for using the equity method		-9.3	-7.3
Acquisition of businesses, net of cash acquired	4	-	-58.8
Acquisition of investments		-1.6	-0.1
Proceeds from sale of property, plant and equipment		11.0	4.0
Proceeds from sale of other intangible assets		2.2	0.1
Proceeds from sale of subsidiaries, net of cash disposed of	4	24.2	-
Proceeds from sale of other investments		3.6	-
Cash flow from investing activities		**-90.7**	**-178.3**
Financing activities			
Increase of issued capital	21	1.3	1.6
Increase/(decrease) of financial liabilities		64.9	-104.2
Payment of transaction costs related to financial liabilities		-11.1	-
(Increase)/decrease of long term receivables		1.2	-6.4
Dividends paid to shareholders*	21	-20.2	-37.0
Cash flow from financing activities		**36.1**	**-146.0**
Net increase/(decrease) in cash and cash equivalents		**104.9**	**-9.0**
Effect of exchange rate differences		1.3	-0.2
Cash and cash equivalents at the beginning of the period	19	44.3	53.5
Cash and cash equivalents at the end of the period	19	150.5	44.3

* Following the Board's decision to offer all shareholders the option of receiving the dividend in new shares, 16.9 million EUR of the dividend has been paid in new shares (stock dividend). 20.2 million EUR has been paid as cash dividend to the shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Tessenderlo Chemie NV (hereafter referred to as the « Company ») is a company domiciled in Belgium. The consolidated financial statements for the year ended December 31st 2010 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 authorised for issue by the Board of Directors of Tessenderlo Chemie NV on Wednesday February 23rd 2011.

(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, rounded to the nearest million. They are prepared on the historical cost basis except for derivative financial instruments and investments available-for-sale, which are stated at fair value.

Non-current 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 judgements, 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 judgements 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 recognised 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.

Judgements 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 35 – Critical accounting estimates and judgements.

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

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

(C) Principles of consolidation

Companies controlled by the Group (i.e. in which the Group has, directly, or indirectly, an interest of more than one half of the voting rights or is able to exercise control over the operations, further also “subsidiaries”) have been fully consolidated. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Separate disclosure is made of non-controlling interests.

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

All intercompany transactions, balances and unrealised gains and losses on transactions between Group companies have been eliminated. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group’s interest in the entity. Unrealised losses are eliminated in the same way as unrealised 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 recognised in the income statement of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro 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 taken to “Translation reserves” in Equity.

• Non-controlling interest

If the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

• Exchange rates

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

	Closing rate		Average rate	
1 EUR equals :	**2010**	**2009**	**2010**	**2009**
Brazilian real	2.2177	2.5113	2.3314	2.7674
Canadian dollar	1.3322	1.5128	1.3651	1.5850
Chinese yuan	8.8220	9.8350	8.9712	9.5277
Czech crown	25.0610	26.4730	25.2840	26.4349
Hungarian forint	277.9500	270.4200	275.4800	280.3300
Polish zloty	3.9750	4.1045	3.9947	4.3276
Pound sterling	0.8608	0.8881	0.8578	0.8909
Swiss franc	1.2504	1.4836	1.3803	1.5100
US dollar	1.3362	1.4406	1.3257	1.3948

(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 recognised 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 capitalised 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 capitalised expenditure includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy J).

• Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an intangible asset, requiring a long preparation, are included in the cost of the intangible asset. All other borrowing costs are expensed as incurred and are recognised 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 recognised as intangible asset, whether they have been purchased or received free of charge (in the latter case the acquisition cost is zero). 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 received. This provision is measured at the estimated amount of the expenditure required to settle the obligation.

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

• Green certificates

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

• Other intangible assets

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

• Subsequent expenditure

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

• Amortisation

Intangible assets with a finite life are amortised using the straight-line method over their estimated useful lives.

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

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

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

The 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. Intangible assets with an indefinite useful life are not amortised but are tested for impairment on an annual basis.

(F) Goodwill

• Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary, jointly controlled entity or associate at the date of acquisition.

As of January 1st 2004, goodwill is no longer amortised, but tested at least annually for impairment and whenever there is an indicator that the cash generating unit to which the goodwill has been allocated may be impaired (see accounting policy J).

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

• Negative goodwill

Negative goodwill represents the excess of the fair value of the company's share of the net identifiable assets acquired over the cost of acquisition. Any negative goodwill is recognised directly in the income statement.

• Subsequent measurement

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

(G) Property, plant and equipment

• Owned assets

Items of Property, plant and equipment (further also "PPE") are stated at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (e.g. non refundable tax, transport and the costs of dismantling and removing the items and restoring the site on which they are located, if applicable). The cost of a self-constructed asset is determined using the same principles as for an acquired asset and includes the cost of materials, direct labour 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. Capitalisation 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 recognised as other operating income on a systematic basis in the same periods in which the expenses are incurred.

(H) Leased assets

Leases of Property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases at the moment of the commencement of the lease term. Finance leases are capitalised 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 financial liabilities. 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) Investments

Each category of investment 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 recognised in equity, except for impairment losses. On disposal of an investment, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

• Other investments

Other investments mainly include cash guarantees.

(J) Impairment

At each balance sheet date, the Group reviews the carrying amounts of the Group's assets, other than inventories (see accounting policy K) and deferred tax assets (see accounting policy R), to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Goodwill, intangible assets with indefinite useful life and intangible assets not yet available for use were tested for impairment at January 1st 2004, the date of transition to IFRS, even if no indication of impairment existed. An annual impairment test is performed.

Impairment losses recognised 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 unit on a pro rata basis.

• Calculation of recoverable amount

The recoverable amount is the higher of the 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. The recoverable amount is calculated at the level of the cash-generating unit to which the asset belongs. 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.

• Reversal of impairment

An impairment loss, in respect of Group's assets other than goodwill, recognised in prior periods, is assessed at each balance sheet date for any indication that the 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 carrying amount is partially or totally re-established through the non-recurring items in the income statement, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of goodwill cannot be reversed.

(K) Inventories

Inventories are stated at the lower of cost and net realisable 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 labour, other direct cost and an allocation of fixed and variable 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 realisable 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 stated at amortised cost less appropriate allowances for impairment losses.

(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 remaining maturity date of three months or less 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 recognised as a reduction from equity, net of any tax effects.

• Repurchase of issued capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised 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 recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

• Dividends

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

(O) Financial liabilities

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

(P) Provisions

Provisions are recognised 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 interest expense.

• Restructuring

A provision for restructuring is recognised 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

Environmental 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 recognised 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 recognises an impairment loss on the assets associated with that contract.

• Others

Includes provisions for litigations and warranties.

(Q) Employee benefits

• Post employment benefits

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

- Defined contribution plans:

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

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

- Defined benefit plans:

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

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

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

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

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

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

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

These benefits are accrued for at the moment of notification.

• Equity compensation benefits

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 recognised in the financial statements based on the fair value of the awards measured at grant date, spread over the vesting period. 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 recognised 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 profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially 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 assets or liabilities that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation 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 recognised 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 utilised. 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 realised.

Additional income taxes that arise from the distribution of dividends are recognised 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.

(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 recognised when 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 recognised 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 recognised as a reduction of revenue as the sales are recognised.

• Financial income

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

(U) Expenses

• Financial expenses

Financial expenses comprise interest payable on borrowings, foreign exchange losses and losses on derivative financial instruments.
All interest and other costs incurred in connection with borrowings are expensed as incurred as part of financial expenses. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

Following the revised IAS 23 – *Borrowing costs*, all financial expenses (borrowing costs) directly attributable to the acquisition, construction or production of a qualifying asset that form part of the cost of that asset are capitalised. This capitalisation of borrowing costs is recorded in the intangible assets (see also (E) above) and Property, plant and equipment (see also (G) above). All other borrowing costs are expensed as incurred and are recognised 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 recognised 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 recognised directly in other comprehensive income or in the income statement.

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.

• Cash flow hedges

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 recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (hedging reserves in equity). Any ineffective portion of changes in the fair value of the derivative is recognised immediately in 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 recognised when the forecast transaction is ultimately recognised in the income statement. If the forecast transaction is no longer expected to occur, then the cumulative gain or loss recognised in other comprehensive income is reclassified to the income statement immediately.

(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. A sales transaction 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 non-current asset 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 recognised directly in equity that is related to a non-current asset classified as held for sale e.g. translation differences.

Immediately before classification as held for sale, the remeasurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised 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 amortised.

Impairment losses on initial classification as held for sale are included in the income statement. The same applies to gains and losses on subsequent remeasurement.

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

Classification as a discontinued operation occurs at the date when the operation meets the criteria to be classified as held for sale 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, a comparison is made in the income statement and the statement of comprehensive income 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.

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

(Y) Segment reporting

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

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

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

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

(Z) Recently issued IFRS

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

• IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 deals with classification and measurement of financial assets and financial liabilities. This standard is the first phase in the replacement of IAS 39 and will become mandatory for the Group's 2013 consolidated financial statements, with retrospective application. The Group does not plan to adopt this standard early and the extent of the impact has not yet been determined.

• IAS 24 Related Party Disclosures (revised 2009)

IAS 24 *Related Party Disclosures (revised 2009)* amends the definition of a related party and modifies certain related party disclosure requirements for government related entities. The amendments, which become mandatory for the Group's 2011 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

• Amendments to IFRIC 14 IAS 19 – The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction

Amendments to IFRIC 14 IAS 19 – *The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction* remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. The amendments, which become mandatory for the Group's 2011 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

• Improvements to IFRSs 2010

Improvements to IFRSs 2010 is a collection of minor improvements to existing standards. This collection, which becomes mandatory for the Group's 2011 consolidated financial statements, is not expected to have a material impact on the Group's consolidated financial statements.

2. Determination of fair values

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

Property, plant and equipment

The fair value of property, recognised as a result of a business combination or used in impairment testing, is based on the estimated amount for which a property could be exchanged on the date of valuation in an arm's length transaction. The result is benchmarked with market values, if available. If no significant and active market exists, it is more appropriate to use the replacement cost. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement costs when appropriate. The replacement cost is the combined result of the cost of a new plant, equipment, fixtures and fittings with the same capacity and the value in use considering the business activity. The measurement of the fair value of property plant and equipment is based on valuation studies performed internally as well as outsourced to external, independent valuation companies having appropriate qualifications and experience.

Other intangible assets

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

Inventories

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

Derivative financial instruments

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

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

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

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

Share-based payment

IFRS 2 *Share-based payment* requires share based payments made to employees to be recognised in the financial statements based on the fair value of the warrants measured at grant date. According to the transition provisions included in IFRS 2, the warrants granted before November 7th 2002 and not yet vested at January 1st 2005 are not amortised through the income statement. The fair value of the warrants granted is determined using the Black & Scholes valuation model.

Provisions

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

Trade and other receivables/payables

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

Interest-bearing loans and borrowings

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

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

Financial leasing payables

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

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

3. Segment reporting

The Group has eight operating segments based on the principal business activities and economic environments, as defined under IFRS 8 *Operating Segments*. The customers and main markets of these segments are different. Five operating segments fulfill the quantitative thresholds and are reported separately. The operating segments Pharmaceutical Intermediates, Organic Chlorine Derivatives and Compounds do not fulfill these quantitative thresholds and are grouped in “Other Businesses”. The information provided below is consistent with the information that is available and evaluated regularly by the Chief Operating Decision maker (the Group Management Committee). The following summary describes the operations in each of the Group’s reportable segments:

- Inorganics - includes manufacturing and distributing potassium sulphate fertilizers and animal feed phosphates.

- PVC/Chlor-Alkali - includes manufacturing and distributing caustic potash and soda, ferric chloride and PVC.

- Gelatin and Akiolis (former name Gelatin and Natural Derivatives) - includes manufacturing and distributing gelatins; collecting and processing of animal by-products.

- Plastic Pipe Systems and Profiles - includes manufacturing and distributing PVC profiles, pipes and fittings.

- Tessenderlo Kerley - includes manufacturing and distributing sulphur–based liquid fertilisers, crop protection products and Tessenderlo Kerley services (production plants linked to refineries to recover sulphur and other residuals).

- Other Businesses - includes manufacturing and distributing Organic Chlorine Derivatives (OCD), Pharmaceutical Intermediates and Compounds. None of these segments meets any of the quantitative thresholds for determining the reportable segments in 2010 and 2009.

'Non allocated' groups all activities related to the corporate activities which provide services to the eight operating segments and also included a real estate company until it was sold on November 30th 2010 (see also note 4 - Acquisitions and disposals), an insurance captive, financing and holding companies.

The Group is a diversified, international group active in many areas of the chemical industry, plastics converting, gelatin, pharma and natural derivatives. The products of the Group are used in various applications and consumption markets. Although a leadership position is occupied by the Group in a number of diverse markets, the diversification of the Group's revenue makes the Group not reliant on major customers.

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

There are no differences from the last annual financial report in the basis of segmentation or in the basis of measurement of segment REBIT and EBIT.

The major line items of the income statement and statement of financial position are shown per segment in the table on the next page:

Information about reportable segments	note	Inorganics		PVC/Chlor-Alkali		Gelatin and Akiolis		Plastic Pipe Systems and Profiles		Tessenderlo Kerley		Other Businesses		Non-allocated		Tessenderlo Group	
(Million EUR)		**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Revenue (internal and external)		401.0	288.0	579.6	509.5	416.4	363.0	562.3	546.0	231.4	180.8	337.4	291.7	-	-	2 528.1	2 179.0
Revenue (internal)		3.0	4.4	83.8	66.4	5.7	4.5	0.1	0.1	0.0	0.8	8.2	9.0	-	-	100.8	85.2
Revenue		**398.1**	**283.6**	**495.8**	**443.1**	**410.8**	**358.5**	**562.1**	**545.9**	**231.4**	**180.0**	**329.2**	**282.7**	**0.0**	**0.0**	**2 427.3**	**2 093.8**
Profit (+) / loss (-) from operations before non-recurring items (REBIT)		**14.3**	**-56.5**	**-7.1**	**-28.0**	**31.8**	**35.6**	**15.7**	**21.5**	**37.4**	**31.1**	**-7.3**	**-26.5**	**-25.9**	**-28.6**	**58.9**	**-51.4**
Non-recurring income/ (expense) items	6	9.6	-62.4	-2.9	1.2	0.9	-0.8	-7.0	-16.2	-0.8	-	-15.6	-23.7	14.1	2.1	-1.6	-99.8
Profit (+) / loss (-) from operations (EBIT)		**23.9**	**-118.9**	**-10.0**	**-26.8**	**32.8**	**34.8**	**8.7**	**5.3**	**36.7**	**31.1**	**-22.9**	**-50.2**	**-11.7**	**-26.5**	**57.4**	**-151.2**
Return on revenue (REBIT/revenue)		**3,6%**	**-19,9%**	**-1,4%**	**-6,3%**	**7,8%**	**9,9%**	**2,8%**	**3,9%**	**16,2%**	**17,3%**	**-2,2%**	**-9,4%**	**-**	**-**	**2,4%**	**-2,5%**
Finance costs - net	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-28.6	-11.2
Finance costs	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-40.2	-18.5
Finance income	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.6	7.3
Share of result of equity accounted investees, net of income tax		-	0.1	-	-	0.3	0.9	-	-	1.2	-0.1	-	-	0.1	0.1	1.6	1.0
Income tax expense	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-10.1	-5.3
Profit (+) / loss (-) for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20.3**	**-166.7**
Segment assets		135.7	151.3	317.9	292.9	379.6	353.3	332.1	336.1	147.8	134.6	153.0	158.7	21.8	59.5	1 487.8	1 486.4
Investments accounted for using the equity method	14	-	-	-	-	3.0	1.6	-	-	9.4	9.7	-	-	15.3	10.0	27.7	21.3
Other investments	15	-	-	-	-	-	-	-	-	-	-	-	-	6.7	6.5	6.7	6.5
Deferred tax assets	16	-	-	-	-	-	-	-	-	-	-	-	-	23.7	17.8	23.7	17.8
Cash and cash equivalents	19	-	-	-	-	-	-	-	-	-	-	-	-	150.5	44.3	150.5	44.3
Other unallocated receivables		-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.3	0.1	0.3
Total assets		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 696.5**	**1 576.6**
Segment liabilities		102.3	187.4	113.5	72.7	106.5	89.9	106.1	98.7	19.7	17.9	66.0	64.1	109.8	53.2	623.8	583.9
Financial liabilities	23	-	-	-	-	-	-	-	-	-	-	-	-	312.5	253.3	312.5	253.3
Deferred tax liabilities	16	-	-	-	-	-	-	-	-	-	-	-	-	31.6	31.9	31.6	31.9
Total equity		-	-	-	-	-	-	-	-	-	-	-	-	728.6	707.5	728.6	707.5
Total Equity and Liabilities		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 696.5**	**1 576.6**
Capital expenditures: property, plant and equipment and other intangible assets	11/13	5.5	6.5	13.7	28.5	48.0	32.1	20.0	22.7	8.7	13.5	22.8	11.9	2.1	1.0	120.8	116.2
Amortisation and depreciation	8	-6.4	-7.2	-27.6	-27.4	-29.0	-26.0	-28.8	-28.9	-10.6	-7.6	-11.3	-14.7	-2.7	-5.8	-116.4	-117.6
Impairment losses on goodwill, other intangible assets and property, plant and equipment	8	-	-	-	-	0.5	-2.6	-3.1	-1.0	-0.2	-	-11.0	-15.3	-	-	-13.8	-18.9

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current segment assets are based on the geographical location of the assets.

Geographical information 2010 (Million EUR)	Revenue by market	Non-current segment assets
Belgium	204.2	252.5
The Netherlands	197.8	60.6
France	460.6	199.7
Italy	102.4	28.4
United Kingdom	331.0	68.3
Other European countries	484.4	15.0
USA	344.2	106.2
Rest of the world	302.7	66.1
Tessenderlo Group	**2 427.3**	**796.8**

Geographical information 2009 (Million EUR)	Revenue by market	Non-current segment assets
Belgium	186.3	279.5
The Netherlands	218.7	65.3
France	440.1	218.5
Italy	83.4	26.2
United Kingdom	288.7	78.9
Other European countries	414.3	14.5
USA	288.9	100.5
Rest of the world	173.4	32.3
Tessenderlo Group	**2 093.8**	**815.7**

4. Acquisitions and disposals

Acquisitions – Activities / Subsidiaries

No acquisitions of businesses accounted for under IFRS 3 *Business Combinations* have occurred during 2010. During 2009, the Group entered into several agreements that have resulted in the acquisition of businesses accounted for under IFRS 3. Those acquisitions were in line with the Group's strategy to further strengthen its positions in growth businesses. These agreements are described below.

In March 2009, Eurocell Profiles Ltd, a UK subsidiary within the operating segment “Plastic Pipe Systems and Profiles”, has acquired 100% of the shares with voting rights of Merritt Plastics Ltd (Derbyshire, UK). Merritt Plastics Ltd is a PVC-u recycling and extrusion company and a Recovinyl certified recycler. The total acquisition cost comprises a net cash payment of 3.5 million EUR, while the transaction costs are 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 any goodwill. Merritt Plastics Ltd was immediately integrated in the Eurocell Profiles Ltd operations, no separate reporting is maintained on their contributions to the revenue and result of the Group, however in 2009 these are considered to have been immaterial. If the acquisition had taken place at the beginning of the year, the contribution to the 2009 revenue and result of the Group would have been immaterial as well.

In June 2009, Tessenderlo Kerley Inc. acquired the Linuron herbicide assets, which constitute a business, from DuPont Crop Protection, Wilmington, Delaware (US). Tessenderlo Kerley Inc. acquired full ownership of the global rights to the Linuron business, including trade names, registrations and registration data. This acquisition enables Tessenderlo Kerley Inc. to further expand their crop protection range. The total acquisition cost comprises a net cash payment of 21.0 million EUR, while the transaction costs were negligible. The total acquisition cost could be attributed fully to the acquired assets and liabilities and therefore this purchase did not result in the recognition of any goodwill. Although this business was integrated within Tessenderlo Kerley Inc., the contribution of the Linuron activity to the Group's 2009 revenue as from the date of acquisition was estimated to amount to 5.6 million EUR and an estimated 0.3 million EUR to the result of the year 2009. If the acquisition had taken place at the beginning of 2009, the revenue of the Group for the entire year 2009 would have increased by an estimated 13.7 million EUR, while the result of 2009 would have been positively impacted by an estimated 2.2 million EUR.

The table below summarises the impact of the acquisition of the Linuron herbicide assets on the financial position of the Group in 2009:

(Million EUR)	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Other intangible assets	-	16.7	16.7
Non-current assets	**-**	**16.7**	**16.7**
Inventories	2.3	2.0	4.3
Current assets	**2.3**	**2.0**	**4.3**
Net assets	**2.3**	**18.7**	**21.0**
Consideration (paid)/received, satisfied in cash			**-21.0**
Cash acquired/(disposed) of			-
Net cash (outflow)/inflow			**-21.0**

Akiolis Group SAS, a French subsidiary within the operating segment "Gelatin and Akiolis", has acquired the remaining 50% stake with voting rights in the Groupe Fiso in June 2009. As from June 30th 2009, Groupe Fiso is accounted for by the full consolidation method (formerly consolidated through the equity method). The total acquisition cost comprises a net cash payment of 31.0 million EUR, while the transaction costs were negligible. Goodwill for an amount of 10.9 million EUR, of which 2.8 million EUR related to the purchase of the first 50% stake in 2006, was recognised as result of the acquisition. This goodwill is related to the synergy effects which can be realised due to the integration of the Groupe Fiso within the operating segment "Gelatin and Akiolis" and to the further strengthening of the geographical coverage in France and the pursue of the leadership position in the French market. From the date of acquisition, the Groupe Fiso has contributed 19.2 million EUR to the Group's 2009 revenue and 2.1 million EUR to the result of 2009 (without this further acquisition the share of result of equity accounted investees, net of income tax for the last six months of 2009 would have amounted to 1.0 million EUR). If the acquisition had taken place at the beginning of 2009, the revenue of the Group for the entire year 2009 would have increased by approximately 41.3 million EUR, while the 2009 result would have been positively impacted by 3.3 million EUR (without this further acquisition the share of result of equity accounted investees, net of income tax for 2009 would have amounted to 1.7 million EUR).

The table below summarizes the impact of the acquisition of the remaining 50% stake in the Groupe Fiso on the financial position of the Group in 2009:

(Million EUR)	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Goodwill	3.5	-	3.5
Property, plant and equipment	20.2	19.3	39.5
Other intangible assets	0.1	14.9	15.0
Investments accounted for using the equity method	0.2	0.1	0.3
Deferred tax assets	1.5	1.1	2.6
Non-current assets	**25.5**	**35.4**	**60.9**
Inventories	0.7	-	0.7
Trade and other receivables	42.0	-	42.0
Cash and cash equivalents	1.3	-	1.3
Current assets	**44.0**	**-**	**44.0**
Financial liabilities	20.3	-	20.3
Trade and other payables	13.6	-	13.6
Current liabilities	**33.9**	**-**	**33.9**
Provisions	1.3	1.9	3.2
Financial liabilities	6.3	-	6.3
Other payables	0.2	-	0.2
Deferred tax liabilities	2.7	11.6	14.3
Non-current liabilities	**10.5**	**13.5**	**24.0**
Net assets	**25.1**	**21.9**	**47.0**
Goodwill on acquisition			**10.9**
(Increase)/decrease of revaluation reserves			**-10.7**
Increase/(decrease) of carrying amount of investments accounted for using the equity method			**-14.9**
Consideration (paid)/received, satisfied in cash			**-32.3**
Cash acquired/(disposed) of			1.3
Net cash (outflow)/inflow			**-31.0**

In October 2009, Eurocell Building Plastics Ltd, a subsidiary within the operating segment “Plastic Pipe Systems and Profiles”, has acquired full ownership of the assets of the Deeplas brand, which constitutes a business of finishing profiles in Great Britain. This meant Eurocell Building Plastics Ltd has been able to extend its product range in the field of finishing profiles and to increase its market share in this sector. The total acquisition cost comprises a net cash payment of 3.3 million EUR while the transaction costs were negligible. The total acquisition cost could be attributed fully to the acquired assets and liabilities and therefore this purchase did not result in the recognition of any goodwill. The activity was immediately integrated in the Eurocell Building Plastics Ltd operations, no separate reporting is maintained on their contributions to the revenue and profit of the Group, however in 2009 these are considered to have been immaterial. If the acquisition had taken place at the beginning of 2009, the contribution to the revenue and result of the Group in 2009 would have been immaterial as well.

The table below summarises the impact of all acquisitions which took place on the financial position of the Group in 2009:

(Million EUR)	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Goodwill	3.5	-	3.5
Property, plant and equipment	23.2	19.3	42.5
Other intangible assets	0.1	33.8	33.9
Investments accounted for using the equity method	0.2	0.1	0.3
Deferred tax assets	1.5	1.1	2.6
Non-current assets	**28.5**	**54.3**	**82.8**
Inventories	4.5	2.0	6.5
Trade and other receivables	42.8	-	42.8
Cash and cash equivalents	2.2	-	2.2
Current assets	**49.5**	**2.0**	**51.5**
Financial liabilities	20.3	-	20.3
Trade and other payables	14.3	-	14.3
Current liabilities	**34.6**	**0.0**	**34.6**
Provisions	1.3	1.9	3.2
Financial liabilities	6.3	-	6.3
Other payables	0.2	-	0.2
Deferred tax liabilities	2.7	11.6	14.3
Non-current liabilities	**10.5**	**13.5**	**24.0**
Net assets	**32.9**	**42.8**	**75.7**
Goodwill on acquisition (*)			**10.9**
(Increase)/decrease of revaluation reserves			**-10.7**
Increase/(decrease) of carrying amount of investments accounted for using the equity method			**-14.9**
Consideration (paid)/received, satisfied in cash			**-61.0**
Cash acquired/(disposed) of			2.2
Net cash (outflow)/inflow			**-58.8**

(*) Please note that 2.8 million EUR of the “goodwill on acquisitions” relates to the purchase of the first 50% stake in the Groupe Fiso. A goodwill of 8.1 million EUR was paid for the acquisition of the remaining 50% stake in June 2009.

The fair value adjustments performed at acquisition date were based on valuation studies performed by both internal as well as external experts. The intangible assets at acquisition date mainly related to the valuation of customer lists and concessions, patents and licenses (note 13 – Other intangible assets).

Acquisitions – Investments accounted for using the equity method

In September 2010, Akiolis Group SAS, a French subsidiary within the operating segment "Gelatin and Akiolis", has acquired a 50% stake with voting rights in the French company Établissements Violleau SAS. Établissements Violleau SAS specialises in the composting of organic by-products mainly from the food chain and the provision of litter to farmers. Its downstream and upstream customers are to be found in the agricultural and food sector. The total acquisition cost comprises a net cash payment of 1.4 million EUR, while the transaction costs were negligible. The financial impact of this transaction to the 2010 Group result is insignificant (note 14 – Investments accounted for using the equity method).

The acquisition by Akiolis Group SAS, as mentioned already above, of the remaining 50% stake in the Groupe Fiso in June 2009, lead also to an increase of the interest of the Group in Établissements Michel SAS, a subsidiary of the Groupe Fiso, from 25% to 50%. The financial impact of this transaction on the 2009 Group result was insignificant.

Disposals

On March 1st 2010, the Group, active in the zinc chloride industry through its subsidiary "Produits Chimiques de Loos SAS" located in Loos (France), has sold its zinc chloride activity to Floridienne Chimie SA, a Belgian Company. This sale is part of the strategic repositioning of the Group. The sale resulted in a non-recurring gain of 1.6 million EUR (note 6 – Non-recurring income/(expense) items).

On November 30th 2010, the Group has sold its subsidiary "Immo Watro NV", the real estate company owning the Group's administrative building in Brussels to the German institutional fund manager GLL Real Estate Partners GmbH. The Group has entered into an operating lease agreement with GLL Real Estate Partners GmbH and the headquarters of the Group remain at the present location. The proceeds from the sale, net of cash disposed of, totaled 24.2 million EUR. The sale resulted in a non-recurring gain, after deducting expenses related to this transaction, of 12.6 million EUR (note 6 – Non-recurring income/(expense) items).

On September 24th 2009, the Group announced that it had sold its non-strategic shareholding in the zeolite segment to Prayon SA in Engis (Belgium), with whom it had a stake via a joint venture (50/50). The joint venture Zéoline SA has been liquidated. The contribution of this transaction to the 2009 Group result was insignificant.

5. Other operating income and expenses

(Million EUR)	2010	2009
Additions to provisions	-0.5	-0.9
Research and development cost	-13.3	-13.8
Grants	0.3	0.6
Depreciation	-1.6	-2.0
Gains on disposal of property, plant and equipment and other intangible assets	-0.3	-0.1
Write down debtors	-3.3	-4.9
Other	6.8	12.2
Total	**-11.9**	**-8.9**

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 9.5 million EUR (2009: 9.5 million EUR) and amortisation charges for an amount of 0.7 million EUR (2009: 0.8 million EUR). In 2009 and 2010, no development costs were capitalised. We refer to note 13 – Other intangible assets.

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

- The income from the sale of unused CO2 emission allowances for an amount of 6.6 million EUR (2009: 1.9 million EUR) and the expenses of the purchases of CO2 emission allowances for an amount of -0.8 million EUR (2009: -1.7 million EUR).
- The income from the sale of electricity, which is not used in own production, and green certificates for an amount of 3.5 million EUR (2009: 5.7 million EUR).
- The income from insurance premiums received by the insurance captive of the Group for an amount of 3.7 million EUR (2009: 3.8 million EUR).
- The income from assets where the Group acts as the lessor for an amount of 0.6 million EUR (2009: 1.2 million EUR).
- The tax charges other than income taxes, such as withholding taxes and regional taxes, for an amount of -8.5 million EUR (2009: -5.1 million EUR).
- Furthermore in 2009, an income of 1.2 million EUR was recorded following the reimbursement made by an insurance company to compensate for expenses incurred within the normaly business activity.

The remaining balance of other operating income and expenses of 2010 consists of several, individually insignificant items within several subsidiaries of the Group.

6. Non-recurring income/(expense) items

(Million EUR)	2010	2009
Gain on disposals	25.6	2.8
Provisions and claims	12.4	-60.0
Restructuring	-11.5	-30.5
Impairment losses	-14.8	-18.9
Environmental provisions	-9.5	-1.0
Other income and expenses	-3.7	7.8
Total	**-1.6**	**-99.8**

The non-recurring items for 2010 show a net expense of 1.6 million EUR (2009 : -99.8 million EUR).

The gain on disposals in 2010 can be mainly explained as follows:

- On March 1st 2010, the Group has sold its zinc chloride activity through its subsidiary “Produits Chimiques de Loos SAS”, located in Loos, France (operating segment “PVC/Chlor-Alkali”) to Floridienne Chimie, a Belgian company. A non-recurring income of 1.6 million EUR was realised (note 4 – Acquisitions and disposals).
- On November 19th 2010, Limburgse Vinyl Maatschappij NV (operating segment “PVC/Chlor-Alkali”) has sold its stake in Ekol NV, located in Houthalen-Helchteren, Belgium (note 15 – Other investments) to Vecoplast NV, a Belgian company. A non-recurring income, after deducting expenses related to this transaction, of 3.3 million EUR was realised.
- On November 30th 2010, the Group has sold its subsidiary “Immo Watro NV” (note 4 – Acquisitions and disposals), a real estate company owning the Group’s administrative building in Brussels to the German institutional fund manager GLL Real Estate Partners GmbH. The Group has entered into an operating lease agreement with the German institutional fund manager and the headquarters of the Group remain at the present location. A non-recurring income, after deducting expenses related to this transaction, of 12.6 million EUR was realised.
- During the fourth quarter of 2010, Tessenderlo Chemie NV has sold land located in Tessenderlo, Belgium, on which a non-recurring result of 6.3 million EUR was realised. The land borders the current Tessenderlo Chemie industrial site but is not essential for any further expansion of the company’s core activities.

The remaining gain on disposals (1.8 million EUR) relates to several, individually insignificant sales transactions, mainly of land and customer lists, within the operating segments “Gelatin and Akiolis”, “Inorganics”, “Plastic Pipe Systems and Profiles” and “Pharmaceutical Intermediates”.

The European Commission has rendered a decision on the cartel investigations by the European Commission on animal feed phosphates, which were started in 2004 and completed by a EU Commission decision on July 20th 2010. In 2009, an additional provision was recorded

for 60.0 million EUR, following further continued legal analysis and progressing knowledge on the potential exposure of the Group. As per December 31st 2009, the provision totaled 97.0 million EUR. The decision rendered by the European Commission set the fine at 83.8 million EUR and a non-recurring income was recorded for an amount of 13.2 million EUR in the line item provisions and claims. The fine is to be paid in the period October 2010 – October 2012, through three equal payments of 1/3, the first payment being made in October 2010 (note 25 – Provisions).
The remaining amount within provisions and claims mainly includes the settlement of all infringement claims made by Bayer against Tessenderlo Kerley, Inc. ("TKI") involving Bayer's Chipco® Signature brand of turf fungicide for an amount of 0.8 million EUR. As part of the settlement, TKI will phase out its Autograph® brand of fosetyl-Al for golf course turf toward the end of the 2011 season and will introduce a new formulation under a new brand name in 2012.

The restructuring expenses of 2010 mainly relate to a major reorganisation of the activities in the operating segment "Pharmaceutical Intermediates" at the site in Calais (France). The reorganisation has been initiated in order for the site to recover in the short term, with the intention of developing new markets and maintaining its position on the pharmaceutical market to return to a healthy situation. Restructuring expenses and provisions were recognised for an amount of 5.5 million EUR to cover the costs associated with the reorganisation, including mainly employee termination benefits (note 25 – Provisions).
During the fourth quarter, the Group also started the closure of a subsidiary within the operating segment "Plastic Pipe Systems and Profiles", located in Avion, France. Restructuring expenses and provisions for an amount of 1.6 million EUR were recognised to cover the costs associated with the closure, mainly including employee termination benefits (note 25 – Provisions).
The remaining restructuring expenses are, individually less significant and amount in total to 4.4 million EUR and are mainly recorded within the operating segment "Plastic Pipe Systems and Profiles" (2.2 million EUR) and "Non-allocated" (1.5 million EUR). Those expenses relate to further operational efficiency improvements.

The impairment losses amount to 14.8 million EUR. Impairment losses have been mainly recognised on Property, plant and equipment within the operating segments "Organic Chlorine Derivatives" (10.4 million EUR) and "Plastic Pipe Systems and Profiles" (2.6 million EUR) (see also note 11 – Property, plant and equipment).
An impairment loss on goodwill has been recognised for 0.6 million EUR as a result of the annual goodwill impairment test (note 12 – Goodwill) within the operating segments "Plastic Pipe Systems and Profiles" and "Pharmaceutical Intermediates".
The remaining impairment losses (1.2 million EUR) mainly relate to several, individually insignificant write-offs recorded on other investments within "Non-allocated" (1.1 million EUR, note 15 – Other investments).

The line item "Environmental provisions" shows a non-recurring charge of 9.5 million EUR. This charge is due to new provisions recorded for 5.1 million EUR within the operating segments "Inorganics" and "PVC/Chlor-Alkali" following the present obligation of the Group to remediate soil contamination of land owned by the Belgian entities Limburgse Vinyl Maatschappij NV and Tessenderlo Chemie NV. The residual amount mainly consists of a provision for the decommissioning of a mercury chlor-alkali plant (operating segment “PVC/Chlor-Alkali”), which is foreseen for 2016 (note 25 – Provisions).

The other non-recurring income and expenses (-3.7 million EUR) include several, individually less significant items including one-off consultancy fees related to the reorganisation and optimisation of several activities (2.5 million EUR).

The non-recurring items for 2009 showed a net expense of 99.8 million EUR.

This expense mainly included an additional provision of 60.0 million EUR for the EU fine (see above).

The restructuring expenses of 2009 mainly related to the closure of two sites in France, active in the operating segments “Plastic Pipe Systems and Profiles” and “Compounds” for 20.8 million EUR, as well as 3.2 million EUR for the closure of glycine activities (operating segment “Pharmaceutical Intermediates”) and 6.5 million EUR for restructuring costs in several other activities.

The impairment charges for 18.9 million EUR mainly related to the operating segment “Pharmaceutical Intermediates” for 10.6 million EUR and to the announced site closures in France for 3.9 million EUR (Operating segments “Plastic Pipe Systems and Profiles” and “Compounds”). See also note 11 – Property, plant and equipment.

Other income and expenses in 2009 mainly related to several insignificant non-recurring items such as reversal of provisions and insurance proceeds.

7. Payroll and related benefits

(Million EUR)	note	2010	2009
Wages and salaries		-302.6	-293.6
Employer’s social security contributions		-75.7	-73.9
Other personnel costs		-33.3	-36.6
Contributions to defined contribution plans		-3.8	-3.9
Expenses related to defined benefit plans	24	-7.6	-6.9
Total		**-423.0**	**-414.9**

The average number of FTEs for 2010 is 7 891 (2009: 7 961).

8. Additional information on operating expenses by nature

Depreciation, amortisation and impairment losses are included in the following line items in the income statement in 2010:

(Million EUR)	Depreciation and impairment losses on PPE	Amortisation and impairment losses on other intangible assets	Impairment losses on goodwill	Total
Cost of sales	-92.7	-6.1	-	-98.8
Administrative expenses	-8.0	-	-	-8.0
Sales and marketing expenses	-	-7.3	-	-7.3
Other operating income/(expenses)	-2.3	-	-	-2.3
Impairment losses	-13.0	-	-0.8	-13.8
Total	**-116.0**	**-13.4**	**-0.8**	**-130.2**

Total depreciation, amortisation and impairment losses in 2010 amount to 131.2 million EUR (note 11 – Property, plant and equipment, note 12 – Goodwill and note 13 – Other intangible assets). Taking into account the effect of government grants in 2010 for 1.0 million EUR (note 11 – Property, plant and equipment), the net depreciation charges, amortisation and impairment losses amount to 130.2 million EUR.

Depreciation, amortisation and impairment losses are included in the following line items in the income statement in 2009:

(Million EUR)	Depreciation and impairment losses on PPE	Amortisation and impairment losses on other intangible assets	Impairment losses on goodwill	Total
Cost of sales	-95.1	-5.6	-	-100.7
Administrative expenses	-9.6	-	-	-9.6
Sales and marketing expenses	-	-4.8	-	-4.8
Other operating income/(expenses)	-2.5	-	-	-2.5
Impairment losses	-18.9	-	-	-18.9
Total	**-126.1**	**-10.4**	**-**	**-136.5**

9. Finance costs and income

Finance costs:

(Million EUR)	2010	2009
Interest expense on financial liabilities measured at amortised cost	-17.1	-8.8
Foreign exchange losses	-6.2	-5.2
Revaluation to fair value of derivative financial instruments	-5.2	-0.5
Other	-11.7	-4.0
Total	**-40.2**	**-18.5**

Finance income:

(Million EUR)	2010	2009
Interest income from cash and cash equivalents	1.4	0.3
Dividend income from non-consolidated companies	-	0.1
Foreign exchange gains	9.4	5.7
Revaluation to fair value of derivative financial instruments	0.5	-
Other	0.3	1.2
Total	**11.6**	**7.3**

In order to further extend the debt maturity profile and to diversify the funding sources of the Group, the Group signed a credit agreement in February 2010 for an aggregated amount of 500.0 million EUR and completed in October 2010 the pricing of a 150.0 million EUR private placement of bonds which are due in 2015 (see also note 23 – Financial liabilities). The modified maturity profile of the Group's financial debt has lead to higher average interest rates payable which more than compensated the lower average net financial debt.

In accordance with IFRS accounting standards, the transaction costs related to the credit facility and the private placement, which total 9.9 million EUR, are included in financial liabilities. These transaction costs are amortised using the effective interest method and the charges are included within interest expenses. As per December 31st 2010, an amortisation charge of 3.6 million EUR was already expensed. The remaining amount of non-amortised transaction costs within the financial liabilities amounts to 6.3 million EUR (note 23 – Financial liabilities).

In 2010 the Group entered into several cross currency interest rate swaps in order to hedge the interest rate risk on intercompany loans with the USA (in USD) and the United Kingdom (in GBP) for an amount of 127.1 million EUR, for the period March 2010 - March 2013. Following the pricing of 150.0 million EUR aggregate principal amount of bonds and the partial reimbursement of the Tranche A of the syndicated facility (see also note 23 – Financial liabilities), the cross currency interest rate swaps have been unwinded for a total amount of 5.5 million EUR of which 1.1 million EUR was recorded within interest expenses. An amount of 1.9 million EUR was still included in equity as per 31 December 2010 and will be amortised over the remaining period of the underlying loan between Group entities. New cross currency interest rate swaps, for a period of 5 years, have been contracted (note 27 – Financial instruments).

The foreign exchange gains and losses are partially compensated by the revaluation to fair value of the derivative financial instruments (note 27 – Financial instruments).

The other finance costs mainly include charges related to the non-recourse factoring program (3.1 million EUR), the payment of the commitment fee which applies on the unused portion of the revolving facility of the syndicated loan (2.8 million EUR, see also note 23 – Financial liabilities) and one-off costs including the waiver fees and legal costs incurred with respect to financial liabilities (1.1 million EUR) and the settlement of derivative financial instruments (1.6 million EUR, note 27 – Financial instruments).

The remaining other finance costs include less significant expenses such as costs of guarantees, costs related to the shareholder's register and costs of foreign payments.

10. Income tax expense

(Million EUR)	2010	2009
Recognised in the income statement		
Current tax expense	-17.1	-29.5
Adjustment current tax expense previous periods	-	0.3
Deferred tax income / (expense)	7.0	23.9
Total income tax expense in the income statement	**-10.1**	**-5.3**
Profit (+) / loss (-) before tax	30.4	-161.4
Less share of result of equity accounted investees, net of income tax	1.6	1.0
Profit (+) / loss (-) before tax and before result from equity accounted investees	**28.8**	**-162.4**
Effective tax rate	**35.1%**	**N/A**
Reconciliation of effective tax rate		
Profit (+) / loss (-) before tax and before result from equity accounted investees	**28.8**	**-162.4**
Theoretical tax rate (*)	43.4%	33.6%
Expected income tax at the theoretical tax rate	**-12.5**	**54.6**
Difference between theoretical and effective tax expenses	**2.4**	**-59.9**
Adjustment on deferred taxes	**-0.4**	**0.1**
Change in tax rates	-	-
Impairment (-) / reversal of an impairment (+) of a recognised deferred tax asset	-0.4	0.1
Adjustment on tax expenses	**2.8**	**-60.0**
Non deductible expenses	-3.4	-22.9
Special tax regimes	4.5	7.7
Use or recognition of tax losses / tax credits not previously recognised	7.3	-0.1
Tax losses for which no deferred tax asset has been recorded	-10.8	-50.1
Impact of tax consolidation regimes	-	-
Adjustment current tax expense previous periods	-	0.3
Other	5.2	5.1

(*) Theoretical aggregated weighted tax rate of all Group companies

11. Property, plant and equipment

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
COST					
At 1 January 2010	**452.3**	**2,014.5**	**124.5**	**48.3**	**2,639.6**
- change in consolidation scope	-16.5	-0.2	-0.1	0.0	-16.8
- dismantlement provision	-	0.6	-	-	0.6
- capital expenditure	10.2	32.8	2.6	71.5	117.1
- sales and disposals	-3.6	-28.4	-6.0	-	-38.0
- transfers to non-current assets classified as held for sale (note 20)	-2.3	-31.2	-0.7	-0.1	-34.3
- transfers	1.0	40.4	-6.6	-54.9	-20.1
- translation differences	3.7	17.0	0.9	1.5	23.1
At 31 December 2010	**444.8**	**2,045.5**	**114.6**	**66.3**	**2,671.2**
DEPRECIATION AND IMPAIRMENT LOSSES					
At 1 January 2010	**-236.0**	**-1,603.0**	**-98.8**	**0.0**	**-1,937.8**
- change in consolidation scope	4.7	0.1	0.1	-	4.9
- depreciation	-14.3	-82.5	-7.2	-	-104.0
- impairment losses	-0.7	-12.3	-	-	-13.0
- sales and disposals	2.4	25.9	5.6	-	33.9
- transfers to non-current assets classified as held for sale (note 20)	1.8	23.5	0.7	-	26.0
- transfers	1.4	13.6	5.7	-	20.7
- translation differences	-1.0	-11.9	-0.7	-	-13.6
At 31 December 2010	**-241.7**	**-1,646.6**	**-94.6**	**0.0**	**-1,982.9**
CARRYING AMOUNTS BEFORE GOVERNMENTS GRANTS					
- net government grants at 1 January 2010	-	-7.1	-	-	-7.1
- net government grants at 31 December 2010	-	-6.1	-	-	-6.1
CARRYING AMOUNTS					
At 1 January 2010	**216.3**	**404.4**	**25.7**	**48.3**	**694.7**
At 31 December 2010	**203.1**	**392.8**	**20.0**	**66.3**	**682.2**

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
COST					
At 1 January 2009	**423.1**	**1,874.2**	**117.0**	**29.1**	**2,443.4**
- acquisitions through business combinations	15.8	57.2	0.1	2.5	75.6
- revaluation (note 21)	1.4	9.0	-	-	10.4
- dismantlement provision	3.7	8.9	0.3	-	12.9
- capital expenditure	5.9	51.3	12.8	42.4	112.4
- sales and disposals	-2.7	-13.7	-6.1	-0.4	-22.9
- transfers	4.0	25.0	0.2	-25.0	4.2
- translation differences	1.1	2.6	0.2	-0.3	3.6
At 31 December 2009	**452.3**	**2,014.5**	**124.5**	**48.3**	**2,639.6**
DEPRECIATION AND IMPAIRMENT LOSSES					
At 1 January 2009	**-211.5**	**-1,475.9**	**-96.0**	**0.0**	**-1,783.4**
- acquisitions through business combinations	-6.2	-36.5	-	-	-42.7
- revaluation	-	-0.8	-	-	-0.8
- depreciation	-14.4	-84.9	-8.8	-	-108.1
- impairment losses	-3.6	-15.2	-0.1	-	-18.9
- sales and disposals	2.2	11.8	6.4	-	20.4
- transfers	-2.2	0.3	-0.2	-	-2.1
- translation differences	-0.3	-1.8	-0.1	-	-2.2
At 31 December 2009	**-236.0**	**-1,603.0**	**-98.8**	**0.0**	**-1,937.8**
CARRYING AMOUNTS BEFORE GOVERNMENTS GRANTS					
- net government grants at 1 January 2009	-	-8.0	-	-	-8.0
- net government grants at 31 December 2009	-	-7.1	-	-	-7.1
CARRYING AMOUNTS					
At 1 January 2009	**211.6**	**390.3**	**21.0**	**29.1**	**652.0**
At 31 December 2009	**216.3**	**404.4**	**25.7**	**48.3**	**694.7**

The capital expenditure on Property, plant and equipment amounts to 117.1 million EUR and is broken down per operating segment in note 3 – Segment reporting.

The assets under construction as per December 31st 2010 mainly relate to the operating segment “Gelatin and Akiolis” (45.2 million EUR), with respect to the construction of new factories for the production of gelatin in Acorizal, Mato Grosso, Brazil and in Heilongjiang, China.

Only insignificant amounts of borrowing costs occurred in 2010 and 2009.

The impairment losses for an amount of 13.0 million EUR in 2010 mainly relate to Property, plant and equipment of subsidiaries in the operating segments "Organic Chlorine Derivatives" (10.4 million EUR) and "Plastic Pipe Systems and Profiles" (2.6 million EUR).
These impairment losses relate to the following:

- An impairment loss of 10.4 million EUR was recognised within the Cash Generating Unit (CGU) of the Italian "Organic Chlorine Derivatives" which consists of one production plant in Pieve Vergonte. The market and margins for the related company's products remained unsatisfactory throughout 2010, and the results of the Cash Generating Unit, of which the identification did not change compared to prior year, did not reach the forecasts. These results caused the Group to revaluate its projections and views of the market's ability to improve. The recoverable amount of the assets of the CGU was determined based on value in use calculations and lead to an impairment loss of 10.4 million EUR. The discount rate used for the calculation of the value in use amounted to 12.05%. The impairment loss was recorded within the following asset categories: land and buildings and plant, machinery and equipment. The remaining carrying amount of the Property, plant and equipment of this Cash Generating Unit amounts to 14.0 million EUR as per December 31st.
- An impairment loss of 2.3 million EUR was recognised within the production unit of an overseas Cash Generating Unit active within the operating segment "Plastic Pipe Systems and Profiles". The current economic climate, as well as the loss of two major customers, were considered as a triggering event for the performance of an impairment test at year end. The recoverable amount of the assets of the CGU was determined based on value in use calculations and lead to an impairment loss of 2.3 million EUR. The discount rate used for the calculation of the value in use amounted to 10.47%. The impairment loss was allocated first to reduce the carrying amount of goodwill (0.5 million EUR, note 12 – Goodwill) and the remaining impairment loss has been recorded within the asset category plant, machinery and equipment (1.8 million EUR). The remaining carrying amount of the Property, plant and equipment as per December 31st amounts to 2.0 million EUR.
- Following the closure of a site in France (Avion) within the operating segment "Plastic Pipe Systems and Profiles", the recoverable amount of their Property, plant and equipment was determined through its fair value less cost to sell. An external and internal study was conducted to assess the fair value of each asset category of the related Property, plant and equipment. Unmarketable assets have been fully written off at the date of termination of the activities. Marketable assets have been valued based on the available in-house knowledge and experience within the related operating segment, taken into account available secondhand market value information. Any estimated cost to sell has been deducted from the determined fair value. The impairment loss for an amount of 1.0 million EUR was recorded within the following asset categories: land and buildings and plant, machinery and equipment. The remaining net book value of the property, plant and equipment as per December 31st amounts to 0.9 million EUR.

The impairment losses in 2009 amounted to 18.9 million EUR and were mainly related to impairment losses recognised on the Property, plant and equipment of subsidiaries in the operating segments "Pharmaceutical intermediates" (10.6 million EUR), "Compounds" (2.9 million EUR), "Organic Chlorine Derivatives" (1.8 million EUR), "Gelatin and Akiolis" (2.6 million EUR) and "Plastic Pipe Systems and Profiles" (1.0 million EUR).

The significant impairment losses in 2009 were the following:

- An impairment loss of 9.8 million EUR was recognised within the Cash Generating Unit of the French Pharmaceutical Intermediates which consists of one plant in Calais (operating segment “Pharmaceutical Intermediates”). The market for the related company’s products continued to deteriorate in 2009 as a consequence of the economic difficulties. In addition, the patent protection of a very successful drug expired, which caused lower sales volumes and which had a negative impact on the profitability. Despite the measures taken by management to improve the profitability and the development of new pharmaceutical ingredients, the decline could not be compensated. This caused the Group to reevaluate its projections and views of the market’s ability to improve. The recoverable amount of the assets of the CGU was determined based on value in use calculations. The discount rate used for the calculation of the value in use amounted to 9.6%.
- Following the closure of two sites in France within the operating segments Compounds and Plastic Pipe Systems and Profiles, the recoverable amount of their Property, plant and equipment was determined through its fair value less cost to sell. An internal study was conducted to assess the fair value of each asset category of the related Property, plant and equipment. Unmarketable assets have been fully written off at the date of termination of the activities. Marketable assets have been valued based on the available in-house knowledge and experience within the related operating segments, taken into account available secondhand market value information. Any estimated cost to sell has been deducted from the determined fair value. The major impairments recorded related to the following asset categories: buildings, building improvements, plant installations, machinery and equipment. Following these internal studies an impairment loss of 2.9 million EUR was recorded for the site within the operating segment Compounds, while an impairment loss of 1.0 million EUR was recognised for the closure of the site within the operating segment Plastic Pipe Systems and Profiles.

Other impairment losses in 2009 are, individually less significant and amount in total to 5.2 million EUR.

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.

In 2007, the Flemish government granted Tessenderlo Chemie NV and Limburgse Vinyl Maatschappij NV 12.5 million EUR for large-scale environmental investments. The remaining net government grant as per 31 December 2010 amounts to 6.1 million EUR (2009: 7.1 million EUR).

The transfer to other asset categories mainly relates to the separate presentation in the balance sheet of Property, plant and equipment held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*. Those transfers result from the reclassification of the identifiable assets of the subsidiary Tessenderlo Fine Chemicals Ltd, within the operating segment “Organic Chlorine Derivatives”, sold on January 31st 2011.

Following the new credit facility agreement (note 23 – Financial liabilities), 22 subsidiaries are acting as guarantor and ensure the fulfillment of the obligors payment obligations (these are as well the borrowers as the other 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 75% 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 2010, the Property, plant and equipment of the guarantors amounts to 75.8% of the total Property, plant and equipment of the Group.
In addition the Property, plant and equipment of the gelatin plant in Brazil, which is under construction, is serving as guarantee for the loan with Banco Do Brasil SA (note 23 – Financial liabilities).

The Group leases Property, plant and equipment under a number of finance lease agreements. At the end of each of the leases, the Group has the option to purchase the equipment at a beneficial price. As per December 31st 2010, the net carrying amount of leased Property, plant and equipment amounted to 3.4 million EUR (2009: 4.9 million EUR). For an overview of the lease payables, we refer to note 23 – Financial liabilities.

The finance leases mainly consist of furniture and vehicles for an amount of 1.0 million EUR (2009: 2.2 million EUR) and land and buildings for an amount of 2.4 million EUR (2009: 2.7 million EUR).

12. Goodwill

(Million EUR)	2010	2009
COST		
At 1 January	**79.7**	**63.9**
- acquisitions through business combinations	-	14.3
- transfers to non-current assets classified as held for sale (note 20)	-1.0	-
- translation differences	1.8	1.5
At 31 December	**80.5**	**79.7**
IMPAIRMENT LOSSES		
At 1 January	**-26.1**	**-25.6**
- impairment losses	-0.8	-
- transfers to non-current assets classified as held for sale (note 20)	0.5	-
- translation differences	-0.7	-0.5
At 31 December	**-27.1**	**-26.1**
CARRYING AMOUNTS		
At 1 January	**53.6**	**38.3**
At 31 December	**53.4**	**53.6**

The “acquisitions through business combinations” in 2009 relate to the acquisition of the second 50% of Groupe Fiso. The first 50% of the Groupe Fiso was acquired in 2006. 14.3 million EUR was added to goodwill following this acquisition as a result of an external fair value study finalised in the fourth quarter of 2009 in which the purchase price was further reallocated to primarily Property, plant and equipment and Other intangible assets.
Following the presentation of the subsidiary Tessenderlo Fine Chemicals Ltd. in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the goodwill related to this cash generating unit, a net amount of 0.5 million EUR, was transferred in 2010 from goodwill to assets classified as held for sale (note 20 – Non-current assets classified as held for sale).

During the fourth quarter of 2010, the Group completed its annual impairment test for goodwill and concluded, based on the assumptions below, that insignificant impairment charges for a total amount of 0.8 million EUR, of which 0.6 million EUR is included within the non-recurring items, were deemed necessary, and included mainly:

- The goodwill of an overseas cash generating unit situated in the operating segment “Plastic Pipe Systems and Profiles” for 0.5 million EUR. Furthermore an impairment charge of 1.8 million EUR was recorded on the Property, plant and equipment within this cash generating unit (note 11 – Property, plant and equipment).

The Group cannot foresee whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values reported. The Group believes that all of its estimates are reasonable. They are consistent with the internal reporting and reflect management’s best estimates.
Goodwill only accounts for approximately 3.2% of the Group’s total assets as per December 31st 2010 or 53.4 million EUR (2009 : 3.4% or 53.6 million EUR).

The carrying amount of goodwill per operating segment is shown in the table below:

(Million EUR)	2010 Cost (*)	 Impairment/ Amortisation (**)	 Carrying amounts	2009 Cost	 Impairment/ Amortisation (**)	 Carrying amounts
Inorganics	-	-	-	-	-	-
PVC/Chlor-Alkali	-	-	-	-	-	-
Gelatin and Akiolis	27.8	-1.7	26.1	27.4	-1.7	25.7
Tessenderlo Kerley	6.8	-4.3	2.5	6.3	-3.8	2.5
Plastic Pipe Systems and Profiles	45.3	-20.4	24.9	44.4	-19.6	24.8
Other Businesses	0.6	-0.6	-	1.6	-1.0	0.6
Total	**80.5**	**-27.1**	**53.4**	**79.7**	**-26.1**	**53.6**

(*) No goodwill was added in 2010. Differences with 2009 figures may occur due to translation differences.
(**) Goodwill has been amortised till January 1st 2004 (see accounting policy F in note 1 – Summary of significant accounting policies).

The carrying amount of goodwill is significant in comparison with the Group's total carrying amount of goodwill within the following cash-generating units as per 31 December 2010:
- Gelatin America (part of the operating segment Gelatin and Akiolis); 6.8 million EUR (2009: 7.2 million EUR).
- The Group Akiolis (part of the operating segment Gelatin and Akiolis); 19.2 million EUR (2009: 18.5 million EUR).
- The Group Eurocell (part of the operating segment Plastic Pipe Systems and Profiles); 16.4 million EUR (2009: 15.9 million EUR).

The impairment testing on goodwill relies on a number of critical judgements, 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 judgements, 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 (2011).
- For the next four years, the cash flows are based on the assets in their current condition and do not include future capital expenditures improving or enhancing the assets in excess of their originally assessed standard of performance. Only the capital expenditure required to stay in business is included. The most important parameters for determining the future free cash flows are the evolution of the market, market share and the margin on sales. The cash flow is based on the most recent financial projections and is based on the management's perception of developments in sales and cost items during the forecasted period.
- In order to calculate the terminal value, the data of the fifth year are extrapolated by using simplified assumptions such as constant volumes, combined with constant costs. The growth rate is assumed to be zero. This assumption also takes into account the current economic crisis and the uncertain outlook in the midterm.
- 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 8.0% and 12.1%.

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

For Group Eurocell, the Group Akiolis and Gelatin America the WACC used in the impairment test was respectively 10.7% (2009: 8.2%), 8.0% (2009: 7.6%) and 8.2% (2009: 7.7%).
An increase of these WACC's used by 1% and a simultaneous reduction of total projected future cash flow by 10% would not have resulted in the carrying amounts of the significant Cash Generating Units exceeding their recoverable amount.

13. Other intangible assets

(Million EUR)	Useful life						
	Finite					Indefinite	
	Development	Concessions, patents, licenses	Software	Customer lists	Other intangible assets	Other intangible assets	Total
COST							
At 1 January 2010	**3.8**	**46.3**	**16.3**	**37.2**	**17.3**	**1.9**	**122.8**
- capital expenditure	-	1.6	1.0	0.8	0.3	-	3.7
- sales and disposals	-	-0.2	-1.0	-	-0.1	-	-1.3
- transfers	-	0.2	-	0.1	-0.4	-	-0.1
- translation differences	-	1.5	0.5	1.0	1.1	0.1	4.2
At 31 December 2010	**3.8**	**49.4**	**16.8**	**39.1**	**18.2**	**2.0**	**129.3**
AMORTISATION AND IMPAIRMENT LOSSES							
At 1 January 2010	**-2.6**	**-25.8**	**-12.7**	**-7.9**	**-6.4**	**0.0**	**-55.4**
- amortisation	-0.7	-4.3	-1.6	-4.6	-2.2	-	-13.4
- sales and disposals	-	0.2	1.0	-	-	-	1.2
- transfers	-	-	-	-	0.2	-	0.2
- translation differences	0.1	-0.2	-0.1	-0.2	-0.3	-	-0.7
At 31 December 2010	**-3.2**	**-30.1**	**-13.4**	**-12.7**	**-8.7**	**0.0**	**-68.1**
CARRYING AMOUNTS							
At 1 January 2010	**1.2**	**20.5**	**3.6**	**29.3**	**10.9**	**1.9**	**67.4**
At 31 December 2010	**0.6**	**19.3**	**3.4**	**26.4**	**9.5**	**2.0**	**61.2**

	Useful life						
	Finite					Indefinite	
(Million EUR)	Development	Concessions, patents, licenses	Software	Customer lists	Other intangible assets	Other intangible assets	Total
COST							
At 1 January 2009	**3.7**	**35.3**	**13.9**	**13.2**	**16.5**	**1.8**	**84.4**
- acquisitions through business combinations	-	0.4	-	10.4	17.3	-	28.1
- revaluation	-	-	-	6.0	0.1	-	6.1
- capital expenditure	0.1	2.2	1.0	0.1	0.4	-	3.8
- sales and disposals	-	-	-	-	-0.1	-	-0.1
- transfers	-	8.9	1.2	7.7	-16.4	-	1.4
- translation differences	-	-0.5	0.2	-0.2	-0.5	0.1	-0.9
At 31 December 2009	**3.8**	**46.3**	**16.3**	**37.2**	**17.3**	**1.9**	**122.8**
AMORTISATION AND IMPAIRMENT LOSSES							
At 1 January 2009	**-1.8**	**-22.4**	**-10.5**	**-4.6**	**-5.2**	**0.0**	**-44.5**
- acquisitions through business combinations	-	-0.3	-	-	-	-	-0.3
- amortisation	-0.8	-2.7	-1.8	-2.8	-2.3	-	-10.4
- sales and disposals	-	-	-	-	-	-	-
- transfers	-	-0.5	-0.2	-0.5	1.0	-	-0.2
- translation differences	-	0.1	-0.2	-	0.1	-	0.0
At 31 December 2009	**-2.6**	**-25.8**	**-12.7**	**-7.9**	**-6.4**	**0.0**	**-55.4**
CARRYING AMOUNTS							
At 1 January 2009	**1.9**	**12.9**	**3.4**	**8.6**	**11.3**	**1.8**	**39.9**
At 31 December 2009	**1.2**	**20.5**	**3.6**	**29.3**	**10.9**	**1.9**	**67.4**

The capital expenditure on intangible assets amounts to 3.7 million EUR in 2010 and is broken down per operating segment in note 3 – Segment reporting.

No borrowing costs were capitalised during 2010 and 2009.

In 2009, a net amount of 27.8 million EUR was disclosed as acquisition through business combinations. The detailed information is disclosed in note 4 – Acquisitions and disposals.

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

See note 8 – Additional information on operating expenses by nature for the line items of the income statement in which amortisation, impairment losses and reversal of impairment losses have been recorded.

The intangible assets with indefinite life relate to trademarks which are considered to have an indefinite life unless plans would exist to discontinue the related activity. The 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.

The joint ventures of the Group are:

		Ownership	
	Country	2010	2009
MPR Middle East WLL	Bahrain	50%	50%
Établissements Michel SAS	France	50%	50%
Établissements Violleau SAS	France	50%	-
Siram SARL	France	50%	50%
Jupiter Sulphur LLC	USA	50%	50%

In September 2010, Akiolis Group SAS, a French subsidiary within the operating segment “Gelatin and Akiolis”, has acquired a 50% stake with 50% of the voting rights in the French company Établissements Violleau SAS (note 4 – Acquisitions and disposals). This company specialises in the composting of organic by-products mainly from the food chain and the provision of litter to farmers. Its downstream and upstream customers are to be found in the agricultural and food sector. A consideration of 1.4 million EUR has been paid for this 50% stake. The Group also obtained a purchase option on the remaining 50% of the shares (note 30 – Contingencies).

The associates of the Group are:

	Country	Ownership 2010	2009
T-Power SA	Belgium	33.33%	33.33%
Alkemin S de RL de CV	Mexico	49.50%	49.50%
Wolf Mountain Products LLC	USA	45.00%	37.50%

During the first quarter of 2010, Tessenderlo Kerley Inc. increased its participation in Wolf Mountain Products LLC from 37.50% to 45.00% for which a consideration of 0.5 million EUR has been paid.

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

(Million EUR)	2010	2009
Alkemin S de RL de CV	0.0	0.0
Établissements Michel SAS	0.6	0.6
Établissements Violleau SAS	1.4	N/A
Jupiter Sulphur LLC	8.2	6.9
MPR Middle East WLL	0.0	0.0
Siram SARL	1.0	1.0
T-Power SA	15.2	10.0
Wolf Mountain Products LLC	1.3	2.8
Total	**27.7**	**21.3**

The share capital of the associate T-Power SA, in which Tessenderlo Chemie NV participates for 1/3, was increased in 2010 by 22.5 million EUR. As a consequence Tessenderlo Chemie NV contributed 7.5 million EUR.

The deterioration of the financial performance of Wolf Mountain Products LLC lead to an impairment of the assets of Wolf Mountain Products LLC during the fourth quarter of 2010 for 5.6 million USD, of which the impact for the Group amounted to 1.9 million EUR (included within “Share of result of equity accounted investees, net of income tax”).

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

(Million EUR)	2010	2009
Current assets	28.2	31.0
Non-current assets	404.1	279.1
Current liabilities	19.6	40.5
Non-current liabilities	341.8	215.1
Revenue	44.1	33.6
Gross profit	14.5	2.8
Profit (+) / loss (-) from operations before non-recurring items (REBIT)	10.9	-0.4
Profit (+) / loss (-) from operations (EBIT)	6.7	0.6
Finance costs - net	-0.2	-0.3
Profit (+) / loss (-) before tax	6.5	0.3
Profit (+) / loss (-) for the period	2.8	0.7

In September 2009, the Group announced that it had sold its non-strategic shareholding in the zeolite segment to Prayon SA in Engis (Belgium), with whom it had a stake via a joint venture (50/50). The joint venture Zéoline SA was liquidated before the end of 2009. The income statement of the joint-venture Zéoline SA was included in the table above until September 2009. The impact is considered as insignificant.

Groupe Fiso is not included in the table above for 2009 as the remaining 50% of the Group has been acquired in June 2009 and has been fully consolidated as from June 30th 2009 (except for Établissements Michel SAS in which the Group's interest now amounts to 50%).

15. Other investments

(Million EUR)	2010	2009
Investments in equity securities	5.3	4.6
Cash guarantees / deposits / others	1.4	1.9
Total	**6.7**	**6.5**

Investments in equity securities	2010	2009
ASH DEC Umwelt AG, Austria	-	0.4
Exeltium SAS, France	1.4	-
FERTI NRJ SAS, France	0.3	0.3
GLOBE International SA, Belgium	0.5	0.5
Indaver SA, Belgium	0.6	0.6
LVM United Kingdom Ltd, United Kingdom	0.1	0.2
Tessenderlo Chemie España TCE sa, Spain	0.6	0.6
Tessenderlo Chemie Nederland BV, The Netherlands	-	0.8
Tessenderlo Schweiz AG, Switzerland	0.8	-
Other	1.0	1.2
Total	**5.3**	**4.6**

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

The investment in ASH DEC Umwelt AG (Austria) of 0.4 million EUR has been completely impaired as a consequence of the bankruptcy of the company.

In April 2010, the Group has acquired a stake in Exeltium SAS, a grouping of electro-intensive industries active in France, for an amount of 1.4 million EUR. The participation will allow a sustainable and competitive energy supply for production sites in France.

An impairment loss of 0.1 million EUR has been recorded on the investment in LVM UK since the Group's share in its equity was considered, over a durable period, to be lower than the carrying amount of the investment.

An impairment loss of 0.5 million EUR has been recognised on Tessenderlo Chemie Nederland BV. This 100% subsidiary was measured at cost in last year's financial statements as the subsidiary was immaterial to the financial position, performance and cash flows of the Group. In October 2010, the share capital of Tessenderlo Chemie Nederland BV has been increased by 3.0 million EUR. This capital was used to finance the incorporation of the new subsidiary PB Gelatins Heilongjiang Co Ltd (China), in which the Group holds 86.2% of the shares and voting rights through its subsidiary Tessenderlo Chemie Nederland BV. As from October 2010, Tessenderlo Chemie Nederland BV is accounted for using the full consolidation method.

As from June 2010, the 100% participation in Tessenderlo Schweiz AG is no longer accounted for by the full consolidation method as the subsidiary has become immaterial to the financial position, performance and cash flows of the Group, following a reorganisation of its activities into a sales agent and service provider of the Group. The amount of 0.8 million EUR, included in the investments in equity securities, represents the equity of Tessenderlo Schweiz AG at the date of deconsolidation.

On November 19th 2010, Limburgse Vinyl Maatschappij NV, a subsidiary in the operating segment "PVC/Chlor-Alkali", has sold its stake in Ekol NV, located in Houthalen-Helchteren, Belgium. The participation in Ekol NV was measured at cost for an amount of 0.3 million EUR in last year's financial statements. The sale resulted in a non-recurring gain, after deducting related expenses, of 3.3 million EUR (note 6 – Non-recurring income/(expense) items).

16. Deferred tax assets and liabilities

	Assets		Liabilities		Net	
(Million EUR)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Property, plant and equipment	6.7	11.6	-37.3	-40.1	-30.6	-28.5
Goodwill	2.0	1.7	-	-	2.0	1.7
Other intangible assets	5.0	1.6	-7.5	-6.9	-2.5	-5.3
Inventories	1.5	1.9	-2.0	-1.1	-0.5	0.8
Receivables	0.3	-	-	-	0.3	0.0
Derivative financial instruments	-	-	-0.9	-	-0.9	0.0
Other current assets	1.5	0.6	-2.0	-2.1	-0.5	-1.5
Employee benefits	4.7	4.3	-6.5	-6.2	-1.8	-1.9
Provisions	5.6	3.7	-18.3	-16.1	-12.7	-12.4
Other items	-	-	-2.3	-0.1	-2.3	-0.1
Losses carried forward	41.6	33.1	-	-	41.6	33.1
Gross deferred tax assets / (liabilities)	**68.9**	**58.5**	**-76.8**	**-72.6**	**-7.9**	**-14.1**
Set-off of tax	**-45.2**	**-40.7**	**45.2**	**40.7**		
Net deferred tax assets / (liabilities)	**23.7**	**17.8**	**-31.6**	**-31.9**	**-7.9**	**-14.1**

All movements of deferred tax assets and deferred tax liabilities are recorded through the income statement, except for translation differences and the deferred taxes on cash flow hedging contracts which are recorded through equity. Moreover the exit of the subsidiary Immo Watro NV from the consolidation perimeter following its sale led to a decrease of the deferred tax liabilities.

On December 31st 2010, a deferred tax liability of 10.6 million EUR (2009: 18.5 million EUR) relating to undistributed reserves within the subsidiaries of the Group has not been recognised because management believes that this liability will not be incurred in the foreseeable future. The decrease of this liability is mainly due to the upstreaming of dividends in 2010, as well as new tax treaty provisions.

Tax losses carried forward, including notional interest deduction, on which no deferred tax asset is recognised amount to 215.2 million EUR (2009: 193.9 million EUR). 20.7 million EUR of these tax losses have a finite life (expiry period 2011-2018). Deferred tax assets have not been recognised on these items because it is not probable that future taxable profits (within the next 5 years) will be available against which the unused tax losses can be utilised.

17. Trade and other receivables

(Million EUR)	2010	2009
Non-current trade and other receivables		
Trade receivables	1.1	1.3
Gross trade receivables	1.1	1.3
Amounts written off	-	-
Other receivables	1.1	1.4
Assets related to employee benefit schemes	20.7	20.0
Total	**22.9**	**22.7**

(Million EUR)	2010	2009
Current trade and other receivables		
Trade receivables	253.8	235.1
Gross trade receivables	268.3	249.8
Amounts written off	-14.5	-14.7
Other receivables	42.7	48.3
Prepayments	1.1	0.9
Receivables from related parties	1.9	2.5
Total	**299.5**	**286.8**

Receivables from related parties concern receivables from joint-ventures and associates (note 31 – Related parties).

At December 31st 2010, an amount of 121.2 million EUR (2009: 123.4 million EUR) has been received in cash under various non-recourse factoring agreements, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. The net amount of the sold trade receivables is derecognised from the balance sheet.

18. Inventories

(Million EUR)	2010	2009
Consumables	105.2	101.3
Work in progress	22.5	24.9
Finished goods	184.2	201.5
Goods purchased for resale	37.8	33.4
Total	**349.7**	**361.1**

There are no inventories pledged as security.

The cost of inventories recognised as cost of sales in 2010 amounts to 1,218.1 million EUR (2009: 1,101.0 million EUR).

The carrying amount of inventory, which was set at net realisable value as per year-end 2010 amounts to 31.5 million EUR (2009: 79.1 million EUR). An amount of 4.5 million EUR was expensed in 2010 (2009: 12.6 million EUR).

In 2010, a reversal of a write-off on inventories was recognised for an amount of 2.0 million EUR (2009: 2.8 million EUR) following a change in estimates.

19. Cash and cash equivalents

(Million EUR)	2010	2009
Term accounts	86.5	0.2
Current accounts	64.0	44.1
Cash in hand	0.0	0.0
Total	**150.5**	**44.3**

20. Non-current assets classified as held for sale

(Million EUR)	2010	2009
Non-current assets classified as held for sale	18.1	0.3
Liabilities classified as held for sale	6.5	-

In 2010, exclusive negotiations were started with Tennants Consolidated Ltd. in order to sell the subsidiary Tessenderlo Fine Chemicals Ltd., located in Leek Staffordshire, UK (operating segment “Organic Chlorine Derivatives”). On January 31st 2011, the Group completed its sale (note 33 – Subsequent events). In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the assets and liabilities of this disposal group have been presented as assets and liabilities held for sale at year-end. The non-current assets have been recognised at the lower of their carrying amount and their fair value less costs to sell. No impairment was deemed necessary as the fair value was higher than the related carrying amount. This reclassification did not have any impact on the consolidated income statement nor on the consolidated statement of comprehensive income.

The table below shows the major classes of assets and liabilities of the disposal group classified as held for sale:

(Million EUR)	Note	2010
Assets		**17.7**
Total non-current assets		**8.9**
Goodwill	12	0.5
Property, plant and equipment	11	8.3
Deferred tax assets		0.1
Total current assets		**8.8**
Inventories		3.9
Trade and other receivables		4.9
Liabilities		**6.5**
Total non-current liabilities		**0.3**
Deferred tax liabilities		0.3
Total current liabilities		**6.2**
Trade and other payables		6.2

The non-current assets held for sale at December 31st 2010 also include the land and building of a site of a subsidiary in the operating segment “Plastic Pipe Systems and Profiles”, which are recognised at their carrying amount of 0.4 million EUR. Following a restructuring of its activities, these assets remained unused and were set for sale. Although a sale did not take place in 2010, management is still fully committed to sell the land and building.

21. Equity

Issued capital and share premium

	Ordinary shares	
	2010	2009
On issue at 1 January	27 798 255	27 713 288
Issued for cash at 31 August 2009	-	84 967
Payment of stock dividend 2009 at 16 July 2010	844 258	-
Issued for cash at 30 August 2010	73 071	-
On issue at 31 December – fully paid	**28 715 584**	**27 798 255**

The number of shares comprised 8 043 692 registered shares (2009: 7 622 976) and 20 671 892 ordinary shares (2009: 20 175 279). 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 the Shareholders' meeting of the Company.

The Board of Directors' proposal to distribute a gross dividend of 1.3333 EUR per share or 37.1 million EUR for the financial year 2009 was approved by the shareholders of Tessenderlo Chemie NV at their annual general meeting on June 1st 2010. The Board of Directors decided to offer shareholders a choice of payment conditions: the option of receiving a dividend in new shares (stock dividend) at a price of 20.00 EUR per share, or in cash, or a combination of both. The choice of shareholders for payment in new shares lead to creation of 844 258 additional shares. These shares (with VVPR strip) were included for trading on Eurolist on NYSE Euronext Brussels on July 16th 2010 and led to an increase of issued capital and share premium by 16.9 million EUR.

On August 30th 2010, Tessenderlo Chemie NV included 73 071 additional shares (with VVPR strip) in trading on Eurolist on NYSE Euronext Brussels. These are 73 071 ordinary shares subscribed by staff on 150 000 presented, which lead to an increase of issued capital by 1.3 million EUR.
No ordinary shares were emitted in 2010 at the time of the conversion of warrants.

On August 31st 2009, Tessenderlo Chemie NV included 84 967 additional shares (with VVPR strip) in trading on Eurolist on NYSE Euronext Brussels. These are 84 967 ordinary shares subscribed by staff on 150 000 presented.
No ordinary shares were emitted in 2009 at the time of the conversion of warrants.

Authorised capital

According to the decision of the general meeting of shareholders of June 1st 2010, 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 Group, (ii) capital increases within the frame of the issue of warrants in favour of certain members of the personnel of the Group and, possibly, in favour of certain persons who are not part of the personnel of the Group, (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 a convenient rounded amount. Unissued capital at the balance date amounts to 35.4 million EUR.

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 profit or loss.

Legal reserves

According to Belgian law, 5% of the statutory net income of a Belgian company must be transferred each year to a legal reserve until the legal reserve reaches 10% of the issued capital. At balance sheet date, the legal reserve of the Company amounts to 14.4 million EUR. Generally, this reserve cannot be distributed to the shareholders other than upon liquidation.

Revaluation reserves

The revaluation reserves, in accordance with IFRS 3 for business combinations achieved in stages, include the remeasurement of its previously held equity interest in the acquiree at the acquisition date fair value. The revaluation surplus is transferred to retained earnings upon disposal of the assets. The revaluation reserves of 10.7 million EUR relate to the increase in the fair value of the net assets, as per June 2009, on the previously acquired interest of 50% relating to the Groupe Fiso (see note 4 – Acquisitions and disposals).

Dividends

After the balance sheet date, the Board of Directors will propose to the shareholders at the Annual Shareholders' meeting of June 7th 2011, to approve a dividend distribution of 38.3 million EUR or a net dividend per share of 1.00 EUR. Pending approval by the shareholders, the dividend has not been accounted for as a liability.

Capital Management

The Board's 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.
The Board 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 2010 is 18.3% (2009: 22.9%).

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.

In accordance with IFRS accounting standards, the basic and diluted earnings per share were adjusted retrospectively for all periods presented, taking into account the issuance of 844 258 additional shares as a consequence of the stock dividend (note 21 - Equity).

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

	2010	2009
Number of ordinary shares at January 1st	27 798 255	27 713 288
Effect of stock dividend	844 258	844 258
Adjusted number of ordinary shares at January 1st	**28 642 513**	**28 557 546**
Effect of shares issued	24 623	28 478
Adjusted weighted average number of ordinary shares at December 31st	**28 667 136**	**28 586 024**
Profit (+) / loss (-) attributable to equity holders of the Company	20.7	-167.0
Basic earnings per share (in EUR)	**0.72**	**-5.84**

Diluted earnings per share

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

Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

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

	2010	2009
Adjusted weighted average number of ordinary shares at December 31st	28 667 136	28 586 024
Effect of warrants issued	15 962	-
Diluted weighted average number of ordinary shares at December 31st	**28 683 098**	**28 586 024**
Profit (+) / loss (-) attributable to equity holders of the Company	20.7	-167.0
Diluted earnings per share (in EUR)	**0.72**	**-5.84**

23. Financial liabilities

(Million EUR)	2010	2009
Non-current financial liabilities	195.4	11.6
Current financial liabilities	117.1	241.7
Total financial liabilities	**312.5**	**253.3**
Cash and cash equivalents	-150.5	-44.3
Net financial liabilities	**162.0**	**209.0**

The gearing ratio at the end of 2010 is 18.3% (year end 2009: 22.9%).

The movement table of the non-current and current financial liabilities as per December 31st 2010 is as follows:

(Million EUR)	Non-current financial liabilities	Current financial liabilities	Total
Opening balance at 1 January 2010	**11.6**	**241.7**	**253.3**
New loans	329.5	20.5	350.0
Repayments	-10.0	-275.1	-285.1
Translation differences	-0.1	0.7	0.6
Transfers	-196.4	196.4	-
Transfers following the receipt of waiver letters	65.0	-65.0	-
Total	**199.6**	**119.2**	**318.8**
Transaction costs related to financial liabilities	-4.2	-2.1	-6.3
Closing balance at 31 December 2010	**195.4**	**117.1**	**312.5**

At December 31st 2010, current financial liabilities included an amount of 53.0 million EUR (2009: 68.5 million EUR) of treasury bills (commercial paper). Several new issues and repayments took place in 2010. However only the net evolution of these treasury bills has been included in the table above.

(Million EUR)	2010	2009
Non-current financial liabilities		
Lease payables	0.5	2.5
Credit institutions	199.1	9.1
Transaction costs related to financial liabilities	-4.2	-
Total	**195.4**	**11.6**

Terms and debt repayment schedule 2010:

	2010						
	Other currencies in million EUR	In million EUR	Total	Rate (%)		Effective rate (%)	Maturity
Credit institutions (private placement)		150.0		5.25	(fixed)	5.72	'15
Credit institutions (EIB)		20.0		5.258	(fixed)	-	'12-'13
Credit institutions (ING)		10.0		3.65	(fixed)	-	'12
Credit institutions (Banco Do Brasil SA)	11.4			8.5	(fixed)	-	'13-'22
Credit institutions	1.5	6.2		0-6.0	(fixed)	-	'12-'17
Lease payables		0.5		5.8	(fixed)	-	'12-'13
Transaction costs related to financial liabilities		-4.2					'12-'13
Total	**12.9**	**182.5**	**195.4**				

Terms and debt repayment schedule 2009:

	2009						
	Other currencies in million EUR	In million EUR	Total	Rate (%)		Effective rate (%)	Maturity
Credit institutions	-	7.1		4.5	(fixed)	-	'11-'17
Credit institutions	-	2.0		0.0	(fixed)	-	'11-'17
Lease payables	-	2.5		5.8	(fixed)	-	'11-'13
Total	**0.0**	**11.6**	**11.6**				

As per year end 2009, two medium term notes included covenants to comply with. For one term note amounting to 30.0 million EUR at the end of 2009, the ratio Debt to Rebitda could not exceed 3. For the other term note amounting to 60.0 million EUR at the end of 2009, the ratio Group Net Debt to Group Ebitda could not exceed 2.1. At the end of 2009 the actual ratio Debt to Rebitda was 3.30 and the ratio Group Net Debt to Group Ebitda was 3.58. In accordance with IFRS accounting standards, the non-current portion of these medium term loans was accounted for as maturity at less than one year (instead of 2012 - 2013 actual maturity date) as per year end 2009. Following the breach of these covenants, the Group has obtained waiver letters respectively on February 8th and 10th 2010. As a consequence, and taking into consideration that the maturity date of the notes did not change, the notes are presented again according to their original maturity date as per December 31st 2010, and are included for an amount of 30.0 million EUR within the non-current financial liabilities.

The EIB (European Investment Bank) loan, with an outstanding balance as per year end 2009 of 60.0 million EUR, has been partially repaid in the course of 2010 for an amount of 30.0 million EUR. A reimbursement of 15.0 million EUR was contractually foreseen, and a mandatory prepayment of 15.0 million EUR was made in 2010. As per December 31st 2010, a total amount of 30.0 million EUR remains outstanding, of which 20.0 million EUR is included within the non-current financial liabilities and 10.0 million EUR within the current financial liabilities.

On February 26th 2010, a credit agreement for an aggregated amount of 500.0 million EUR has been settled between, among others, Tessenderlo Chemie NV as company and guarantor, Tessenderlo Finance NV and Tessenderlo NL Holding BV as borrowers, certain subsidiaries of Tessenderlo Chemie NV as guarantor, Fortis Bank NV/SA, ING Bank NV and KBC Bank NV as arrangers, ING Bank NV as Facility Agent and Swingline Agent and KBC Bank NV as issuing Bank (the credit agreement).

The committed syndicated facilities for 500.0 million EUR have maturities from 18 months up to three years.

Following this credit facility agreement, 22 subsidiaries are acting as guarantor and ensure the fulfillment of the obligors payment obligations (those are as well borrowers as the other guarantors) in accordance with the credit facility agreement. The total Rebitda and the total Property, plant and equipment of the guarantors, during the entire term of the credit agreement, should amount to a minimum of 75% of the Rebitda and Property, plant and equipment at Group level, if not, additional subsidiaries of the Group will act as guarantor to the credit facility agreement.

The following credit lines are available:

- A 167.0 million EUR term loan (Facility A) with maturity date August 2011 at a rate of Euribor 3 or 6 months + a margin (from 225 Basepoints (BP) to 300 BP) depending on the leverage of the Group (Net Financial Debt / Rebitda).

- A 333.0 million EUR revolving credit facility split in 233.0 million EUR (Facility B) and a 100.0 million EUR back-up line for commercial paper (Facility C) with maturity date February 2013 at a rate of Euribor 1, 2, 3 or 6 months + a margin (from 225 BP to 300 BP) depending on the leverage of the Group (Net Financial Debt / Rebitda).

The credit line of 167.0 million EUR was drawn during the first quarter of 2010, and has been repaid for an amount of 157.5 million EUR during the fourth quarter of 2010. An amount of 9.5 million EUR is still included within the current financial liabilities. The reimbursed credit line is no longer available for use.

Thanks to the favorable leverage of the Group as per June 30th 2010, the margin was reduced from 300bp to 225bp and the commitment fee from 45% to 40% of the margin as from August 27th 2010.

Different covenants apply to the syndicated facility: maximum gearing, maximum net financial debt, maximum capital expenditure, minimum coverage of the interest, minimum Rebitda (until Q3 2010), maximum leverage (as from Q4 2010) and a positive operating cashflow. All covenants were complied with as per December 31st 2010.

On October 15th 2010, a FCO loan (Fundos Constitucionais de Financiamento, a state fund) has been granted to the Brazilian subsidiary PB Brasil through Banco Do Brasil SA for the construction of a gelatin factory in Mato Grosso, Brazil. The total amount of the credit equals to 55.8 million BRL (25.1 million EUR at closing rate as per December 31st 2010), to be drawn by PB Brasil on different dates in 2010 and 2011. As per December 31st 2010, an amount of 25.3 million BRL (11.4 million EUR) has been drawn by PB Brasil. An interest rate of 8.5%, which is linked to the longer duration of the loan, is due on this credit. The assets to be acquired with the financing are serving as guarantee for the loan with Banco Do Brasil SA (note 11 – Property, plant and equipment). In case these assets would not be able to fulfill the liability, Tessenderlo Chemie NV and PB Leiner Argentina SA are acting as second degree guarantor. Repayments on this credit are due as from October 2013 onwards until September 2022.

On October 19th 2010, the Group extended its debt maturity profile, through the issue of 150.0 million EUR of a private placement of senior unsecured bonds, due in 2015. The pricing was set at 5.25%, the low end of the price guidance. The net proceeds from the issue of the bonds have been used by the Group for refinancing of existing debt (see above).

In accordance with IFRS accounting standards, the transaction costs related to the credit facility, for an amount of 6.9 million EUR, and to the private placement, for an amount of 3.0 million EUR, are included in the financial liabilities. These transaction costs are being amortised using the effective interest method and its cost is included in interest expense. As per December 31st 2010, the remaining amount of transaction costs within the financial liabilities amounts to 6.3 million EUR.

(Million EUR)	2010	2009
CURRENT FINANCIAL LIABILITIES		
Current portion long term financial liabilities	30.3	90.0
Lease payable within 1 year	1.1	0.1
Credit institutions and commercial paper	87.8	151.6
Transaction costs related to financial liabilities	-2.1	-
Total	**117.1**	**241.7**

Of the current financial liabilities per December 31st 2010, 53.0 million EUR (2009: 68.5 million EUR) are represented by treasury bills (commercial paper) issued by Tessenderlo Finance NV (45.0 million EUR), a Belgian subsidiary and by Tessenderlo NL Holding BV (8.0 million EUR), a Dutch subsidiary.
The Group uses short-term credit lines with credit institutions for the remaining part of the financing.

Analysis of non-current and current financial liabilities by currency (2010):

(Million EUR)	EUR	USD	GBP	Other	Total
Current financial liabilities (*)	111.3	0.1	0.2	5.5	117.1
Non-current financial liabilities	182.5	0.2	-	12.7	195.4
Total financial liabilities	**293.8**	**0.3**	**0.2**	**18.2**	**312.5**
In percentage of total financial liabilities	**94.02%**	**0.10%**	**0.06%**	**5.82%**	**100.00%**

The financial liabilities in EUR include an amount of 6.3 million EUR non-amortised transaction costs, of which 4.2 million EUR and 2.1 million EUR in non-current and current financial liabilities respectively.

Analysis of non-current and current financial liabilities by currency (2009):

(Million EUR)	EUR	USD	GBP	Other	Total
Current financial liabilities (*)	231.7	-	10.0	-	241.7
Non-current financial liabilities	11.6	-	-	-	11.6
Total financial liabilities	**243.3**	**0.0**	**10.0**	**-**	**253.3**
In percentage of total financial liabilities	**96.05%**	**-**	**3.95%**	**-**	**100.00%**

(*) Part of these loans are denominated in EUR and afterwards swapped in GBP and USD (see also note 27 – Financial instruments). The original loan remains in EUR.

Terms and repayment schedule for finance lease contracts for 2009 and 2010:

(Million EUR)	2010			2009		
	Lease payables	Interest	Principal	Lease payables	Interest	Principal
Less than one year	1.2	0.1	1.1	0.2	0.1	0.1
Between 1 and 5 years	0.5	0.0	0.5	2.6	0.1	2.5
More than 5 years	0.0	0.0	0.0	0.0	0.0	0.0
Total	**1.7**	**0.1**	**1.6**	**2.8**	**0.2**	**2.6**

24. Employee benefits

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

(Million EUR)	Early retirement provision	Defined benefit pension plan	Total
Balance at 1 January 2010	**13.6**	**26.1**	**39.7**
Additions	0.8	1.7	2.5
Use of provision	-2.8	-1.0	-3.8
Reversal of provisions	-	-0.2	-0.2
Translation differences	-	-	-
Balance at 31 December 2010	**11.6**	**26.6**	**38.2**

The entity's accounting policy for recognising actuarial gains and losses

The recognition of actuarial gains and losses is determined separately for each defined benefit plan. All actuarial gains and losses as at January 1st 2004, the date of transition to IFRS, were recognised. All actuarial gains and losses subsequent to January 1st 2004 exceeding a corridor of 10% of the higher of the present value of the defined benefit obligations and the fair value of plan assets are recognised in the income statement over the expected average remaining working lives of employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

A general description of the type of plan

- Employee Benefits

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

- Defined contribution plans

The defined contribution pension plans are plans for which the Group pays pre-determined contributions to a legal entity or a separate fund, in accordance with the settings of the plans. The Group's legal or constructive obligation is limited to the amount contributed. The contributions are recognised as an expense in the income statement as incurred and are included in note 7 – Payroll and related benefits.

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

• Defined benefit plans

These plans are financed externally by pension funds or insurance companies. Independent actuaries perform an actuarial valuation on a regular basis.

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

(Million EUR)	2010	2009	2008	2007	2006
Present value of wholly funded obligations	24.7	22.6	78.9	83.7	93.2
Present value of partially funded obligations	160.6	150.4	71.2	75.4	76.2
Present value of wholly unfunded obligations	19.6	20.1	18.0	18.9	17.3
Total present value of obligations	**204.9**	**193.1**	**168.1**	**178.0**	**186.7**
Fair value of plan assets	180.6	161.3	147.3	161.7	167.6
Deficit	**24.3**	**31.8**	**20.8**	**16.3**	**19.1**
Unrecognised actuarial gains (losses)	-18.4	-25.7	-10.0	3.1	-2.5
Net liability	**5.9**	**6.1**	**10.8**	**19.4**	**16.6**
Unrecognised in % of funded obligations	8.98%	13.31%	5.95%	-1.74%	1.34%
Unrecognised in % of plan assets	10.19%	15.93%	6.79%	-1.92%	1.49%
Amounts in the statement of financial position:					
Liabilities	26.6	26.1	25.3	29.6	29.4
Assets (note 17)	20.7	20.0	14.5	10.2	12.8
Net liability	**5.9**	**6.1**	**10.8**	**19.4**	**16.6**

The amounts recognised in the income statement are as follows:

(Million EUR)	2010	2009
Current service cost	6.0	5.3
Interest cost	10.1	10.1
Expected return on plan assets	-9.0	-8.9
Amortisation of actuarial loss	1.2	0.4
Unrecognised past service cost (benefit)	-0.5	-
Curtailment cost (benefit)	-0.2	-
Total, included in ‘payroll and related benefits’ (note 7)	**7.6**	**6.9**

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

(Million EUR)	2010	2009
Cost of sales	4.7	3.7
Distribution expenses	0.1	0.1
Sales and marketing expenses	1.7	1.3
Administrative expenses	1.1	1.4
Other operating income/(expenses)	0.1	0.5
Non-recurring items, net	-0.1	-0.1
Total	**7.6**	**6.9**

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

(Million EUR)	2010	2009
Opening defined benefit obligation	**193.1**	**168.1**
Change in scope of consolidation	-	0.8
Current service cost	7.3	6.5
Past service cost (benefit)	-0.5	-
Interest cost	10.1	10.1
Actuarial losses (gains)	5.2	18.7
Exchange differences on foreign plans	0.8	1.3
Settlement and curtailment	-0.2	-0.6
Benefits paid	-10.9	-11.8
Closing defined benefit obligation	**204.9**	**193.1**

In 2010, the current service cost is financed by employee contributions for 1.3 million EUR (2009: 1.2 million EUR).

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

(Million EUR)	2010	2009
Opening fair value of plan assets	**161.3**	**147.3**
Change in scope of consolidation	-	0.5
Expected return	9.0	8.9
Actuarial gains and (losses)	11.3	3.8
Contributions by employee	1.3	1.3
Contributions by employer	7.6	10.3
Exchange differences on foreign plans	1.0	1.6
Settlement	-	-0.6
Benefits paid	-10.9	-11.8
Closing fair value of plan assets	**180.6**	**161.3**

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

The actual return on plan assets in 2010 and 2009 was 20.3 million EUR and 12.6 million EUR respectively.

The Group expects to contribute 7.6 million EUR to its defined benefit pension plans in 2011.

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

	2010	2009
Equities	25%	25%
Fixed interest investments	17%	17%
Cash and deposits	3%	4%
Property	2%	3%
Insurance contracts	53%	51%
Total	**100%**	**100%**

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

	2010	2009
Discount rate at 31 December	4.8%	5.4%
Expected return on plan assets at 31 December	5.6%	6.0%
Future salary increases	2.5%	3.2%

- 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 accrued for at the moment of notification.

Share-based payments

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

The exercise price of the warrant equals the lower of the average market price of the underlying shares in the 30 trading days preceding the offer date or the market price on the last day preceding the offer date.

The table below gives an overview of the granted warrants at December 31st 2010.

Allocation date	Last exercise date	Average exercise price	Number of outstanding warrants
November ‘02	July ‘12	25.87	12 200
November ‘03	July ‘15	26.45	9 800
November ‘04	July ‘16	31.69	32 600
November ‘05	July ‘17	27.11	36 200
November ‘06	July ‘18	30.02	60 960
January ‘08	December ‘17	43.10	97 175
February ‘09	December ‘13	22.85	130 750
January ‘10	December ‘14	22.43	192 542
December ‘10	December ‘15	24.09	279 499
Total			**851 726**

Following the “Economische Herstelwet” of March 27th 2009, published in the Belgian Official Journal of April 7th 2009, the duration of the warrants of the allocation period 2003-2008 was prolonged with 5 years in 2009.

IFRS 2 *Share-based payment* requires share based payments made to employees to be recognised in the financial statements based on the fair value of the warrants measured at grant date. According to the transition provisions included in IFRS 2, the warrants granted before November 7th 2002 and not yet vested at January 1st 2005 are not amortised through the income statement.

A new share based program was issued as per November 8th 2007. On November 5th 2009, the Board of Directors decided to offer a third tranche of warrants, which had to be accepted by their beneficiaries by January 30th 2010. On January 30th 2010, 192 542 warrants were granted to senior management with an average exercise price of 22.43 EUR.

On November 4th 2010, the Board of Directors decided to offer a fourth tranche of warrants, which had to be accepted by their beneficiaries ultimately by January 2nd 2011. On January 2nd 2011, 279 499 warrants were granted to senior management with an average exercise price of 24.09 EUR. The cost of these warrants was also recognised in 2010.

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

The total cost of warrants recognised in the result of the Group in 2010 for the third and fourth tranche of warrants, amounts to 2.7 million EUR (2009: 1.3 million EUR).

The weighted average fair value of the warrants and assumptions used in the measurement of the warrants for the third and fourth tranche are:

	2010 Fourth tranche	2010 Third tranche	2009
Fair value of warrants (EUR)	6.6	4.4	5.1
Share price (EUR)	27.19	23.03	25.85
Exercise price (EUR)	24.09	22.43	22.85
Expected volatility	34.85%	35.04%	31.28%
Expected option life (years)	4.5	4.5	4.5
Expected dividend yield	4.9%	5.78%	6.16%
Risk free interest rate	3.23%	2.64%	3.32%

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

	Weighted average exercise price	Number of warrants	Weighted average exercise price	Number of warrants
	2010		2009	
Outstanding at the beginning of the period	30.54	381 605	34.30	258 595
Forfeited during the period	30.02	1 920	26.43	7 740
Exercised during the period	-	-	-	-
Granted during the period	23.41	472 041	22.85	130 750
Outstanding at the end of the period	26.59	851 726	30.54	381 605
Exercisable at the end of the period	29.12	151 760	28.52	90 800

No warrants were exercised in 2010.

As per year end 2010, 151 760 warrants are exercisable at an average exercise price of 29.12 EUR (the actual exercise price being between 25.87 EUR and 31.69 EUR). As per year end 2009, the number of exercisable warrants amounted to 90 800 with an average exercise price of 28.52 EUR (the actual exercise price being between 25.87 EUR and 31.69 EUR).

The weighted average remaining contractual life of the warrants outstanding as per December 31st 2010 is 4.9 years (2009: 6.3 years).

25. Provisions

(Million EUR)	Current	Non-Current	2010 Total	Current	Non-Current	2009 Total
Environment	2.9	33.0	35.9	0.5	31.9	32.4
Dismantlement	-	22.4	22.4	-	17.0	17.0
Restructuring	8.5	0.8	9.3	11.4	3.4	14.8
Other	0.5	9.7	10.2	0.4	115.2	115.6
Total	**11.9**	**65.9**	**77.8**	**12.3**	**167.5**	**179.8**

	Environment	Dismantlement	Restructuring	Other	Total
Balance at 1 January 2010	**32.4**	**17.0**	**14.8**	**115.6**	**179.8**
Change in consolidation scope	-	-	-	-	-
Additions	5.9	5.7	7.8	4.8	24.2
Use of provisions	-2.1	-0.3	-9.9	-95.5	-107.8
Reversal of provisions	-	-	-3.5	-15.1	-18.6
Effect of discounting	0.2	-	-	-	0.2
Other movements	-0.5	-	0.1	0.4	-
Balance at 31 December 2010	**35.9**	**22.4**	**9.3**	**10.2**	**77.8**

The environmental provisions mainly relate to Tessenderlo Chemie NV which committed itself to adapt its production process and to remediate previous sludge basins in Limburg (Belgium). The additions to the environmental provisions for an amount of 5.9 million EUR are mainly due to new provisions (5.1 million EUR) within the operating segments “Inorganics” and “PVC/Chlor-Alkali” following the present obligation of the Group to remediate soil contamination at the Belgian entities Limburgse Vinyl Maatschappij NV and Tessenderlo Chemie NV.
The cash outflow of the environmental provisions is expected in the period 2011-2040. The amounts recognised 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. Based on an internal assessment which was performed for the first time in 2009, a provision was recorded in 2009. This provision did not have a material impact on the income statement of the Group since this provision is included in the cost basis of the related Property, plant and equipment, which cost is depreciated accordingly. The total provision recognised amounts to 15.9 million EUR as per year-end 2010. The amounts recognised 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.

An additional dismantlement provision of 5.7 million EUR was recorded in 2010 and relates mainly to the decommissioning of a mercury chlor alkali plant which is foreseen for 2016 (operating segment “PVC/Chlor-Alkali”) (note 6 – Non-recurring income/(expense) items). The cash outflow is expected in 2016. The amounts recognised reflect management’s best estimate of the expected expenditures.

On April 20th 2010, the Group announced a major reorganisation of its activities in the operating segment “Pharmaceutical Intermediates” at its site in Calais (France). A restructuring provision of 5.1 million EUR was recognised to cover the costs associated with the reorganisation, including mainly employee termination benefits (note 6 – Non-recurring income/(expense) items). The estimated costs were based on the terms of the relevant contracts. During the fourth quarter, the Group started the closure of a subsidiary within the operating segment “Plastic Pipe Systems and Profiles”, located in Avion, France. A restructuring provision of 1.2 million EUR was recognised to cover the costs associated with the closure, including mainly employee termination benefits and early contract termination costs (note 6 – Non-recurring income/(expense) items). The estimated costs were based on the terms of the relevant contracts.
The provisions recognised reflect management’s best estimate of the expected expenditures required to settle the present obligation at balance sheet date. The timing of the estimated cash outflows is expected within one year.
The use of restructuring provisions mainly relates to the closure of two sites in France in 2009 (within the operating segments “Plastic Pipe Systems and Profiles” and “Compounds”) for which a cost of 8.3 million EUR was charged in 2010 against the recognised provisions. The implementation of these restructuring plans are still ongoing and the remaining part is expected to be settled within one year.

The “Other” provisions per year-end 2009 mainly consisted of a provision made for a EU fine for 97.0 million EUR. This provision was a consequence of the cartel investigations by the European Commission on feed phosphates, which were started in 2004 and completed by a EU Commission decision on July 20th 2010. The amount of the provision was assessed taking into account the “Guidelines on the method of setting fines imposed pursuant to Article 23(2)(a) of Regulation No 1/2003” as published in the official journal of the European Union on September 1st 2006. The amount recognised reflected management’s best estimate as per December 31st 2009 of the expected fine. On July 20th 2010, a decision has been rendered by the European commission setting the fine at 83.8 million EUR. This fine is to be paid in the period October 2010-October 2012, by three equal payments of 1/3. The provision has been transferred from provisions to current and non-current other payables. As per December 31st 2010, an amount of 56.1 million EUR remains outstanding on current and non-current other amounts payable (note 26 – Trade and other payables). An interest charge of 2.5% interest is accrued for and is added to the remaining outstanding amount. The provision was reversed for an amount of 13.2 million EUR and has been recorded as non-recurring income in the income statement (note 6 – Non-recurring income/(expense) items).
The remaining balances in the other provisions mainly consist of several, individually insignificant amounts. The amounts recognised reflect management’s best estimate of the expected expenditures required to settle the present obligation at balance sheet date. The expected timing of the cash outflows of these remaining balances is unknown.

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

26. Trade and other payables

(Million EUR)	2010	2009
NON-CURRENT TRADE AND OTHER PAYABLES		
Other amounts payable	30.2	0.2
Total	**30.2**	**0.2**
CURRENT TRADE AND OTHER PAYABLES		
Trade payables	320.1	256.3
Other amounts payable	81.9	44.5
Remuneration and social security	67.6	62.3
Total	**469.6**	**363.1**

The increase of the non-current and current other amounts payable can be mainly explained by the transfer of the provision for the EU-fine from provisions to the current and non-current other amounts payable for an amount of 27.9 million EUR and 28.2 million EUR respectively (see also note 25 – Provisions).

27. 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 forward exchange contracts, cross currency interest rate swaps, forward rate agreements and foreign exchange options.

Risk Management Framework

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

In particular:

- To reduce the effects of the credit risk, the Group has defined a credit policy with requests for credit limits, approval procedures and ongoing monitoring of the credit risk. Furthermore, the collection of a part of the outstanding credit is outsourced (factoring).
- The Group prepares short and long-term forecasts on a regular basis in order to match the financial resources with the predefined needs. In addition, the Group has a number of credit lines.
- The Group anticipates on fluctuations in energy prices through a centralised purchasing policy.
- The Group hedges transactions in foreign currency. Subsidiaries are also required to communicate their net foreign currency positions for invoiced amounts (customers, suppliers) to Tessenderlo Finance NV, a subsidiary set up for this purpose. All positions are netted at the level of Tessenderlo Finance NV. The net balances, which are very small, are then purchased or sold on the market. The main management tools are spot purchase and sales of currencies, followed by currency swaps.
- Operational, health and safety environmental risks are kept to a minimum with a system for managing the process risks, with an evaluation of the risks related to safety, the environment, production and quality. The necessary measures are taken with regard to risk control, such as preventive maintenance, stocks of critical spare parts and operational procedures.
- The Risk Management Department conducts safety audits in various production sites. Sites are also audited by an external insurance company, in collaboration with the Risk Management Department. Preventive actions are recommended and implemented.
- Furthermore, insurance cover also exists for operational risks, including a maximum possible cover for the Group for damage to property (including aspects related to interruptions of activities at nearly all sites), operational and other liabilities.
- An extensive strategic planning process is applied to provide even better control of the Group’s strategic risks, by thoroughly analysing the strategy, the process, the content of each business unit and how these aspects correspond with the Group’s strategy.
- Compliance with laws and regulations and in particular anti-trust law is addressed through the implementation of an anti-trust compliance programme and the appointment of an anti-trust compliance officer.

In the second half of 2009, the decision was taken to make risk management one of the key management processes of the Group. A significant step was taken in 2010 through a project entailing the launch of a Group wide Enterprise Risk Management system (ERM). In the context of this project, risks were systematically mapped, the appropriate responses to these risks were formulated and the necessary actions associated with them across the whole Group. The first step taken in the ERM project was the establishment of a risk catalogue and risk assessment scales for the consistent identification of risks and their assessment in terms of impact, probability and level of control. After this, a large number of individual, in-depth interviews were conducted in all businesses and departments of the Group to identify potential risks. The next step was to group all the identified risks by Business Unit which were then assessed by each interviewee individually for probability and impact, taking into account the existing risk reduction measures. Then the objectified and aggregated list was discussed in a joint workshop per business unit and department in order to prioritize the risks, validate the rating, appoint a 'risk owner' for each risk and to determine additional risk reduction measures where necessary.

The ERM project is not merely about creating a list of the risks, but it aims to be a permanent structure for the optimal management of these risks and to include the risk factors in strategic and operational decision-making. Based on the results of the survey in 2010, a permanent ERM system will be implemented as from 2011 so that risk management becomes even more an inherent part of daily operations and strategic decisions. The various business units and supporting departments will carry responsibility for identifying, managing and reporting on their specific risks. Aggregation, monitoring and reporting at Group level will also be recorded in the ERM system.

Foreign currency risk

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

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

The main management tools are the spot, purchase 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 currencies, with this currency being obtained, where appropriate, by currency-swaps against the currency held by the finance companies Tessenderlo Finance NV and Tessenderlo NL Holding BV. In that way, there is no exchange risk either in the finance companies or in the companies finally using the funds. The cost of this currency-swap is included in the finance costs.

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

• Exposure to foreign currency risk

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

(Million EUR)	2010			2009		
	EUR	USD	GBP	EUR	USD	GBP
Assets	15.4	167.9	64.3	13.7	56.7	66.5
Liabilities	-18.8	-29.7	-3.2	-20.3	-54.2	-10.6
Gross exposure	**-3.4**	**138.2**	**61.1**	**-6.6**	**2.5**	**55.9**
Forward exchange contracts	7.0	-133.3	-62.0	3.9	-2.9	-54.3
Net exposure	**3.6**	**4.9**	**-0.9**	**-2.7**	**-0.4**	**1.6**
Net exposure (in EUR)	**3.6**	**3.7**	**-1.0**	**-2.7**	**-0.3**	**1.8**

The difference between the amount covered and the amount in long-short position is due to a difference between the recording and the value date of the operations. Coverage of exposure is done on a continuous basis.

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

(Million EUR)	Change in rate	Impact on the income statement: loss(-)/gain(+)	Impact on equity: loss(-)/gain(+)
At 31 December 2010			
USD	+10%	-2.7	-12.0
	-10%	3.4	14.7
GBP	+10%	0.0	-4.7
	-10%	-0.0	5.8
At 31 December 2009			
USD	+10%	-3.2	-18.4
	-10%	4.0	22.5
GBP	+10%	0.1	-4.6
	-10%	-0.1	5.6

Credit risk

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

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

A Group Credit Procedure, a quick and consistent credit decision process, appropriate payment terms, an efficient collection tool and an accurate risk mitigation tool are used to accelerate the cash flow, to minimise bad debts and to increase sales.

An in-house scoring model aims at defining, with the use of sector-based benchmarks, the portfolio in term of risks through an analysis of performance indicators and the financial structure. An excess of loss credit insurance contract is used to mitigate the risks. When a risk cannot be assessed or when it is too high, the Group resorts to classical credit insurance or other forms of guarantees.

At December 31st 2010, no significant concentrations of credit risk existed. The liquidities available at the end of the year are deposited at very short term at international high rated banks.

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

(Million EUR)	2010	2009
Trade receivables	254.9	236.4
Gross trade receivables	269.4	251.1
Amounts written off	-14.5	-14.7
Other receivables	44.9	50.6
Receivables from related parties	1.9	2.5
Assets related to employee benefit schemes	20.7	20.0
Derivative financial instruments	0.7	0.1
Cash and cash equivalents	150.5	44.3
Total	**473.6**	**353.9**

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)	2010	2009
Inorganics	34.4	26.0
PVC/Chlor-Alkali	46.9	30.1
Gelatin and Akiolis	72.1	74.5
Plastic Pipe Systems and Profiles	54.3	51.0
Tessenderlo Kerley	27.1	25.0
Other Businesses	18.8	23.8
Non-allocated	1.3	6.0
Total	**254.9**	**236.4**

The aging of trade receivables at the reporting date was:

	Gross	Amounts written off	Gross	Amounts written off
(Million EUR)	2010		2009	
Not past due	176.2	0.3	125.3	0.1
Past due 0-30 days	52.2	0.8	70.6	0.4
Past due 31-120 days	16.8	1.2	25.7	1.1
Past due 121-365 days	4.5	1.0	18.3	4.4
More than one year	19.7	11.2	11.2	8.7
Total	**269.4**	**14.5**	**251.1**	**14.7**

The overdue trade receivables amount to 93.2 million EUR (2009: 125.8 million EUR). Although the overdue trade receivables decrease, an increase of the overdue trade receivables for more than one year is mainly situated in the operating segment “Gelatin and Akiolis”. Since 2009, Group Akiolis is no longer active as rendering plant commissioned by the public authorities. This service was privatised in July 2009 after an agreement was reached with seven national farming federations, for a period of two years. This had little impact on Group Akiolis but it did result in a considerable increase of late payments by customers in 2009 because no agreement was established with the public authorities regarding the payment of invoices issued from December 2008 to July 2009. These invoices became overdue for more than one year in 2010, while in 2009 these receivables were due for less than one year. A litigation is due to a different view between cattle organisations and public authorities on the implementation of the French state decision concerning the partial participation of breeders in the financing of rendering public service. However, this situation stabilised towards the end of the financial year 2009. In addition, there was a reduction of the overdue trade receivables in 2010 following the payment of France Agrimer, a public administrative institution under the supervision of the French state. The majority of the overdue trade receivables is expected to be received in 2011. All the operators of Rendering Public Service are mobilised to obtain in 2011 the overdue receivables relating to the services delivered between December 2008 and July 2009 for the commissioning of public contracts relating to the period 2006-2009.

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

(Million EUR)	2010	2009
Balance at 1 January	**14.7**	**14.4**
Impairment loss recognised	3.3	4.6
Reversal of impairment loss	-0.6	-1.5
Other movements	-2.9	-2.8
Balance at 31 December	**14.5**	**14.7**

Interest risk

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

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

(Million EUR)	note	2010	2009
Fixed rate instruments			
Financial assets	19	86.5	-
Financial liabilities	23	287.7	81.7
Variable rate instruments			
Financial assets	19	64.0	44.3
Financial liabilities	23	31.1	171.6

On the total amount of financial liabilities at the end of 2010, 287.7 million EUR carries a fixed interest rate between 2011-2022.

• Fair value sensitivity analysis for fixed rate instruments

The Group has signed, on February 26th 2010, a syndicated facility for 500.0 million EUR, of which

- 167.0 million EUR long term loan with maturity up to 18 months
- 333.0 million EUR revolving facility with maturity up to 3 years.

A request of the bank syndicate was the issuance of a debt capital market instrument to replace partially the 167.0 million EUR long term loan.

On October 25th 2010, the Group issued a 150.0 million EUR bond with maturity 2015 and a fixed interest rate of 5.25%.

One of the covenants requested by the bank syndicate of the syndicated loan is that at least 50% of the Group's debt on the balance sheet should be hedged. No further details have been given about the type of hedge to be done.

It has been decided to hedge more than 50% of the debt since 110.0 to 120.0 million EUR factoring has been taken into account for which the sale price includes a short term interest component (up to 90 days) subject to fluctuation and probably to an increase.

The hedge is done for EUR, USD and GBP.

Different instruments have been used after Board of Directors approval:

- Forward rate agreements (FRA's) for EUR debt hedging
- Cross currency interest rate swaps (CCIRS) for USD and GBP debt hedging.

• Cash flow sensitivity analysis for variable rate instruments

The average interest rate on the average debt in 2010 amounted to 4.9% (2009: 2.7%).

An increase (decrease) of 100 basis points in interest rates at the reporting date would have increased (decreased) profit and loss by 0.3 million EUR (2009: 2.2 million EUR). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Liquidity Risk

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

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.

In addition, the Group maintains the following credit lines:

- A syndicated loan facility for 500.0 million EUR including a 333.0 million EUR revolving facility with maturity February 2013 and a term loan (Tranche A) of 167.0 million EUR with maturity August 2011 which has been partially reimbursed and is still active for 9.5 million EUR as per December 31st 2010.
- Bilateral credit lines for 60.0 million EUR.

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

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

(Million EUR)	2010				
	Carrying amount	Contractual cash flows	Less than one year	Between 1 and 5 years	More than 5 years
Non-Derivative Financial liabilities					
Credit institutions (private placement)	150.0	189.4	7.9	181.5	-
Non amortised cost (private placement)	-2.9	-	-	-	-
Credit institutions (ING)	20.0	21.1	10.7	10.4	-
Credit institutions (EIB)	30.0	32.9	11.5	21.4	-
Credit institutions (syndicated loan)	9.5	9.6	9.6	-	-
Non amortised cost (syndicated loan)	-3.4	-	-	-	-
Credit institutions (commercial paper)	53.0	53.2	53.2	-	-
Credit institutions (Banco Do Brasil SA)	11.4	16.4	1.0	7.6	7.8
Credit institutions	43.3	44.4	34.0	6.8	3.6
Finance lease liabilities	1.6	1.7	1.2	0.5	-
Total	**312.5**	**368.7**	**129.1**	**228.2**	**11.4**
Derivative Financial liabilities					
Forward exchange contracts	0.5				
Inflow		-47.7	-47.7	-	-
Outflow		47.2	47.2	-	-
Foreign exchange options	0.2				
Inflow		-14.2	-14.2	-	-
Outflow		14.0	14.0	-	-
Cross currency interest rate swaps	-0.8				
Inflow		-128.1	-0.1	-128.0	-
Outflow		130.2	0.1	130.1	-
Forward rate agreements	-0.2				
Inflow		-	-	-	-
Outflow		-0.2	-0.2	-	-
Total	**-0.3**	**1.2**	**-0.9**	**2.1**	**0.0**

(Million EUR)	2009				
	Carrying amount	Contractual cash flows	Less than one year	Between 1 and 5 years	More than 5 years
Non-Derivative Financial liabilities					
Credit institutions (EIB)	20.0	20.3	20.3	-	-
Credit institutions (EIB)	40.0	41.4	41.4	-	-
Credit institutions (ING)	30.0	31.1	31.1	-	-
Credit institutions	160.7	162.0	150.4	10.6	1.0
Finance lease liabilities	2.6	2.8	1.4	1.4	-
Total	**253.3**	**257.6**	**244.6**	**12.0**	**1.0**
Derivative Financial liabilities					
Forward exchange contracts	-0.4	-	-	-	-
Inflow		-71.4	-71.4	-	-
Outflow		71.8	71.8	-	-
Total	**-0.4**	**0.4**	**0.4**	**0.0**	**0.0**

Fair value of financial assets and liabilities

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

(Million EUR)	note	Carrying amount 2010	Fair value 2010	Carrying amount 2009	Fair value 2009
Derivative financial instruments	**27**	**-0.3**	**-0.3**	**-0.3**	**-0.3**
Cash and cash equivalents	**19**	**150.5**	**150.5**	**44.3**	**44.3**
Other investments	**15**	**6.7**	**6.7**	**6.5**	**6.5**
Trade and other receivables	**17**	**301.7**	**301.7**	**289.5**	**289.5**
Non-current financial liabilities	**23**	**-195.4**	**-202.0**	**-11.6**	**-11.6**
Leasing payables	23	-0.5	-0.5	-2.5	-2.5
Credit institutions	23	-194.9	-201.5	-9.1	-9.1
Current financial liabilities	**23**	**-117.1**	**-117.1**	**-241.7**	**-241.7**
Current portion long term financial liabilities	23	-30.3	-30.3	-90.0	-90.0
Leasing payables	23	-1.1	-1.1	-0.1	-0.1
Credit institutions and commercial paper	23	-85.7	-85.7	-151.6	-151.6
Trade and other payables	**26**	**-499.8**	**-499.8**	**-363.3**	**-363.3**
Total		**-353.7**	**-360.3**	**-276.6**	**-276.6**

Estimation of fair values

• Derivative financial instruments

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

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

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

The fair value of the derivative financial instruments at December 31st 2010 was -0.3 million EUR. -4.6 million EUR of this fair value is recognised in the income statement on the line net revaluation to fair value of derivatives, which is included in the finance costs (2009: -0.4 million EUR). 4.1 million EUR of the fair value is recorded through equity, which is related to the cross currency interest rate swaps contracted to hedge the foreign currency risk from intercompany loans transacted between Group entities with different functional currencies, and the forward rate agreements. The cost price of the foreign exchange options (0.2 million EUR) is recorded on the balance sheet and revalued as per December 31st 2010.

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

	Contractual amount	Fair value	Contractual amount	Fair value
(Million EUR)	**2010**		**2009**	
Forward exchange contracts	47.7	0.5	71.4	-0.4
Cross currency interest rate swaps	127.8	-0.8	-	-
Foreign exchange options	14.2	0.2	-	-
Forward rate agreements	80.0	-0.2	-	-
Total	**269.7**	**-0.3**	**71.4**	**-0.4**

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

The interest rate due on the syndicated loan facility is the Euribor at 3 or 6 months plus a spread. The interest rate on an amount of 80.0 million EUR has been fixed through a series of forward rate agreements, at a weighted average rate of 1.1961% per annum (plus applicable fixed spreads) for the period June 2010 – September 2011.

In April 2010, the Group entered into several cross currency interest rate swaps (CCIRS) for three years to cover for the interest rate risk on the intercompany loans with the USA and the United Kingdom, at a weighted average rate of 2.1603% per annum in USD and 2.3537% per annum for the GBP and this for the period March 2010 – March 2013. The cross currency interest rate swaps also hedged the foreign currency risk from loans between Group entities that have different functional currencies. Intercompany loans with the USA and the United Kingdom were hedged against EUR for respectively 95.0 million USD and 52.0 million GBP.

In October 2010, following the partial repayment of the syndicated loan facility (see note 23 – Financial liabilities), the CCIRS have been unwinded and new CCIRS have been contracted for 5 years. These new CCIRS hedge the interest rate risk on the same intercompany loans with the USA and the United Kingdom, at a weighted average rate of 4.9182% per annum in USD and 5.4217% per annum for the GBP for respectively 95.0 million USD and 52.0 million GBP. Considering the fact that the hedged item for the CCIRS are the intercompany loans with the USA and the United Kingdom and that the terms of these loans are not changing in a significant way, only part of the hedging reserve recorded in equity has been reclassified to the income statement. The remaining (effective) part will remain in equity and will be amortised through the income statement over the remaining life time of the intercompany loans.

In November 2010, the Group entered into several foreign exchange option contracts in order to hedge its position in GBP, with maturity date February 2nd 2011.

In respect to the forward exchange contracts 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):

	Amount in foreign currency	Amount in EUR	Amount in foreign currency	Amount in EUR
(Million)	**2010**		**2009**	
GBP	62.0	70.8	57.8	64.6
USD	133.3	97.7	2.9	1.9
Other	-	7.0	-	4.9
Total		**175.5**		**71.4**

The Group also holds a position in emission allowances of which the fair value as per December 31st 2010, amounted to 0.0 million EUR (2009: 0.1 million EUR).

• 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:

	2010	2009
Loans and borrowings	5.2%	5.8-5.9%

• Financial leasing payables

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

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

	2010	2009
Lease liabilities	7.0%	7.0%

• Trade and other receivables/payables

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

Fair value hierarchy

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

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

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

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

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

(Million EUR)	Level 1	Level 2	Level 3	2010 Total
Forward exchange contracts	-	0.5	-	0.5
Cross currency interest rate swaps	-	-0.8	-	-0.8
Foreign exchange options	-	0.2	-	0.2
Forward rate agreements	-	-0.2	-	-0.2
Emission allowances	-	0.0	-	0.0
Total	**-**	**-0.3**	**-**	**-0.3**

(Million EUR)	Level 1	Level 2	Level 3	2009 Total
Forward exchange contracts	-	-0.4	-	-0.4
Emission allowances	-	0.1	-	0.1
Total	**-**	**-0.3**	**-**	**-0.3**

28. Operating leases

Leases as lessee

The non-cancellable operating leases are payable as follows:

(Million EUR)	2010	2009
Less than one year	30.9	13.9
Between 1 and 5 years	58.7	25.9
More than 5 years	20.1	3.9
Total	**109.7**	**43.7**

During the current year, 35.0 million EUR was recognised as an expense in the income statement in respect of operating leases as lessee (2009: 21.2 million EUR).

The non-cancellable operating leases mainly consist of land and buildings (46.4 million EUR), plant, machinery and equipment (29.3 million EUR) and furniture and vehicles (32.2 million EUR).

One of the leased properties has been sublet by the Group as from year end 2010. Sublease payments of 0.2 million EUR are expected to be received during 2011 and 1.0 million EUR are expected to be received between 2012 and 2016.

Leases as lessor

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

(Million EUR)	2010	2009
Less than one year	0.9	0.5
Between 1 and 5 years	1.4	1.3
More than 5 years	2.2	2.7
Total	**4.5**	**4.5**

During 2010, an amount of 0.6 million EUR was recognised as an income in respect of operating leases (2009: 1.2 million EUR).

Operating lease income is mainly derived from land and buildings (4.3 million EUR) and plant, machinery and equipment (0.2 million EUR).

29. Guarantees and commitments

(Million EUR)	2010	2009
Guarantees given by third parties on behalf of the Group	79.2	39.1
Guarantees given on behalf of third parties	18.4	31.7
Guarantees received from third parties	2.6	2.0
Total	**100.2**	**72.8**

Guarantees given by third parties on behalf of the Group mainly relate to the fulfillment of environmental obligations for 17.5 million EUR (2009: 35.5 million EUR) and to the remaining portion of the payment of the EU-fine (57.9 million EUR). On July 20th 2010, the European Commission rendered a decision on the cartel investigations by the European Commission on animal feed phosphates. The decision set the fine at 83.8 million EUR, which is to be paid in the period October 2010 - October 2012, through three equal payments of 1/3. The first payment took place in October 2010, while for the other two payments, including an interest charge of 2.5% on the outstanding balance, a bank guarantee was obtained for an amount of 57.9 million EUR.

Guarantees given on behalf of third parties mainly relate to guarantees given for the proper execution of projects, as well as a guarantee which Tessenderlo Chemie NV has given to the associate T-Power SA for 10.2 million EUR (2009: 24.2 million EUR) as guarantee for agreed capital increases and services to be provided by Tessenderlo Chemie NV.

In December 2010, it was decided to further increase the share capital of T-Power SA from 56.1 million EUR to 66.6 million EUR. Tessenderlo Chemie NV, Siemens Project Ventures GmbH and International Power plc. each hold 33.33% of the shares of T-Power SA. This further capital increase will be used to finance the building of a 420 MW Combined Cycle Gas Turbine independent power project in Tessenderlo, Belgium. T-Power SA exported electricity to the grid system for the first time in January 2011. International Power plc. has supervised the T-Power SA construction program and will operate the power plant under a long term agreement. The share capital that has been paid as per year-end 2010 amounts to 57.5 million EUR for the totality of T-Power SA.

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 18th 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 420 MW capacity signed on August 13th 2008 between T-Power SA and Essent trading International SA. The tolling agreement has a 15 years duration with an optional 5-year extension thereafter.

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

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, goods and services, such as electricity and gas, to be used or sold in the ordinary course of the Group's business.

30. Contingencies

The Group is confronted with a number of claims or potential claims and disputes, which are a consequence of the daily operational activities. These claims and disputes are not of such nature that they could be subject today to a suitable provision.

It is the Group's policy to recognise 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 25 – Provisions, the environmental provisions in accordance with the above policies aggregated to 35.9 million EUR at December 31st 2010 (2009: 32.4 million EUR).

While it is not feasible to predict the outcome of all pending environmental exposures, it is reasonably possible 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 an additional stake of 20% in Wolf Mountain Products LLC, the Group holds, as agreed with the current owners of that share, an option which may be exercised from January 1st 2014 until June 30th 2014. The exercise price is determined by a formula, which takes into account the financial figures of Wolf Mountain Products LLC.
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 1st 2014 until May 15th 2014. The exercise price is determined by a formula, which takes into account the financial figures of Établissements Violleau SAS.
In order to acquire the remaining equity interest of 13.8% in the subsidiary PB Gelatins Heilongjiang & Co Ltd., the Group holds, as agreed

with the current owners of that share, an 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 may contain habitual provisions leading to price adjustments.

The Group has been granted emission allowances for the period 2008-2012 (575 KT CO2 emission allowances per year). These granted emission allowances have been obtained free of charge. The total number of allowances which will be used by the Group in this period cannot yet be determined reliably.

31. Related parties

The Group has a related party relationship with its subsidiaries, associates, joint ventures and with its main shareholder, directors and its Group Management Committee.

As per December 31st 2010, Société Nationale des Poudres et Explosifs (SNPE), a French state owned company is holding 7 546 023 shares (26.28% of the Group). SNPE is a leading French industrial group specialising in chemicals for energetic materials used at the core of several civilian and military systems, particularly in solid propulsion for strategic and tactical missiles and space launchers. It also operates in the specialities chemical field. SNPE receives dividends related to its shares and is represented in the Board of Directors through three members. SNPE fully subscribed the optional stock dividend related to the dividend for the financial year 2009.

The Group purchased and sold goods and services to various related parties in which the Group holds a 50% or less equity interest (investment in associates and joint ventures, see note 14 – Investments accounted for using the equity method). Such transactions were conducted at arm’s length with terms comparable to transactions with third parties.

Transactions with joint ventures:

(Million EUR)	2010	2009
Revenue	5.6	4.2
Cost of sales	-18.0	-9.9
Other operating income	-	0.1
Current assets	1.3	0.3
Current liabilities	1.8	0.5

Transactions with associates:

(Million EUR)	2010	2009
Other operating income	-	0.8
Current assets	1.1	2.2

The share capital of the associate T-Power SA, in which Tessenderlo Chemie NV participates for 1/3, was increased in 2010 by 22.5 million EUR. As a consequence Tessenderlo Chemie NV contributed 7.5 million EUR. Tessenderlo Kerley Inc., a US subsidiary, invested 0.5 million EUR in the associate Wolf Mountain Products LLC (the Group's interest in the associate increased from 37.50% to 45.00%).

Dividends were received from joint ventures and associates for an amount of 5.0 million EUR (2009: 6.3 million EUR).

Transactions with the members of the Group Management Committee:

(Million EUR)	2010	2009
Short-term employee benefits	4.2	1.9
Post-employment benefits	0.2	0.5
Share-based payments	1.5	0.3
Total	**5.9**	**2.7**

Short-term employee benefits include salaries and bonuses over 2010 (including social security contributions), car leases and other allowances where applicable.

The increase is mainly due to the extension of the Group Management Committee (GMC) from 5 to 8 members for the full year 2010 and the higher bonuses due to better financial results of the Group.
Furthermore, the share-based payments includes in 2010 as well the cost of the 2009 tranche as the 2010 tranche of warrants. The cost in 2009 only included the cost of the 2008 tranche of warrants (note 24 – Employee benefits).

In 2010, members of the GMC did not exercise warrants granted (note 24 – Employee Benefits). Directors' payments consist mainly of director's fees.

32. Auditor's fees

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

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

(Million EUR)	Audit	Audit related	Other	2010 Total
KPMG (Belgium)	0.3	0.2	0.2	0.7
KPMG (Outside Belgium)	0.6	0.0	0.3	0.9
Total	**0.9**	**0.2**	**0.5**	**1.6**

(Million EUR)	Audit	Audit related	Other	2009 Total
KPMG (Belgium)	0.5	0.0	0.7	1.2
KPMG (Outside Belgium)	0.5	0.0	0.1	0.6
Total	**1.0**	**0.0**	**0.8**	**1.8**

33. Subsequent events

On January 31st 2011, the Group has sold its subsidiary Tessenderlo Fine Chemicals Limited, active within the operating segment Organic Chlorine Derivatives to Tennants Consolidated Ltd., a leading UK privately held chemical manufacturing and distribution group. The transaction amounted to 17.0 million GBP on a cash-free, debt-free basis, of which 1.0 million GBP is deferred based upon agreed profitability ratios as per December 31st 2011. In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the assets and liabilities of this disposal group have been presented as assets and liabilities held for sale at year-end. Details of the assets and liabilities held for sale are disclosed in note 20 – Non-current assets classified as held for sale. The sales price exceeds the carrying value of the assets and liabilities held for sale.

34. Group companies

Listed below are all the Group companies.

The total number of consolidated companies is 93.

List of the consolidated companies on December 31st 2010 accounted for by the full consolidation method:

Europe	Entity	Address	Belgian company number	Ownership
Belgium	Dyka Plastics NV	3900 Overpelt	0414467340	100%
Belgium	Limburgse Rubber Produkten NV	3620 Rekem-Lanaken	0415296392	100%
Belgium	Limburgse Vinyl Maatschappij NV	1050 Brussels	0415505042	100%
Belgium	Tessenderlo Chemie International NV	1050 Brussels	0407247372	100%
Belgium	Tessenderlo Chemie NV	1050 Brussels	0412101728	100%
Belgium	Tessenderlo Finance NV	1050 Brussels	0878995984	100%
Belgium	Tessenderlo Kerley Europe NV	1050 Brussels	0419875683	100%
Belgium	Wymar International NV	8720 Oeselgem	0437458023	100%
Czech Republic	Dyka s.r.o.	273 61 Velka Dobra		100%
France	Akiolis Group SAS	72000 Le Mans		100%
France	Aliphos SAS	59120 Loos		100%
France	Atemax Nord-Est SASU	55100 Charny sur Meuse		100%
France	Atemax Ouest SASU	72000 Le Mans		100%
France	Atemax Sud Est SASU	01440 Viriat		100%
France	Atemax Sud Ouest SAS	47520 Le Passage		100%
France	Ateval Nord Est GIE	55100 Charny sur Meuse		100%
France	Ateval Sud Est GIE	01440 Viriat		100%
France	Ateval Sud Ouest GIE	47520 Le Passage		100%
France	Calaire Chimie SAS	62100 Calais		100%
France	Chemilyl SAS	59120 Loos		100%
France	Établissements Charvet Père et Fils SASU	91490 Milly-La-Forêt		100%
France	France Ester SASU	61400 Saint Langis les Mortagne		100%
France	Ispac SAS	64130 Mauléon Licharre		100%
France	Plastival SAS	25340 Clerval		100%
France	Produits Chimiques de Loos SAS	59374 Loos		100%
France	Profex SAS	62210 Avion		100%
France	Recup' Food SASU	60200 Compiegne		100%
France	Saplast SAS	67100 Strasbourg		100%
France	Société Artésienne de Vinyle SAS	59120 Loos		100%
France	Soleval Nord-Est SASU	55100 Charny sur Meuse		100%
France	Soleval Ouest SASU	72000 Le Mans		100%

France	Soleval Sud Est SAS	69960 Corbas	96.56%
France	Soleval Sud Ouest SAS	47520 Le Passage	100%
France	Sotra-Seperef SAS	62140 Sainte Austreberthe	100%
France	SR Collecte SAS	67220 Neubois	100%
France	Technicompound SAS	85130 Tiffauges	100%
France	Tefipar SA	75009 Paris	100%
France	Tessenderlo Services SAS	59120 Loos	100%
France	Thermoplastiques Cousin-Tessier SAS	85130 Tiffauges	100%
Germany	Dyka Gmbh	14513 Teltow	100%
Germany	PB Gelatins GmbH	31582 Nienburg/Weser	100%
Hungary	Wymar Hungaria Kft	2310 Szigetszentmiklós	100%
Italy	Aliphos Italia SRL	37044 Cologna-Veneta	100%
Italy	Farchemia srl	24047 Treviglio (BG)	100%
Italy	Tessenderlo Italia srl	28886 Pieve Vergonte	100%
Italy	Tessenderlo Partecipazioni SpA	24047 Treviglio (BG)	100%
Luxembourg	Térélux SA	GD 2633 Luxembourg	100%
Poland	Dyka Polska Sp.zo.o.	55-221 Jecz-Laskowice	100%
Poland	T.C.T. Polska Sp.zo.o.	96-500 Sochaczew	100%
Poland	Tessenderlo Polska Sp. zo.o.	60-462 Poznan	100%
Poland	Wymar Polska Sp.zo.o	62-100 Wagrowiec	100%
Slovakia	Dyka SK s.r.o.	841 02 Bratislava	100%
The Netherlands	Dyka BV	8331 LJ Steenwijk	100%
The Netherlands	LVM Limburg BV	6161 RA Geleen	100%
The Netherlands	Nyloplast Europe BV	3295 ZG ‘s Gravendeel	100%
The Netherlands	Plastic Pipe Systems Holding BV	8331 LJ Steenwijk	100%
The Netherlands	Tessenderlo Chemie Maastricht BV	6222 Maastricht	100%
The Netherlands	Tessenderlo Chemie Nederland BV	3133 CA Vlaardingen	100%
The Netherlands	Tessenderlo Chemie Rotterdam BV	3133 CA Vlaardingen	100%
The Netherlands	Tessenderlo NL Holding BV	4854 MT Bavel	100%
United Kingdom	Dyka UK Ltd	Longtown-Carlisle Cumbria CA6 5LY	100%
United Kingdom	Eurocell Building Plastics Ltd	Alfreton-Derbyshire DE55 4 RF	100%
United Kingdom	Eurocell plc	Alfreton-Derbyshire DE55 4 RF	100%
United Kingdom	Eurocell Profiles Ltd	Alfreton-Derbyshire DE55 4 RF	100%
United Kingdom	John Davidson Holding Ltd	Longtown-Carlisle Cumbria CA6 5LY	100%
United Kingdom	John Davidson Pipes Ltd	Longtown-Carlisle Cumbria CA6 5LY	100%
United Kingdom	PB Gelatins UK Ltd	Pontypridd CF 375 SQ	100%
United Kingdom	Tessenderlo Fine Chemicals Ltd	ST13 8UZ Leek; Staffordshire	100%
United Kingdom	Tessenderlo Holding UK Ltd	Mid Glamorgan CF 37 5SU	100%
United Kingdom	Tessenderlo UK Ltd	Widnes, Cheshire, WA8 ONY	100%
United Kingdom	Wymar Systems Ltd	DY13 9EZ Stourport-on-severn, Worcestershire	100%

USA				
USA	Chelsea Building Products Inc.	Oakmont, Pennsylvania 15139		100%
USA	Environmentally Clean Systems LLC	Dickinson, Texas 77539-3014		51%
USA	MPR Services Inc.	TX 77539 Dickinson		100%
USA	PB Leiner USA	Davenport, Iowa 52809		100%
USA	Tessenderlo Kerley Inc.	Phoenix - Arizona 85008-3279		100%
USA	Tessenderlo Kerley Services Inc.	New Mexico - 88220 Carlsbad		100%
USA	Tessenderlo U.S.A. Inc.	Phoenix - Arizona 85008-3279		100%
USA	Kerley Trading Inc.	Phoenix - Arizona 85008-3279		100%

Rest of the world				
Argentina	PB Leiner Argentina SA	Santa Fe CC108-S3016WAC - Santo Tomé		100%
Brazil	PB do Brasil Industria e commercio de Gelatinas Ltda	Acorizal, Mato Grosso		100%
Canada	Dynaplast-Extruco Inc.	H1J 2H8 Montreal - Québec		82.17%
Chile	Tessenderlo Kerley Latino Americana SA	9358 Santiago		100%
China	CTS Automotive Compounds (Changsu) Co. Ltd	Changsu City - 222023 Jiangsu Province		100%
China	Lianyungang Taile Chemical Industry, Co. Ltd	Lianyungang City - 222023 Jiangsu Province		100%
China	PB Gelatins (Pingyang) Co Ltd	Ping Yang County - 325401 Zhejiang Province		80.00%
China	PB Gelatins Heilongjiang Co Ltd	Kongguo County - Heilongjiang Province		86.2%
China	Tessenderlo Asia Holding Ltd	China R.P. - Hong Kong		100%
China	Tessenderlo Trading (Shanghai) Co. Ltd	China R.P. - 200021 Shanghai		100%
Japan	Tessenderlo Kerley Inc. Japan KK	Tokyo - Chiyoda-ku		100%
Mexico	Tessenderlo Kerley Mexico SA de CV	85800 Novojoa, Sonora		100%
Peru	Tessenderlo Kerley Peru SAC	Arequipa		96.7%
Turkey	Tessenderlo Agrochem Tarim Ve Kimya San. Ve Tic. Ltd. Sti.	34387 Kuştepe - Şişli / İstanbul		100%

List of the consolidated companies on December 31st 2010 accounted for by the equity method:

Europe				
Belgium	T-Power SA	1020 Brussels	0875650771	33.33%
France	Établissements Violleau SAS	79380 La Ronde		50%
France	Établissements Michel SAS	31800 Villeneuve de Rivière		50%
France	Siram SARL	50390 Saint-sauveur-le-vicomte		50%

Rest of the world				
Bahrain	MPR Middle East WLL	20563 Manama		50%
Mexico	Alkemin S de RL de CV	Mexico D.F. 11700		49.50%
USA	Jupiter Sulphur LLC	Phoenix - Arizona 85008-3279		50%
USA	Wolf Mountain Products LLC	Lindon - Utah 84042		45%

List of the non-consolidated companies on December 31st 2010 due to their insignificant impact on the consolidated figures:

Europe				
Belgium	Globe International SA	1040 Brussels	0416159791	100%
Belgium	Plastival Benelux NV	3900 Overpelt	0450918950	100%
France	LVM France SAS	59129 Loos		100%
Germany	H.G.S. Gmbh	22767 Hamburg		100%
Germany	LVM Gmbh	31582 Nienburg		100%
Romania	Dyka Romania s.r.l.	76100 Bucharest, sector 1		100%
Spain	Tessenderlo Chemie España TCE sa	28224 Pozuelo de Alarcon (Madrid)		100%
Switzerland	Tessenderlo Schweiz AG	5330 Bad Zurzach		100%
The Netherlands	De Hoeve Kunststofrecycling BV	7772 BC Hardenberg		50%
The Netherlands	Wymar Nederland BV	3133 CA Vlaardingen		100%
United Kingdom	Britphos Ltd	Leeds LS1 9 7BY		100%
United Kingdom	LVM UK Ltd	Longtown-Carlisle CA6 5LY		100%
Rest of the world				
Ukraine	Wymar Ukraine	03134 Kiev		100%

35. Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS as adopted for use by the European Union requires management to make judgements, 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 are used in accounting for allowances for uncollectible receivables, inventory obsolescence and lower of cost of net realisable value adjustments, depreciation and impairments, employee benefits, taxes, restructuring provisions and contingencies. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary.

The Group has applied significant estimates and judgements in order to prepare the consolidated financial statements with respect to property, plant and equipment (note 11), goodwill (note 12), other intangible assets (note 13), lower of cost or net realisable value adjustments with respect to inventories (note 18), provisions (note 25), income taxes and deferred taxes (note 10 and 16), employee benefits (note 24), financial instruments (note 27) and contingencies (note 30).

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

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

a) the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss 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.

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Statutory auditor's report to the general meeting of shareholders of Tessenderlo Chemie NV/SA on the consolidated financial statements for the year ended 31 December 2010

In accordance with legal and statutory requirements, we report to you on the performance of our audit mandate. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the consolidated financial statements of Tessenderlo Chemie NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the consolidated statement of financial position as of 31 December 2010 and the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as the summary of significant accounting policies and the other explanatory notes. The total of the consolidated statement of financial position amounts to € 1.696,5 million and the consolidated income statement shows a profit for the year of € 20,3 million.

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

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

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the company'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

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effectiveness of the group's internal control. We have also evaluated the appropriateness of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, we have obtained from management and responsible officers of the company the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's net worth and financial position as of 31 December 2010 and of its results and 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.

Additional comment

The preparation of the management report and its content are the responsibility of the board of directors.

Our responsibility is to supplement our report with the following additional comment, which does not modify our audit opinion on the financial statements:

- The management report on the consolidated financial statements includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the group is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate. Management is putting in place procedures that provides them with an appropriate basis for the description of the main characteristics of the internal control and risk management systems in relation to the financial reporting process included in the management report.

Kontich, 23 February 2011

KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises
Statutory auditor
represented by

Ludo Ruysen
Bedrijfsrevisor/Réviseur d'Entreprises

STATUTORY FINANCIAL REPORT

Balance sheet of Tessenderlo Chemie NV

(Million EUR)	2010	2009
TOTAL ASSETS		
Non-current assets	**674.8**	**655.4**
Other intangible assets	2.2	3.7
Property, plant and equipment	65.7	205.9
Financial assets	606.9	445.8
Current assets	**241.1**	**179.1**
Inventories	63.8	108.9
Current trade and other receivables	105.2	65.6
Other investments	64.4	0.0
Cash and cash equivalents	5.5	2.6
Prepaid expenses and accrued income	2.2	2.0
Total assets	915.9	834.5
TOTAL LIABILITIES		
Shareholders' equity	**484.3**	**336.1**
Issued capital	143.7	139.0
Share premium	57.5	43.9
Reserves	24.8	20.4
Retained earnings	258.2	125.7
Capital grants	0.1	7.1
Provisions and deferred taxes	**48.6**	**158.0**
Provisions	44.7	156.0
Deferred taxes	3.9	2.0
Liabilities	**378.2**	**339.1**
Liabilities due in more than one year	179.9	45.1
Liabilities due within one year	198.3	294.0
Accrued expenses and deferred income	**4.8**	**1.3**
Total liabilities	915.9	834.5

Profit and loss statement of Tessenderlo Chemie NV

(Million EUR)	2010	2009
Total operating income	**638.8**	**560.6**
Sales	600.4	571.4
Change in work in progress, finished goods and orders in progress (increase+/decrease-)	-32.5	-48.5
Production capitalised	2.2	5.6
Other operating income	68.7	32.1
Total operating charges	**-646.7**	**-662.9**
Raw materials and goods purchased for resale	-328.5	-338.7
Services and other goods	-188.2	-185.3
Wages, salaries, social charges and pensions	-107.6	-108.9
Depreciations and amortizations on formation expenses, tangible and intangible assets	-15.1	-26.5
Amounts written-off stocks and trade receivable (charges (-) / write-back (+))	0.0	0.3
Provision for liabilities and charges (utilisations and write-backs less charges)	3.5	2.5
Other operating charges	-10.8	-6.3
Operating result	**-7.9**	**-102.3**
Finance income	162.2	22.4
Finance costs	-12.5	-6.2
Ordinary profit (+) / losses (-) before taxes	**141.8**	**-86.1**
Extraordinary income	141.2	3.6
Extraordinary charges	-106.5	-67.6
Profit before taxes	**176.5**	**-150.1**
Income taxes	0.7	0.0
Deferred taxes	-2.0	-0.5
Profit (+) / losses (-)	**175.2**	**-150.6**
Untaxed reserves	-3.8	-1.1
Profit (+) / losses (-) for the year to be allocated	**171.4**	**-151.7**

Allocations and distributions

(Million EUR)	2010	2009
The Tessenderlo Chemie NV Board of Directors propose to allocate the		
- Profits, being	171.4	-151.7
- Increased by prior years' retained earnings	125.6	314.4
Totalling:	**297.0**	**162.7**
In the following manner:		
- Reserves	0.5	-
- Dividends	38.3	37.0
- Retained earnings	258.2	125.7
Totalling:	**297.0**	**162.7**

If the general assembly of shareholders of June 7th 2011 approves this proposed allocation, the gross dividend will be 1.3333 EUR or a net dividend of 1.0000 EUR for the 28 715 584 ordinary shares and for the VVPR dividend a net amount of 1.1333 EUR remittance of coupon n° 74.

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 from: Tessenderlo Chemie NV, Troonstraat 130, 1050 Brussel.

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

Since Tessenderlo Chemie NV is essentially a holding company, which recognises its investments at cost in its non-consolidated financial statements, these separate financial statements present no more than a limited view of the financial position of Tessenderlo Chemie NV. For this reason, the Board of Directors deemed it appropriate to publish only an abbreviated version of the non-consolidated balance sheet and income statement prepared in accordance with Belgian GAAP as at, and for the year ended December 31st 2010.

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 31st 2010 give a true and fair view of the financial position and results of Tessenderlo Chemie NV in accordance with all legal and regulatory dispositions.

Statutory annual report Tessenderlo Chemie NV- shortened form

All elements required to be included in the statutory annual report are included in the statutory financial report and in the consolidated annual report, except as follows:

- The increase of the operational result from -102,264,195 EUR to -7,908,618 EUR is explained by a recovery of the sales in all markets after the very weak year 2009, and in particular in the Inorganics segment where more normal sales volumes were gradually attained again for all products of this business;
- The increase of the financial result from 16,238,175 EUR to 149,723,123 EUR is the result of an increase in dividends received, in particular from the American subsidiary Tessenderlo U.S.A. Inc.;
- The increase in exceptional results is essentially due to the sale of non-strategic assets, including the sale of the company owning the building in which the corporate headquarters are installed, and the reversal of a part of the provisions for the EU fine;
- On December 31, 2010 the Chlor Alkali and OCD businesses were transferred to the subsidiary Limburgse Vinyl Maatschappij (LVM), with retroactive effect on July 1, 2010. This transfer was remunerated by the issuance of 4,356,994 shares and a payment of 5,800,200 EUR.

Information for **shareholders**

Tessenderlo Chemie shares

Tessenderlo Chemie 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.

The shares are included in the 'Kempen SNS Smaller European Social Responsibility Index'. This index only includes companies that fulfill stringent criteria and practices in terms of business ethics and social and environmental performance.

Shareholder structure on 31 December 2010

Shareholder	Share
SNPE SA (FR)	26.28%
Staff	1.15%
Free float	72.57%

The total number of shares constituting the issued capital of Tessenderlo Chemie NV is 28,715,584. At December 31st 2010, there were in total 572,227 warrants (for which the acceptance period had lapsed) which were exercisable or which will become exercisable in the future. As a result, including the shares that may be issued as a result of the exercise of warrants, the total was 29,287,811 at December 31st 2010. On November 4, 2010, Tessenderlo Chemie NV issued 293,000 warrants under the Plan 2007-2011 (Tranche 2010), under the condition precedent of their acceptance on or prior to January 2, 2011. 279,499 warrants were accepted. As a result, including the shares that may be issued as a result of the exercise of warrants, the current total is 29,567,310.

Stock market data

	2006	2007	2008	2009	2010
Number of shares	27,419,876	27,626,444	27,713,288	27,798,255	28,715,584
Minimum/maximum prices					
Fixed ordinary share (EUR)	26.03/32.53	31.27/47.20	20.05/38.21	20.73/28.17	20.77/27.39
Market continuous					
Closing price (EUR)	32.30	33.20	21.63	23.05	27.19
Average daily volume	64,063	97,787	103,308	81,747	57,688
Velocity (in %)*	59.58	90.26	95.43	76.05	53.87
Volume	16,336,185	24,935,571	26,446,820	20,845,534	14,883,517

Financial data per share as at 31 December (consolidated figures)

	2006	2007	2008	2009	2010
Data per share					
Value of shareholders’ equity	25.96	29.04	32.55	25.45	25.37
Profit (+) / Loss (-)	-0.89	4.69	5.08	-6.01	0.72
Net cash flow	5.21	8.99	10.11	1.65	3.67
Net dividend per ordinary share	0.90	0.95	1.00	1.00	1.00
Capital (Million EUR)	136.00	137.02	138.00	139.00	143.70
Capitalisation at the end of year (Million EUR)	885.70	917.20	599.40	640.70	780.78

Dividend

On June 7th, 2011, a proposal will be put to the Annual General Meeting to approve a net dividend of 1.00 EUR (coupon n° 74). This corresponds to a gross dividend of 1.3333 EUR. The net dividend for shares with VVPR strips attached will be 1.1333 EUR. The net dividend will be payable either per transfer to registered and dematerialised shares, or by presenting the coupon for bearer shares (and if applicable of the strips VVPR) to Belgian banks and financial institutions. The financial service will be managed by ING Belgium.

Investor Relations

Tessenderlo Group strives to provide accurate, quality and timely information to the financial community.

The Group regularly participates in events for investors, including roadshows and conferences, and organises company visits and meetings with Group management.

Tessenderlo Group is also an active and regular participant in events dedicated to individual shareholders, such as those organised by Euronext Brussels and the Flemish Association of Investor Clubs and Investors (VFB).

The Group meets with analysts and investors on a regular basis in order to comment on the results and future developments. In addition, the Group organises conference calls to present and discuss the quarterly results.

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

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

Financial calendar

Financial year 2010	Results announcement	February 24th, 2011
	General Meeting	June 7th, 2011
First quarter 2011	Results announcement	May 5th, 2011
First half year 2011	Results announcement	August 25th, 2011
Third quarter 2011	Results announcement	October 27th, 2011

Providers of financial information

Providers of Tessenderlo Group financial information publish under the following **codes**:

- Bloomberg: TESB:BB
- Datastream: B:TES
- ISIN: BE 000 3 555 639
- Markit: TESB
- Reuters: TESB.BR
- SEDOL: 4-884-006
- vwd group: 23IT081

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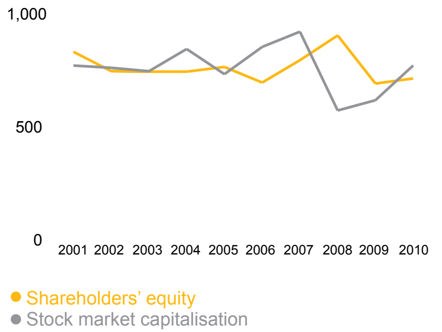
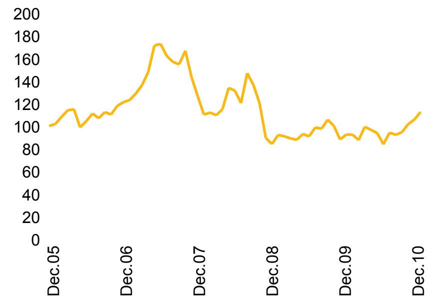
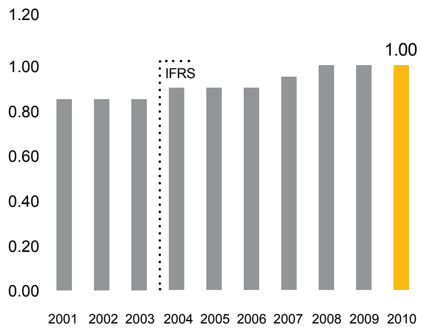
Stock market capitalisation (EUR)



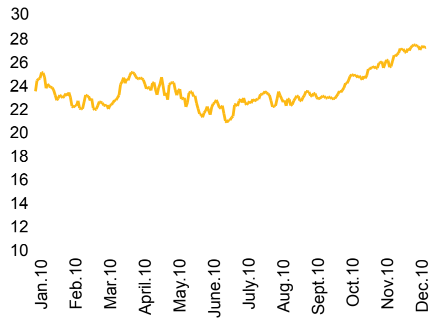
Return on dividends reinvested



Net dividend per share (EUR)



Evolution of the Tessenderlo Chemie share price in 2010 (EUR)



Markets and applications

Tessenderlo Group: Bringing Chemistry to Life

c: Chemicals
p: Plastics Converting
s: Organic Specialities
tk: Tessenderlo Kerley

Construction industry		
PVC and vinyl compounds	(c) (p)	plastic pipe systems, door and window profiles, fencing, interior finishing, conservatories, roofline, mouldings, exterior shutters, composite reinforcements, exterior cladding, panelling, exterior shutters, roller shutter systems and shutter blades, cable sleeves and cable insulation, floor covering, sheet roofing
Thermoplastic elastomers	(p)	storm water management systems and solutions seals for windows, doors and water drainage systems.

Agriculture		
Ammonium, calcium and speciality and broadacre crops fertilisers potassium thiosulphate	(tk)	speciality and broadacre crops fertilisers
Animal fats	(s)	animal nutrition
Caustic potash	(c)	horticulture, fertilisers for irrigation systems
Cereal based by-products	(s)	animal nutrition
Crop protection products	(c)(tk)	plant health of speciality crops

Dehydrated proteins from animal origin	(s)	fertilisers, composting
Feed phosphates (CDP, MCP, MAP...)	(c)	highly digestible ingredients for animal feed with minimal impact on environment
Gelatin	(s)	water binder, protein source, encapsulation of vitamins in animal feed and pet food
Mono-ammonium phosphates	(c)	specialised fertilisers
Organic chlorine derivatives	(c)	advanced intermediates for agrochemicals
Potassium carbonate	(c)	fertilisers
Potassium sulphate	(c)	specialised fertilisers, which are particularly suited for vegetable, flower and fruit growing and fertirrigation
Sulphuric acid	(c)	fertilisers, crop protection products
Triazone	(tk)	speciality and broadacre crops fertilisers

Industry

Acetates	(c)	antifreeze products, for e.g. runways
Animal fats	(s)	biodiesel, lipochemistry, green energy (combustion)
Benzyl alcohol	(c)	paints
Caustic potash	(c)	batteries, oildrilling, biodiesel, detergents, de-icing
Caustic soda	(c)	aluminium, rayon, paper, pulp, textile, removing of residual gases from incinerating ovens
Dehydrated proteins from animal origin	(s)	green energy
Electrolysis products	(c)	photography, leather tanning, water treatment, mining
Ferric chloride	(c)	water treatment
Gelatin	(s)	photographic paper and -film, paintballs, electro-plating
Mono-ammonium phosphate	(c)	fire extinguisher, fire retardant
Organic chlorine derivatives	(c)	paint, photography, coatings

Potassium sulphate	(c)	plasterboards
PVC and vinyl compounds	(c) (p)	dashboards skins and automotive interior surface skins, insulation and sheathing of cables, road safety cones, furniture, footwear.
Sulphuric acid	(c)	batteries, car windows, billiard balls
Thermoplastic elastomers	(p)	automotive: sealing systems, airbag covers, steering wheels, interior trims. cable insulation and sheathing for vehicles and industry. white goods: extruded and injected seals.

Health and hygiene

Active pharmaceutical ingredients	(s)	medicines
Calcium thiosulphate	(tk)	water and waste water treatment
Caustic potash	(c)	detergents, soaps, cosmetics
Caustic soda	(c)	detergents, soaps, cosmetics, drain cleaners, water treatment
Chlorine	(c)	water disinfection, disinfectants, PVC
Gelatin	(s)	capsules for e.g. drugs, skin cream, treatment of wounds and dietary supplements
Organic chlorine derivatives	(c)	various pharmaceutical products for people, plants and animals, perfumes, shampoo, UV stabilisers
Pharmaceutical intermediates	(s)	a wide range of medicines
PVC and compounds	(c) (p)	blood bags, infusion bags and tubes, catheters, gloves, bottles for shower and bath foam, packaging for medicines, toothbrush grip
Sodium hypochlorite	(c)	sanitiser, water treatment, bleaching

Household		
Animal fats	(s)	pet food
Caustic potash	(c)	detergents, food additives such as lactates, photography
Collagen hydrolysates	(s)	sports bars and drinks, nutritional food and drinks, food supplements for joints, bones, skin, hair and nails, diet food and drinks
Electrolysis products	(c)	detergents
Dehydrated proteins from animal origin	(s)	pet food
Feed phosphates	(c)	pet food
Gelatin	(s)	dietary supplements, foodstuffs such as dairy and 'light' products, confectionery, energy bars and drinks
Potassium carbonate	(c)	glass industry, photography, food
PVC and compounds	(c) (p)	packaging films, tablecloths, shower curtains, credit cards, furniture, inflatable articles such as balls, swimming pools, boats, seals for refrigerators, tool handles, bottles.
Caustic soda	(c)	detergents, food additives such as sweeteners and aromas

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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.

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

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.

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 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 capitalisation
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 and all non cash flow items included in the income statement (provisions, amortisations, depreciation and impairment losses).

Net financial debt
Non-current and current financial liabilities minus cash and cash equivalents.

Non-recurring 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.

Pay out ratio
Gross dividend divided by profit for the period attributable to equity holders of the Company.

REBIT
Recurring earnings before interests and taxes (Profit from operations before non-recurring items).

REBITDA
Recurring earnings before interests, taxes, depreciation, amortization, and provisions (Profit/(loss) from recurring operations plus depreciation, amortisation 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 timeweighting factor.

Working capital
Inventories, trade and other receivables minus trade and other payables.

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