



Bringing Chemistry to Life

Brussels, 25 August 2011
Regulated information

Tessenderlo Group

**Interim report for
the 6 month period ended
30 June 2011¹**

¹ Please note that Tessenderlo Group publishes, in addition to this interim report, also a press release on the 30 June 2011 results, which contains limited additional quarterly figures. This press release can be consulted on our web site www.tessenderlogroup.com

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Note to the reader:

- The half year information has been subject to a review by external auditors. Reference is made to the independent auditor's review in chapter 4 of this report. All quarterly information included in the interim report is unaudited, as well as non-IFRS accounting information (REBITDA).
- Figures may not add up due to rounding.
- Following the sale of the PVC and Chlor-Alkali activities to Kerling (INEOS ChlorVinyls), the operating segment PVC/Chlor-Alkali is no longer presented as part of the continuing operations of the group. For more information on the discontinued operations we refer to note 8. The remaining Chlor-Alkali activities (Water Treatment and Sulphur Derivatives) are included in "Other Businesses", since they do no longer fulfill the quantitative thresholds to be reported as a separate operating segment. Comparative figures 2010 are restated.
- Other businesses: Pharmaceutical Intermediates, Organic Chlorine Derivatives, Compounds and continued Chlor-Alkali (Water Treatment and Sulphur Derivatives).

1. MANAGEMENT REPORT

1.1. Key figures

Group key figures – Quarter to date

2Q11			Million EUR	2Q10		
Continuing operations	Discontinued operations	Total		Continuing operations	Discontinued operations	Total
561.9	156.4	718.4	Revenue	549.4	122.2	671.7
41.0	1.2	42.2	REBIT	36.2	-7.8	28.4
60.8	7.8	68.7	REBITDA	57.9	-0.9	56.9
23.7	1.1	24.7	Recurrent profit (+)/loss (-) for the period ²	22.2	-7.4	14.9
22.8	-156.1	-133.3	Profit (+)/loss (-) for the period	35.2	-7.6	27.6
0.77	-5.30	-4.53	Basic earnings per share (EUR)	1.20	-0.26	0.94
0.77	-5.30	-4.53	Diluted earnings per share (EUR)	1.20	-0.26	0.94
-	-	30.5	Cash flow from operating activities	-	-	104.0

Group key figures – Year to date

HY11			Million EUR	HY10		
Continuing operations	Discontinued operations	Total		Continuing operations	Discontinued operations	Total
1,116.9	306.4	1,423.3	Revenue	1,020.5	240.6	1,261.0
76.3	5.3	81.6	REBIT	43.1	-10.5	32.6
116.9	17.6	134.5	REBITDA	86.4	3.1	89.4
46.8	3.6	50.4	Recurrent profit (+)/loss (-) for the period	18.7	-10.1	8.7
50.2	-153.5	-103.3	Profit (+)/loss (-) for the period	32.8	-10.2	22.5
1.71	-5.21	-3.51	Basic earnings per share (EUR)	1.11	-0.35	0.76
1.70	-5.21	-3.51	Diluted earnings per share (EUR)	1.11	-0.35	0.76
-	-	15.2	Cash flow from operating activities	-	-	86.9

² The recurrent profit (+)/loss (-) for the period is the profit (+)/loss (-) for the period excluding non-recurring items, net of taxes.

Group key figures – Continuing operations

2Q11	2Q10	Million EUR	HY11	HY10
561.9	549.4	Revenue	1,116.9	1,020.5
60.8	57.9	REBITDA	116.9	86.4
41.0	36.2	REBIT	76.3	43.1
-1.6	13.3	Non-Recurring items	3.1	15.2
39.4	49.6	EBIT	79.5	58.3
22.8	35.2	Profit (+)/loss (-) for the period	50.2	32.8
0.77	1.20	Basic earnings per share (EUR)	1.71	1.11
0.77	1.20	Diluted earnings per share (EUR)	1.70	1.11
-	-	Net financial debt	176.7	168.1

Operating segment key figures: Revenue – Continuing operations

2Q11	2Q10	Million EUR	HY11	HY10
561.9	549.4	Tessenderlo Group	1,116.9	1,020.5
99.8	110.5	Inorganics	207.0	200.0
117.0	102.8	Gelatin and Akiolis	235.7	198.1
82.1	74.1	Tessenderlo Kerley	157.1	128.6
158.0	154.8	Plastic Pipe Systems and Profiles	301.1	281.7
105.2	107.4	Other Businesses	215.9	212.1
-	-	Non-allocated	-	-

Operating segment key figures: Rebitda – Continuing operations

2Q11	2Q10	Million EUR	HY11	HY10
60.8	57.9	Tessenderlo Group	116.9	86.4
7.8	7.7	Inorganics	14.1	7.5
16.9	14.5	Gelatin and Akiolis	36.3	29.7
21.4	16.7	Tessenderlo Kerley	41.6	28.3
14.6	16.9	Plastic Pipe Systems and Profiles	24.2	24.7
6.7	6.6	Other Businesses	13.7	5.9
-6.6	-4.7	Non-allocated	-12.9	-9.8

Operating segment key figures: Rebit – Continuing operations

2Q11	2Q10	Million EUR	HY11	HY10
41.0	36.2	Tessenderlo Group	76.3	43.1
6.6	6.4	Inorganics	11.6	4.3
9.8	7.1	Gelatin and Akiolis	21.7	14.8
19.2	14.5	Tessenderlo Kerley	37.1	24.0
7.7	10.0	Plastic Pipe Systems and Profiles	10.2	10.8
4.1	3.2	Other Businesses	8.4	-0.5
-6.5	-5.0	Non-allocated	-12.8	-10.4

► Group Performance Review

1. Revenue

Group revenue from continuing operations in the second quarter rose to 561.9 million EUR, 2.3% above the comparable period last year. When adjusted for the loss of revenue from Tessenderlo Fine Chemicals Ltd (TFC), which was sold in January 2011, the revenue increase would be 4.8%. Gelatin and Akiolis, along with Tessenderlo Kerley, had double-digit revenue growth. Plastic Pipe Systems and Profiles had a modest growth, while Inorganics could not match the high revenue in 2Q10. Other Businesses had a limited decline, but would have been higher after adjusting for the loss of revenue from TFC.

Half year revenue from continuing operations climbed 9.5% to 1.1 billion EUR with all segments higher than one year ago.

2. REBITDA

Group REBITDA from continuing operations came in at 60.8 million EUR, representing an increase of 5.0% over the second quarter last year. When adjusted for the loss of REBITDA from Tessenderlo Fine Chemicals, the revenue increase would be 7.1%. Most operating segments had a higher REBITDA, with Tessenderlo Kerley, and Gelatin and Akiolis well ahead of last year. Other Businesses and Inorganics were marginally higher; Other Business was negatively impacted by the loss of REBITDA from TFC. Plastic Pipe Systems and Profiles was down on a year ago in the quarter, as continuous increases in raw material costs could not be fully compensated by higher selling prices.

HY11 REBITDA from continuing operations rose by 35.3% to 116.9 million EUR.

3. Cash flow from operating activities

Cash flow from operating activities fell from 86.9 million EUR in HY10 to 15.2 million EUR in HY11, mainly as a result of higher working capital requirements, although trade working capital as a percentage of revenue lower than a year ago, falling from 21.6% to 19.2%.

4. Net financial debt

The group remained with a low level of net financial debt at 176.7 million EUR at June 30 2011. The increase of 14.7 million EUR versus the position at the end of December 2010 is principally the result of investing activities which were not fully offset by cash flow from operating activities. Leverage amounted to 0.8x (1.6x based on net debt taking into account non-recourse factoring) at the end of June 2011, below the leverage of 1.4x (2.5x based on net debt taking into account non-recourse factoring) at end June 2010. Gearing for the group was 23.7% (35.7% based on net debt taking into account non-recourse factoring) for June 2011 compared to 19.0% (30.6% based on net debt taking into account non-recourse factoring) at end June 2010. Gearing at end June 2011 is negatively impacted by the non-cash charge arising from the sale of PVC/Chlor-Alkali, whereby shareholder's equity is lower at the end of June, but does not yet reflect the receipt of cash proceeds on net debt, which took place as of August 1st 2011.

1.2. Operating segments performance review - Continuing operations

Inorganics				
Million EUR	2Q11	2Q10	HY11	HY10
Revenue	99.8	110.5	207.0	200.0
REBITDA	7.8	7.7	14.1	7.5
REBIT	6.6	6.4	11.6	4.3

The **Inorganics** operating segment reported **revenue** of 99.8 million EUR in 2Q11, 9.8% down on a year ago. **Potassium sulphate fertilizer** revenue was lower, as volumes came in below the exceptional levels in the second quarter of last year. In addition, key markets in the Mediterranean region saw an estimated 50% decline in demand, which the group views as a temporary factor related to political and economic events in the region. The group anticipates that growth in these markets will resume, driven by food production needs. Finally, in contrast with the traditional seasonality pattern where volumes are higher in the first half of the year, the group anticipates that in 2011, volumes in the second half will be at least as high as the first half. Pricing in the quarter increased year on year, reflecting higher selling prices implemented to cover rising raw material costs. REBITDA was lower mainly attributable to the impact of much lower volumes in the quarter, as well as scheduled temporary higher maintenance expenses.

2Q11 revenue for **inorganic feed phosphates** rose in 2Q11. Volumes were somewhat lower than a year ago, partly impacted by a period of force majeure during April and part of May due to delays in raw material deliveries. In addition, technical problems, which were resolved during the quarter, constrained production capacity during part of the quarter. Market demand for feed phosphates eased following the strong start to 2011. Average selling prices in the quarter were well ahead of the low levels of last year, reflecting higher market prices for phosphate products. This impact led to REBITDA for phosphates above last year, in spite of the limited volume decline.

Inorganics REBITDA for the quarter of 7.8 million EUR was marginally above the same period in 2010. The improved REBITDA of phosphates were mainly offset by lower REBITDA in sulphates.

First half 2011 revenue for Inorganics of 207.0 million EUR was 3.5% ahead of last year, supported by improved pricing in both sulphates and phosphates, while volumes of sulphates declined in the first half of 2011 as explained above. A solid increase of segment REBITDA to 14.1 million EUR for the first six months is attributable to higher REBITDA for both activities, with a larger contribution from phosphates.

Gelatin and Akiolis				
Million EUR	2Q11	2Q10	HY11	HY10
Revenue	117.0	102.8	235.7	198.1
REBITDA	16.9	14.5	36.3	29.7
REBIT	9.8	7.1	21.7	14.8

Second quarter 2011 **Gelatin and Akiolis revenue** of 117.0 million EUR represented further growth for this segment. In a stable market environment, sales volumes were in line with those of a year ago. Prices moved higher for most of the segment's products and services, partly reflecting an increase in energy costs. In addition, enhancements to the service offering contributed incremental revenue. **REBITDA** for the quarter benefited from the sound revenue performance, and totaled 16.9 million EUR. Good progress was made on the projects for new gelatin production in Brazil and China, which are on track to start operations by the end of 2011.

For the **first half** of 2011, segment revenue totaled 235.7 million EUR, with both quarters showing an increase due to sustained demand and a firming pricing environment. The segment continues to invest for growth while maintaining control of its fixed costs, which when coupled with the year to date revenue gain, helped to generate 36.3 million EUR REBITDA.

Tessenderlo Kerley

Million EUR	2Q11	2Q10	HY11	HY10
Revenue	82.1	74.1	157.1	128.6
REBITDA	21.4	16.7	41.6	28.3
REBIT	19.2	14.5	37.1	24.0

Tessenderlo Kerley Inc. (TKI) recorded another solid quarter, reflecting the robust fundamentals present in world agricultural markets. Despite challenging weather conditions, including an unusually late spring planting season in northern tier of the US, commodity crop prices continued to provide incentives for growers to increase their yields and output. **Revenue** grew to 82.1 million EUR in the second quarter, with strong demand for specialty liquid sulphur fertilizers, in spite of the very strong first quarter, and a negative impact from weather conditions in some regions prevailing in the second quarter. Fertilizer pricing moved up, taking into account higher input costs. NovaSource[®] (TKI's crop protection business) revenue was lower in the quarter, mainly impacted by adverse weather conditions; year to date revenue is ahead of a year ago. Segment **REBITDA** amounted to 21.4 million EUR (2Q10: 16.7 million EUR), as continued control of expenses ensured that the strong commercial performance was largely retained in the bottom line.

Revenue during the **first half of 2011** rose to 157.1 million EUR, as both volumes and prices were ahead of a year ago. Demand for sulphur fertilizers such as ATS, KTS, CaTS and others in the TKI portfolio was supportive, as a result of the increasing importance of sulphur in growers' nutrient management programs. NovaSource[®] also contributed to TKI revenue growth over the first six months. In addition to the top line increase, favorable sulphur economics led to **REBITDA** of 41.6 million EUR, a strong advance on last year.

Plastic Pipe Systems and Profiles

Million EUR	2Q11	2Q10	HY11	HY10
Revenue	158.0	154.8	301.1	281.7
REBITDA	14.6	16.9	24.2	24.7
REBIT	7.7	10.0	10.2	10.8

Second quarter revenue for the segment **Plastic Pipe Systems and Profiles** was slightly ahead of 2Q10, totalling 158.0 million EUR. **Plastic Pipe Systems (PPS)** recorded higher revenue, with all

geographies increasing compared to a year ago. Revenue has benefited from better volumes into renovation markets, while new construction markets remain soft. Revenue from **Profiles** was lower than last year, mainly due to a material decrease in the US market compared to a high base period in 2010, while UK and continental European revenue was marginally lower. Both PPS and Profiles businesses continued to adjust prices to recover part of the raw material cost increases experienced over the last several months. Segment **REBITDA** was 14.6 million EUR (2Q10: 16.9 million EUR), as a result of a limited increase of REBITDA in PPS and a decrease in Profiles. The main reasons for the REBITDA decline were gross margin pressures due to the continuous increase of PVC input prices during the last 18 months, and additional operating expenses linked to further expansion of the group's Profiles distribution network in the UK.

Half year revenue for PPS and Profiles grew to 301.1 million EUR (HY10: 281.7 million EUR), with most of the rise explained by higher sales in the first quarter compared to the weather-impacted 1Q10. The revenue growth came entirely from PPS, in which all markets managed to generate more revenue than a year ago due to a combination of volume recovery and price increases to partly offset raw material cost pressures. Profiles revenue was in line with HY10, with modest growth in the UK and continental Europe markets offset by a decline in the US. The segment achieved an REBITDA of 24.2 million EUR, implying a slight decrease in absolute terms, despite an estimated negative impact of 6 million EUR of higher PVC input prices.

Other Businesses

Million EUR	2Q11	2Q10	HY11	HY10
Revenue	105.2	107.4	215.9	212.1
REBITDA	6.7	6.6	13.7	5.9
REBIT	4.1	3.2	8.4	-0.5

Please refer to the note on page 3 for an updated description of the 4 business units which make up the reporting segment **Other Businesses**.

Revenue of 105.2 million EUR for 2Q11 was slightly below a year ago. **Compounds** revenue continued to benefit mainly from higher volumes related to its success in securing supply for a greater number of automotive models. Similar to the first quarter, the **Organic Chlorine Derivatives** (OCD) and **Pharma** businesses had revenue below the same period last year. The explanations for these declines are the same as in 1Q11: for Pharma, the group exited from its glycine activities at the end of 2010, so has no revenue this year whereas revenue was generated during all of 2010. The revenue decline for OCD in 2Q11 is fully attributable to the sale of Tessenderlo Fine Chemicals Ltd (TFC) at the end of January 2011. Excluding TFC's revenue in 2010, the remaining OCD activities had higher revenue in the second quarter. **Water Treatment and Sulphur Derivatives**, which are now reported as part of Other Businesses, had increased revenue for the quarter compared to a year ago, as demand for water treatment chemicals from Western European municipalities was solid. **REBITDA for the segment** of 6.7 million EUR was in line with 2Q10. OCD was higher in spite of the lack of REBITDA in 2Q11 from TFC following its disposal. Compounds also posted a better result, driven by higher volumes and a better product mix. Water Treatment and Sulphur Derivatives was modestly higher, while Pharma had a lower result.

For the half year period, revenue for Other Businesses edged higher to 215.9 million EUR.

1.3. Operating segments performance review - Discontinued operations

Discontinued operations PVC/Chlor-Alkali				
Million EUR	2Q11	2Q10	HY11	HY10
Revenue	156.4	122.2	306.4	240.6
REBITDA	7.8	-0.9	17.6	3.1
REBIT	1.2	-7.8	5.3	-10.5

1.4. Risks and uncertainties

Under the explicit understanding that this is not an exhaustive list, the main risk factors and uncertainties for Tessenderlo Group for the second semester of 2011 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.

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.

- 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.

- 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.

- 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.

Financial Risks

- 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.

- 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.

- Risks relating to prices of products and raw materials

The availability and prices of raw materials fluctuate, and thus may 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.

- **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).

- **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 condensed consolidated interim financial information.

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.

- **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. The current evolution in the financial markets worldwide may affect the business negatively.

2. Statement on the true and fair view of the condensed consolidated interim financial information and the fair overview of the interim management report

Mr. F. Coenen (CEO) and Mr. M. de Vogue (CFO) certify, on behalf and for the account of the company, that, to their knowledge,

- a) the condensed consolidated interim financial information which has been prepared in accordance with the International Financial Reporting Standard on Interim Financial Statements (IAS 34), give a true and fair view of the financial position, income statement and statement of comprehensive income of the company, and the entities included in the consolidation as a whole,
- b) the interim management report includes a fair overview of the information required under Article 13, §5 and §6 of the Royal Decree of November 14, 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

3. Condensed consolidated interim financial information 30 June 2011

3.1. Condensed consolidated interim income statement

Million EUR	Note	30.06.2011	30.06.2010
<u>Continuing operations</u>			
Revenue	6	1,116.9	1,020.5
Cost of sales		-877.5	-818.2
Gross profit		239.4	202.3
Distribution expenses		-52.4	-52.3
Sales and marketing expenses		-33.6	-30.2
Administrative expenses		-70.8	-67.8
Other operating income and expenses		-6.3	-9.0
Profit (+)/ loss (-) from operations before non-recurring items (REBIT)	6	76.3	43.1
Gain/ (loss) on disposals		5.5	2.9
Restructuring		-0.6	-1.5
Provisions and claims		0.1	13.7
Other income and expenses		-1.8	-
Profit (+) / loss (-) from operations (EBIT)	6	79.5	58.3
Finance costs	10	-24.1	-30.4
Finance income	10	13.0	18.2
Finance costs - net		-11.1	-12.3
Share of result of equity accounted investees, net of income tax		3.0	1.8
Profit (+) / loss (-) before tax		71.4	47.9
Income tax expense	11	-21.2	-15.1
Profit (+) / loss (-) for the period from continuing operations		50.2	32.8
<u>Discontinued operations</u>			
Profit (+) / Loss (-) for the period from discontinued operations, net of income tax	8	-153.5	-10.2
Profit (+) / loss (-) for the period		-103.3	22.5
Attributable to:			
- Equity holders of the company		-103.3	22.4
- Non-controlling interest		-	0.1
Basic earnings per share (EUR)		-3.51	0.76
Diluted earnings per share (EUR)		-3.51	0.76
Basic earnings per share (EUR) – continuing operations	17	1.71	1.11
Diluted earnings per share (EUR) – continuing operations	17	1.70	1.11

3.2. Condensed consolidated interim statement of comprehensive income

Million EUR	Note	30.06.2011	30.06.2010
Profit (+) / loss (-) for the period		-103.3	22.5
Translation differences		-16.3	30.9
Net change in fair value of derivative financial instruments	20	-3.6	-8.0
Income tax on other comprehensive income		1.2	2.7
Other comprehensive income for the period, net of income tax		-18.7	25.6
Total comprehensive income (+) and expense (-) for the period		-122.0	48.1
Attributable to:			
- Equity holders of the company		-121.9	48.0
- Non-controlling interest		-0.1	0.1
Total comprehensive income (+) and expense (-) for the period		-122.0	48.1

3.3 Condensed consolidated interim statement of financial position

Million EUR	Note	30.06.2011	31.12.2010
ASSETS			
Total non-current assets		649.9	877.9
Property, plant and equipment	13	475.1	682.2
Goodwill		51.9	53.4
Other intangible assets		53.3	61.2
Investments accounted for using the equity method		31.9	27.7
Other investments		5.6	6.7
Deferred tax assets		3.5	23.7
Trade and other receivables		23.8	22.9
Derivative financial instruments	20	4.8	-
Total current assets		690.2	800.4
Inventories	14	300.3	349.7
Trade and other receivables		314.4	299.5
Derivative financial instruments	20	0.6	0.7
Cash and cash equivalents	15	74.9	150.5
Non-current assets classified as held for sale	9	217.5	18.1
Total assets		1,557.5	1,696.5
EQUITY & LIABILITIES			
Total equity		568.2	728.6
Equity attributable to equity holders of the company		564.6	724.8
Issued capital	16	143.7	143.7
Share premium	16	57.5	57.5
Reserves		372.2	390.8
Retained earnings		-8.8	132.8
Non-controlling interest		3.6	3.7
Total liabilities		989.3	967.9
Total non-current liabilities		330.6	362.2
Financial liabilities	18	184.2	195.4
Employee benefits		33.7	38.2
Provisions	21	53.8	65.9
Trade and other payables	19	29.8	30.2
Derivative financial instruments	20	-	0.8
Deferred tax liabilities		29.1	31.6
Total current liabilities		523.1	599.2
Bank overdrafts	18	1.0	5.8
Financial liabilities	18	66.4	111.3
Trade and other payables	19	437.6	469.6
Derivative financial instruments	20	0.4	0.2
Current tax liabilities		7.0	0.4
Provisions	21	10.7	11.9
Liabilities associated with assets classified as held for sale	9	135.6	6.5
Total equity and liabilities		1,557.5	1,696.5

3.4. Condensed consolidated interim statement of changes in equity

Million EUR	Note	Issued capital	Share premium	Other reserves	Translation reserves	Revaluation reserves	Hedging reserves	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at 1 January 2010		139.0	43.9	394.0	-30.0	10.7	-1.6	149.2	705.2	2.3	707.5
Profit (+) / loss (-) for the period		-	-	-	-	-	-	22.4	22.4	0.1	22.5
Other comprehensive income for the period											
- Translation differences		-	-	-	30.9	-	-	-	30.9	0.4	31.3
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-	-5.3	-	-5.3	-	-5.3
Total comprehensive income for the period, net of income tax		-	-	-	30.9	-	-5.3	22.4	48.0	0.5	48.5
Transactions with owners, recorded directly in equity											
- Dividends paid to shareholders		-	-	-	-	-	-	-37.1	-37.1	-	-37.1
- Warrants and capital increase		-	-	0.9	-	-	-	-	0.9	-	0.9
Total contributions by and distributions to owners		-	-	0.9	-	-	-	-37.1	-36.2	-	-36.2
Balance at 30 June 2010		139.0	43.9	394.9	0.9	10.7	-6.9	134.5	717.0	2.8	719.8

Million EUR	Note	Issued capital	Share premium	Other reserves	Translation reserves	Revaluation reserves	Hedging reserves	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at 1 January 2011		143.7	57.5	397.0	-14.4	10.7	-2.5	132.8	724.8	3.7	728.5
Profit (+) / loss (-) for the period		-	-	-	-	-	-	-103.3	-103.3	-	-103.3
Other comprehensive income for the period											
- Translation differences		-	-	-	-16.2	-	-	-	-16.2	-0.1	-16.3
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-	-2.4	-	-2.4	-	-2.4
Total comprehensive income for the period, net of income tax		-	-	-	-16.2	-	-2.4	-103.3	-121.9	-0.1	-122.0
Transactions with owners, recorded directly in equity											
- Dividends paid to shareholders	16	-	-	-	-	-	-	-38.3	-38.3	-	-38.3
- Warrants and capital increase		-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners		-	-	-	-	-	-	-38.3	-38.3	-	-38.3
Balance at 30 June 2011		143.7	57.5	397.0	-30.6	10.7	-4.9	-8.8	564.6	3.6	568.2

3.5. Condensed consolidated interim statement of cash flows – Continuing and discontinued operations

Million EUR	Note	30.06.2011	30.06.2010
OPERATING ACTIVITIES			
Profit (+)/Loss (-) for the period		-103.3	22.5
Depreciation, amortisation and impairment losses on tangible assets, goodwill and other intangible assets		205.2	56.4
Changes in provisions		0.4	-22.0
Finance costs		25.3	30.4
Finance income		-13.1	-18.7
Loss / (profit) on sale of non-current assets		-4.9	-3.1
Share of result of equity accounted investees, net of income tax		-3.0	-1.8
Income tax expense	11	21.8	15.1
Other non-cash items		-6.0	-2.2
Changes in inventories		-20.0	53.8
Changes in trade and other receivables		-71.3	-53.7
Changes in trade and other payables		2.9	22.7
<i>Cash generated from operations</i>		<i>34.0</i>	<i>99.4</i>
Interest paid		-6.5	-3.4
Interest received		0.7	0.4
Other finance costs paid		-4.7	-3.8
Income tax paid		-10.1	-6.7
Dividends received from investments accounted for using the equity method		1.8	1.0
Cash flow from operating activities		15.2	86.9
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	-43.6	-42.7
Acquisition of other intangible assets		-2.4	-1.5
Acquisition of investments accounted for using the equity method		-1.3	-5.2
Acquisition of investments		-	-1.6
Proceeds from sale of property, plant and equipment		1.7	4.9
Proceeds from the sale of subsidiaries, net of cash disposed of		17.8	-
Cash flow from investing activities		-27.8	-46.1
FINANCING ACTIVITIES			
Increase / (decrease) of financial liabilities	18	-51.7	68.7
Payment of transaction costs related to financial liabilities	18	-3.5	-8.3
(Increase) / decrease of long term receivables		-1.1	-0.2
Dividends paid to shareholders		-	-
Cash flow from financing activities		-56.3	60.2
Net increase / (decrease) in cash and cash equivalents		-68.9	101.0
Effect of exchange rate differences		-1.8	3.3
Cash and cash equivalents less bank overdrafts at the beginning of the period	15	144.7	44.3
Cash and cash equivalents less bank overdrafts at the end of the period	15	73.9	148.6

3.6 Notes to the condensed consolidated interim financial information

- 1. Reporting entity**
- 2. Statement of compliance**
- 3. Significant accounting policies**
- 4. Use of estimates and judgments**
- 5. Financial risk management**
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- 10. Finance costs and income**
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- 16. Share capital and share premium**
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- 21. Provisions**
- 22. Related parties**
- 23. Subsequent events**

1. Reporting entity

Tessenderlo Chemie NV (hereafter referred to as “the company”) is a company domiciled in Belgium. The condensed consolidated interim financial information for the six month period ended 30 June 2011 comprises the company and its subsidiaries (together referred to as “the group”) and the group’s interests in associates and jointly controlled entities.

2. Statement of compliance

This condensed consolidated interim financial information for the six month period ended 30 June 2011 has been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting, as adopted for use by the European Union. It does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended 31 December 2010.

This condensed consolidated interim financial information was approved by the Board of Directors on 24 August 2011.

3. Significant accounting policies

The accounting policies used by the group in the present condensed consolidated interim financial information are consistent with those used in the preparation of the consolidated financial statements as at and for the year ended 31 December 2010, except as described below.

3.1 Summary of changes in accounting policies

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011.

• Revised IAS 24 Related Party Disclosures (2009)

Revised IAS 24 *Related Party Disclosures* amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

The group adopted the revised standard as of 1 January 2011 with no material effect on its financial result or financial position.

• Amendments to IFRIC 14 IAS 19 *The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

Amendments to IFRIC 14 IAS 19 *The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* removes 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 recognized as an asset rather than an expense.

The group adopted the amendment as of 1 January 2011 with no material effect on its financial result or financial position.

• Improvements to IFRSs (2010)

Improvements to IFRSs (2010) is a collection of minor improvements to existing standards.

The group adopted the improvements as of 1 January 2011 with no material effect on its financial result or financial position.

3.2 Recently issued IFRS

The following new standards, amendments of standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- Amendments to IFRS 7 Disclosures – Transfers of financial assets
- Amendments to IAS 12 – Deferred Tax – Recovery of Underlying assets
- Amendments to IAS 1 – Presentation of items of Other Comprehensive Income
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint arrangements
- IFRS 12 – Disclosure of interest in other entities
- IFRS 13 – Fair value measurement
- Amendments to IAS 19 – Employee benefits
- IAS 28 – Investments in associates and joint ventures
- IFRS 9 – Financial instruments

3.3 Foreign currency

The following exchange rates have been used in preparing the condensed consolidated interim financial information:

Exchange rates					
	Closing rate			Average rate	
	30 June 2011	31 December 2010	30 June 2010	6 month period ended 30 June 2011	6 month period ended 30 June 2010
1 EUR equals :					
Brazilian real	2.2601	2.2177	2.2082	2.2879	2.3839
Canadian dollar	1.3951	1.3322	1.2890	1.3706	1.3719
Chinese yuan	9.3416	8.8220	8.3215	9.1755	9.0567
Czech crown	24.3450	25.0610	25.6910	24.3495	25.7296
Hungarian forint	266.1100	277.9500	286.0000	269.4500	271.6800
Polish zloty	3.9903	3.9750	4.1470	3.9527	4.0020
Pound sterling	0.9026	0.8608	0.8175	0.8682	0.8700
Swiss franc	1.2071	1.2504	1.3283	1.2694	1.4359
US dollar	1.4453	1.3362	1.2271	1.4032	1.3268

4. Use of estimates and judgments

The preparation of the interim financial information in conformity with IFRS as adopted for use by the European Union requires management to make judgments, estimates and assumptions that affect the application of the accounting policies, the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information 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 realizable value adjustments, depreciation and amortisation, impairment losses, 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 judgments in order to prepare the condensed consolidated interim financial information with respect to property, plant and equipment (note 13), goodwill, other intangible assets, lower of cost or net realisable value adjustments with respect to inventories (note 14), financial instruments (note 20), employee benefits, provisions (note 21), income and deferred taxes and contingencies. Following the discontinued operation (note 8), several estimates were made related to potential sales price adjustments, which could affect the consolidated income statement in future periods.

5. Financial risk management

For an overview of the main risks and uncertainties which the group is facing, we refer to 1.4. Risks and uncertainties of this interim report. Also, we refer to the 2010 Annual Report as available on the company's website www.tessenderlogroup.com.

6. 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 (including the discontinued operating segment) fulfil the quantitative thresholds and are reported separately.

On June 14th 2011, the group sold the majority of the PVC/Chlor-Alkali activities (see also note 8 Discontinued operations). In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, this segment is reported separately as 'Discontinued operations PVC/Chlor-Alkali'. The remaining Chlor-Alkali operations do not longer fulfil the quantitative thresholds and have been included in "Other businesses". 2010 comparative figures are provided.

The operating segments Pharmaceutical Intermediates, Compounds, Organic Chlorine Derivatives activities and the remaining Chlor-Alkali activities do not fulfil the quantitative thresholds and are grouped in "Other Businesses". The information provided below is consistent with the information that is available and evaluated regularly by the Chief Operating Decision maker (the Group Management Committee).

We refer to the table below for the major lines of the income statement and the capital expenditure per operating segment.



Segment reporting – Period ended 30 June

	Inorganics		Gelatin and Akiolis		Tessenderlo Kerley		Plastic Pipe Systems and Profiles		Other Businesses		Discontinued operations PVC/Chlor-Alkali		Non-allocated		Tessenderlo Group	
	2011	2010*	2011	2010	2011	2010	2011	2010	2011	2010*	2011	2010*	2011	2010	2011	2010
Million EUR	2011	2010*	2011	2010	2011	2010	2011	2010	2011	2010*	2011	2010*	2011	2010	2011	2010
Revenue (internal and external)	207.1	200.2	239.9	200.9	157.2	128.6	301.2	281.7	217.6	213.7	306.4	240.6	-	-	1,429.4	1,265.7
Revenue (internal)	0.1	0.2	4.2	2.8	0.1	-	0.1	-	1.7	1.6	-**	-**	-	-	6.2	4.6
Revenue	207.0	200.0	235.7	198.1	157.1	128.6	301.1	281.7	215.9	212.1	306.4	240.6	-	-	1,423.3	1,261.0
Profit (+) / loss (-) from operations before non-recurring items (REBIT)	11.6	4.3	21.7	14.8	37.1	24.0	10.2	10.8	8.4	-0.5	5.3	-10.5	-12.8	-10.4	81.6	32.6
Non-recurring items	0.1	14.1	-0.5	1.6	1.0	-	-1.6	-	5.1	1.8	-157.0	-0.3	-1.0	-2.3	-153.8	14.9
Profit (+) / loss (-) from operations (EBIT)	11.7	18.4	21.2	16.3	38.2	24.0	8.6	10.7	13.5	1.5	-151.7	-10.8	-13.8	-12.6	-72.2	47.5
Return on revenue (REBIT/revenue)	5.6%	2.2%	9.2%	7.5%	23.6%	18.7%	3.4%	3.8%	3.9%	-0.2%	1.7%	-4.4%	-	-	5.7%	2.6%
Capital expenditures: PP&E and other intangible assets	3.4	3.1	20.1	11.8	5.2	2.7	8.2	7.8	5.2	12.5	3.7	6.3	0.2	0.1	46.0	44.2

* Restated 2010 figures as a consequence of the discontinued operation PVC/Chlor-Alkali (note 8)

** The discontinued PVC/Chlor-Alkali activities do no longer report internal revenue. All revenue realized with other operating segments (2010: 43.6 million EUR; 2011: 60.9 million EUR) of the group is considered as external revenue.

The reconciliation of the profit before tax from continuing operations is as follows:

Million EUR	30.06.2011
Profit (+) / loss (-) from operations of reportable segments	-72.0
Profit (+) / loss (-) from operations of non-allocated and other businesses	-0.2
Total Profit (+) / loss (-) from operations (EBIT)	-72.2
Elimination of discontinued operations	151.7
Finance costs – net	-11.1
Share of result of equity accounted investees, net of income tax	3.0
Profit (+) / loss (-) before tax - Continuing operations	71.4

7. Disposals

On January 31st 2011, the group sold the subsidiary Tessenderlo Fine Chemicals Limited (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 the disposal group were presented as assets and liabilities held for sale at the end of December 2010. The sale resulted in a non-recurring gain, after deducting expenses related to this transaction, of 4.5 million EUR. Tessenderlo Fine Chemicals Ltd. has contributed 4.3 million EUR to the group’s YTD June 2011 revenue (YTD June 2010: 24.8 million EUR), and 0.2 million EUR to the YTD June 2011 result (YTD June 2010: 0.9 million EUR).

In the second quarter of 2011, exclusive negotiations were started with Graham Partners, a US-based, privately held investment company, in order to sell the US subsidiary Chelsea Building Products, Inc. (operating segment “Plastic Pipe Systems and Profiles”). Chelsea Building Products, Inc. is a designer and producer of PVC Profiles for windows and doors and specialty products for the US remodeling and new construction market.

On July 25th 2011, the group completed the sale of Chelsea Building Products, Inc. (note 23 – 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 30 June 2011. The non-current assets have been recognized at the lower of their carrying amount and their fair value less costs to sell. No impairment was deemed necessary as the fair value less costs to sell 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. Chelsea Building Products Inc. has contributed 14.6 million EUR to the group’s YTD June 2011 revenue (YTD June 2010: 17.3 million EUR), and 0.2 million EUR to the YTD June 2011 result (YTD June 2010: 0.9 million EUR).

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

Million EUR	30.06.2011
Total assets	22.2
Total non-current assets	9.9
Property, plant and equipment	9.1
Deferred tax assets	0.6
Trade and other receivables	0.2

Total current assets	12.3
Inventories	7.6
Trade and other receivables	4.6
Cash and cash equivalents	0.1
Total liabilities	4.7
Total non-current liabilities	0.9
Financial liabilities	0.2
Deferred tax liabilities	0.7
Total current liabilities	3.9
Financial liabilities	0.1
Trade and other payables	3.8

8. Discontinued operations

On June 14th 2011, the group sold the PVC, Chlor-Alkali and part of the Organic Chlorine Derivatives (OCD) activities to Kerling (through INEOS ChlorVinyls), a global leader in chlorine derivatives and Europe's largest PVC manufacturer, based in the UK.

Following this transaction the shares of the following companies will be sold at closing of the transaction on August 1st 2011: Limburgse Vinyl Maatschappij NV (Belgium), Société Artésienne de Vinyle SAS (France), LVM Limburg BV (the Netherlands) and Tessenderlo Chemie Maastricht BV (the Netherlands). These businesses employ about 850 people.

The transaction was subject to European merger control approval and required consultation with relevant worker's councils. As a consequence activities to be discontinued are still consolidated as per June 30th 2011. The required consultation with the relevant worker's councils took place in June. On July 26th 2011, the EU commission has given its approval for the sale. The transaction was closed as per August 1st 2011. On August 1st 2011, the group received 110.0 million EUR on a cash-free, debt-free basis.

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, a distinction is made in the income statement and in the statement of comprehensive income between continued and discontinued operations. This distinction applies to the PVC/Chlor-Alkali activities for the 2011 figures as well as to the comparative 2010 figures. The Organic Chlorine Derivatives activities are considered to be a disposal group and are presented as assets and liabilities held for sale in the statement of financial position. The group has still ongoing OCD activities in Italy and China.

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

Million EUR	30.06.2011	30.06.2010
Results of discontinued operations		
Revenue	306.4	240.6
Expenses	-301.1	-251.1
Profit (+)/ Loss (-) from operations before non-recurring items (REBIT)	5.3	-10.5
Non-recurring items	1.0	-0.3
Non-recurring items related to the sales transaction	-158.0	-
Profit (+) / Loss (-) from operations (EBIT)	-151.7	-10.8
Finance costs - net	-1.1	0.6
Profit (+) / Loss (-) before tax	-152.8	-10.2
Income tax expense	-0.6	-
Profit (+) / Loss (-) for the period from discontinued operations	-153.5	-10.2
Cash flows from (used in) discontinued operations		
Net cash from (used in) operating activities	-8.9	-7.7
Net cash from (used in) investing activities	-3.1	-6.3
Net cash from (used in) financing activities	12.1	14.1
Effect on cash flows	-	-

The non-current assets held for sale have been recognized at the lower of their carrying amount and their fair value less costs to sell. An impairment loss of 151.0 million EUR was recognized on the other intangible assets and property, plant and equipment following the remeasurement to the lower of its carrying amount and its fair value less costs to sell.

The total loss on the sale of the discontinued operation amounts to 158.0 million EUR, and includes mainly, besides the impairment loss of 151.0 million EUR, the recognition of the unrecognized actuarial losses on the defined benefit pension plan within the sold entities, contract cancellation fees and consultancy fees. In addition, proper consideration has been given to provisions for possible indemnifications payable to the acquirer, if any, including matters in the area of health, environment, tax, product liability, restructuring, competition, pensions and share incentives.

The table below shows the major classes of assets and liabilities of the disposal group classified as held for sale. The discontinued operation includes the PVC/Chlor-Alkali activities, while the other disposal group includes the sold OCD activities. The sold OCD activities have contributed 30.9 million EUR to the group's YTD June revenue (YTD June 2010: 23.7 million EUR), and -2.7 million EUR to the YTD June 2011 result (YTD June 2010: -1.2 million EUR).

Million EUR	30.06.2011		
	Discontinued Operations	Other disposal group	Total
Total assets	178.2	14.7	192.9
Total non-current assets	42.3	4.8	47.1
Property, plant and equipment	25.1	4.8	29.9
Other investments	0.2	-	0.2
Deferred tax assets	17.0	-	17.0
Total current assets	135.9	9.9	145.8
Inventories	49.9	5.0	54.9
Trade and other receivables	86.0	4.9	90.9
Total liabilities	124.5	6.4	130.9
Total non-current liabilities	20.9	0.1	21.0
Employee benefits	8.1	0.1	8.2
Provisions	9.8	-	9.8
Deferred tax liabilities	3.0	-	3.0
Total current liabilities	103.6	6.3	109.9
Trade and other payables	102.7	6.3	109.0
Current tax liabilities	0.1	-	0.1
Provisions	0.8	-	0.8

9. Non-current assets classified as held for sale

Million EUR	Note	30.06.2011	31.12.2010
Non-current assets classified as held for sale		217.5	18.1
Disposal group Tessenderlo Fine Chemicals Ltd.	7	-	17.7
Disposal group Chelsea Building Products Inc.	7	22.2	-
Disposal group Organic Chlorine Derivatives	8	14.7	-
Discontinued operations PVC/Chlor-Alkali	8	178.2	-
Other non-current assets classified as held for sale		2.4	0.4
Liabilities associated with assets classified as held for sale		135.6	6.5
Disposal group Tessenderlo Fine Chemicals Ltd.	7	-	6.5
Disposal group Chelsea Building Products Inc.	7	4.7	-
Disposal group Organic Chlorine Derivatives	8	6.4	-
Discontinued operations PVC/Chlor-Alkali	8	124.5	-

For details on the disposal groups and discontinued operations, we refer to note 7 – Disposals and note 8 – Discontinued operations.

The other non-current assets classified as held for sale at June 30th 2011 include the land and buildings of two sites in the operating segment “Plastic Pipe Systems and Profiles”, which are recognised at their carrying amount of 2.4 million EUR. Following a restructuring of their activities, these assets remain unused and were set for sale.

10. Finance costs and income

Finance costs:

Million EUR	30.06.2011	30.06.2010
Interest expense on financial liabilities measured at amortised cost	-8.6	-6.3
Foreign exchange losses	-10.3	-4.0
Revaluation to fair value of derivative financial instruments	-	-14.8
Other	-5.2	-5.3
Total	-24.1	-30.4

Finance income:

Million EUR	30.06.2011	30.06.2010
Interest income from cash and cash equivalents	0.7	0.5
Dividend income from non-consolidated companies	0.1	-
Foreign exchange gains	2.1	17.6
Revaluation to fair value of derivative financial instruments	10.2	-
Other	-	0.1
Total	13.0	18.2

The higher interest expenses are mainly attributable to the higher interest expenses from the private placement of senior unsecured bonds, the continued amortisation of the unwinding cost of the cross currency interest rate swaps which were unwinded in 2010 (0.8 million EUR) and the accrued interest charges on the EU fine (0.7 million EUR).

The foreign exchange gains and losses are compensated by the revaluation to fair value of financial derivatives (see also note 20 – Financial instruments).

The other finance costs mainly include charges related to the non-recourse factoring program (2.2 million EUR), the unwinding of the discounts for provisions (0.4 million EUR), the payment of the commitment fee which applies on the unused portion of the amended syndicated credit facility (1.4 million EUR), an early repayment fee on the loan of the European Investment Bank (0.3 million EUR) as well as other bank costs and fees.

11. Income tax expense

The group's consolidated effective tax rate in respect of the first 6 months of 2011 is 31% compared to an effective tax rate of 33% for the first 6 months ended 30 June 2010.

The income tax expenses mainly relate to the operations in the United States within the operating segment Tessenderlo Kerley.

The theoretical tax rate amounts to 38%. The difference between the theoretical and the effective tax rate can be mainly explained by the non-taxable gain realized on the sale of the subsidiary Tessenderlo Fine Chemicals Ltd, to tax credits obtained in the United States and to the notional interest deduction regime in Belgium.

The loss realized on the sale of the PVC/Chlor-Alkali and a part of the Organic Chlorine Derivatives (OCD) to Kerling (through INEOS ChlorVinyls), which amounts to 158.0 million EUR and which is included in the loss from discontinued operations, is not tax deductible as the transaction is a sale of shares of the companies in these segments.

12. Seasonality of operations

The group sells into several different end markets, which may reduce the impact of seasonality of any one business on the group. Two important end markets which demonstrate seasonal characteristics are construction and agriculture. The group sells into the construction markets through its Plastic Pipe Systems and Profiles operating segment in several countries in the northern hemisphere, which could be impacted by winter weather conditions. Agriculture related sales, as found in the Inorganics and Tessenderlo Kerley operating segments, are influenced by the planting seasons, especially the spring planting season, which could mean that sales are higher in the first half of the year.

13. Property, plant and equipment

For the six month period ended 30 June 2011, the group's capital expenditure in the continuing and discontinued operations amounted to 43.6 million EUR (42.7 million EUR for the six month period ended 30 June 2010). The capital expenditure - property, plant and equipment and other intangible assets - per operating segment is disclosed in note 6 – Segment reporting.

Disposals for the six month period ended 30 June 2011 amounted to 0.6 million EUR (compared to 1.8 million EUR for the same period in 2010).

During the six month period ended 30 June 2011 the group entered into contracts to purchase property, plant, and equipment for 48.0 million EUR, the majority of which is expected to be delivered in the second half 2011 and 2012. The main commitments are related to:

- Tessenderlo Kerley Inc. (16.1 million EUR), a US-based subsidiary of Tessenderlo Group, mainly for the construction of a new sulfur processing plant (Oklahoma) and the expansion of its facility (Idaho), with an adjacent ammonium thiosulfate (ATS) manufacturing plant. Both plants will produce ATS fertilizer and are scheduled to be operational by the end of 2012.
- The further construction of a new factory for the production of Gelatin in Acorizal, Mato Grosso, Brazil (8.9 million EUR). This new production unit is expected to be operational by the end of 2011.

14. Inventory

During the first six months of 2011, the value reduction of inventory recorded by the group was 0.6 million EUR mainly within the operating segment “Plastic Pipe Systems and Profiles” and “Other businesses” (as per 30 June 2010 : nihil). This value reduction was included in cost of sales.

Inventory decreased by 49.4 million EUR from 349.7 million EUR as per 31 December 2010 to 300.3 million EUR as per 30 June 2011, due to the reclassification from inventory to non-current assets classified as held for sale for an amount of 62.5 million EUR (note 7 and note 8).

15. Cash and cash equivalents

Million EUR	30.06.2011	31.12.2010
Term accounts	0.6	86.5
Current accounts	74.3	64.0
Total cash and cash equivalents	74.9	150.5
Bank overdrafts used for cash management purposes	-1.0	-5.8
Cash and cash equivalents in the statement of cash flows	73.9	144.7

The decrease of the cash and cash equivalents can be mainly explained by the repayment of financial debt during the first semester of 2011.

In the financial report as per December 31st 2010, the bank overdrafts were included in the current financial liabilities.

16. Share capital and share premium

The Board of Directors’ proposal to distribute a gross dividend of 1.33 EUR per share or 38.3 million EUR for the business year 2010 was approved by the shareholders of Tessenderlo Chemie NV at their annual general meeting on June 7th 2011, and is reflected in the condensed consolidated interim financial information for the six-month period ended 30 June 2011. The Board of Directors decided to offer all the shareholders a choice of payment conditions: the option of receiving a dividend in new shares at a price of 25.00 EUR per share, or in cash, or a combination of both. The shareholders could make their choice of payment during a period from Tuesday, 14 June 2011 until Friday, 8 July 2011.

The choice of shareholders for distribution in new shares lead to creation of 722,809 additional new shares. These shares (with VVPR strip) were included for trading on Eurolist on NYSE Euronext Brussels on July 19th 2011. The dividend distributed in cash of 20.2 million EUR was paid out on July 18th 2011. As per 30 June 2011, the gross dividend of 38.3 million EUR is recognized in the statement of financial position as current liabilities in “Trade and other payables” (note 19).

On August 26th 2011, Tessenderlo Chemie NV will include 92,665 additional shares (with VVPR strip) in trading on Eurolist on NYSE Euronext Brussels. These are 85,465 ordinary shares subscribed by staff on 150,000 presented and 7,200 ordinary shares emitted at the time of the conversion of warrants.

Shareholders who declared holding an interest of more than 5 %, represent as per 30 June 2011 as a whole 26.28% of the Tessenderlo Chemie NV share capital (see:

www.tessenderlogroup.com/investors). The Extraordinary General Meeting of Tessenderlo Chemie NV of June 2009 has decided to bring the notification threshold from 3 % to 5 %.

17. 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 six month period ended 30 June 2011.

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

	30.06.2011		30.06.2010	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Number of ordinary shares at 1 January	28,715,584	28,715,584	27,798,255	27,798,255
Effect of stock dividend 2010	-	-	844,258	844,258
Effect of stock dividend 2011	722,809	722,809	722,809	722,809
Adjusted number of ordinary shares at 1 January	29,438,393	29,438,393	29,365,322	29,365,322
Effect of shares issued	-	-	-	-
Adjusted weighted average number of ordinary shares at 30 June	29,438,393	29,438,393	29,365,322	29,365,322
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	50.2	-153.5	32.7	-10.2
Basic earnings per share (in EUR)	1.71	-5.21	1.11	-0.35

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 first half of 2011.

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:

	30.06.2011		30.06.2010	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Adjusted weighted average number of ordinary shares at 30 th June	29,438,393	29,438,393	29,365,322	29,365,322
Effect of warrants issued	87,660	-	10,171	-
Adjusted diluted weighted average number of ordinary shares at 30th June	29,526,053	29,438,393	29,375,493	29,365,322
Profit (+) / loss (-) attributable to equity holders of the company million EUR)	50.2	-153.5	32.7	-10.2
Diluted earnings per share (in EUR)	1.70	-5.21	1.11	-0.35

18. Financial liabilities

Million EUR	30.06.2011	31.12.2010
Non-current financial liabilities	184.2	195.4
Current financial liabilities	66.4	111.3
Total financial liabilities	250.6	306.7
Cash and cash equivalents	-74.9	-150.5
Bank overdrafts	1.0	5.8
Net financial liabilities	176.7	162.0

The movement table of the non-current and current financial liabilities as per 30 June 2011 is as follows:

Million EUR	Non-current financial liabilities	Current Financial liabilities	Total
Opening balance at 1 January 2011	195.4	111.3	306.7
New loans	13.3	5.5	18.8
Repayments	-20.1	-50.3	-70.4
Conversion differences	-1.4	-0.3	-1.7
New transaction costs related to financial liabilities	-2.8	-0.7	-3.5
Amortisation costs related to financial liabilities	-	1.0	1.0
Transfers to liabilities associated with assets classified as held for sale	-0.2	-0.1	-0.3
Closing balance at 30 June 2011	184.2	66.4	250.6

Current financial liabilities included an amount of 45.0 million EUR of treasury bills at June 30th 2011 (31 December 2010: 53.0 million EUR). Several new issues and repayments took place in 2011. Only the net evolution of these treasury bills has been included in the table above.

The debt repayment schedule for the principal loans of the group is the following as per 30 June 2011:

Million EUR	Long term	Short term	Total	Rate (%)	Effective rate (%)	Maturity
Credit institutions (Banco Do Brazil SA)	24.7		24.7	8.50%	8.50%	2013-2022
Credit institutions (ING)	10.0	10.0	20.0	3.65%	3.65%	2011-2012
Credit institutions (Private)	150.0	-	150.0	5.25%	5.25%	2015

placement)						
Total	184.7	10.0	194.7			

Two medium term notes, included for an amount of 30.0 million EUR within the non current financial liabilities and for 20.0 million EUR within the current financial liabilities as per 31 December 2010, are outstanding for an amount of 10.0 million EUR and 10.0 million EUR within the non current financial liabilities and the current financial liabilities respectively as per 30 June 2011.

The EIB (European Investment Bank) loan, of which the outstanding balance as per year end 2010 was 30.0 million EUR, has been completely reimbursed through an early repayment in May 2011.

At the end of April, the group signed an agreement on the amendment and extension of the original syndicated credit facility of February 2010, for an aggregate amount of 450.0 million EUR. This new syndicated credit facility has a maturity of 5 years, until April 2016.

Following this amended and extended credit facility agreement, 24 subsidiaries are acting as guarantor and ensure the fulfillment of the obligors payment obligations (those are as well as borrowers as the other guarantors). 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 60% of the 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 now available:

- A 350.0 million EUR revolving credit facility (Facility B) with maturity date April 2016 at a rate of Euribor 1, 2, 3 or 6 months + a margin (from 100 to 160 BP) depending on the leverage of the group (Net Financial Debt/Rebitda).
- A 100.0 million EUR revolving loan facility (Facility C) with maturity date April 2016 at a rate of Euribor 1, 2, 3 or 6 months + a margin (from 100 to 160 BP) depending on the leverage of the group (Net Financial Debt/Rebitda).

As per June 30th 2011, no amounts have been drawn yet from these credit lines.

Facility A of the original syndicated credit facility, outstanding for an amount of 9.5 million EUR as per December 31st 2010, has been completely reimbursed in 2011.

A commitment fee equal to 40% of the margin, depending on the leverage, applies on the unused portion of the revolving facility. As per 30 June 2011, the applicable margin equals 44 BP.

A utilization fee equal to 15 BP of the used amount is payable when total utilization on Facility B or Facility C exceeds 33% but is lower than 66% of the total commitment on both facilities. A utilization fee of 30 BP is applicable when total utilization exceeds 66% of the total commitments on both facilities.

The total amount of transaction costs paid on this amended and extended syndicated credit facility equals 3.5 million EUR. These transaction costs are included in the financial liabilities. The transaction costs are being amortised using the effective interest method and the amortisation of the period is reported in the interest expenses. The remaining amount of transaction costs on the amended syndicated credit facility within the financial liabilities amounts to 3.4 million EUR as per 30 June 2011.

The remaining amount of transaction costs on the original syndicated credit facility and on the private placement within the financial liabilities amounts to 2.7 million EUR and 2.7 million EUR respectively as per 30 June 2011. Considering that the conditions to include these transactions costs within the financial liabilities are still complied with, the transaction costs of the original syndicated credit facility are being amortised over the extended period of the amended syndicated credit facility until April 2016.

The transactions costs on the private placement are still being amortised over the original period until October 2015.

Different covenants apply to the original syndicated credit facility and to the amended syndicated credit facility:

- Original syndicated credit facility: maximum gearing, maximum net debt, minimum coverage of the interest, maximum leverage and a maximum factoring amount. All covenants were complied with as per 31 March 2011;
- Amended syndicated credit facility: maximum gearing, minimum coverage of the interest, maximum leverage and a maximum factoring amount. All covenants were complied with as per 30 June 2011.

In addition to the above-mentioned financing sources, the group has access to the following instruments :

- a Belgian commercial paper program of 200.0 million EUR of which 45.0 million EUR was used at the end of June 2011 (31 December 2010: 53.0 million EUR). These are represented by treasury bills (commercial paper) issued by Tessenderlo Finance NV, a Belgian subsidiary. The treasury bills issued by Tessenderlo NL Holding BV, a Dutch subsidiary, outstanding as per December 31st 2010 for an amount of 8.0 million EUR, have been completely reimbursed in 2011.

19. Trade and other payables

Million EUR	30.06.2011	31.12.2010
Non-current trade and other payables		
Other amounts payable	29.8	30.2
Total	29.8	30.2
Current trade and other payables		
Trade payables	266.1	320.1
Dividend payable	38.3	-
Other amounts payable	77.3	81.9
Remuneration and social security	55.9	67.6
Total	437.6	469.6

The other amounts payable mainly include the remaining outstanding payable of a 83.8 million EUR fine set by the European commission on July 20th, 2010 which is to be paid in the period October 2010 – October 2012. As per June 30th 2011, an amount of 28.9 million EUR and 27.9 million EUR respectively remains outstanding in the current and non-current other amounts payable. An interest charge of 2.5% interest is accrued for and is added to the remaining outstanding amount.

The decrease of the current trade and other payables can mainly be explained by the transfer of liabilities to the liabilities associated with assets classified as held for sale for an amount of 112.8 million EUR (see also note 7 and 8). This transfer is partially compensated by the dividend for the business year 2010 of 38.3 million EUR which is recognized as current liabilities (see also note 16 – Share capital and share premium).

20. 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 and foreign exchange options.

At the end of April, the group signed an agreement on the amendment and extension of the original syndicated credit facility of February 2010, for an aggregate amount of 450.0 million EUR (note 18). The interest rate due on the credit lines is the Euribor at 1, 2, 3 or 6 months plus a spread. No amounts have been drawn yet from these credit lines as per June 30th 2011. The last forward rate agreements have been settled in June 2011 to fix the interest rate for the period June 2011 – September 2011.

The group continues to hedge the interest rate risk and the foreign currency risk on intercompany loans with the USA and the United Kingdom for respectively 95.0 million USD and 52.0 million GBP, through a series of cross currency interest rate swaps (CCIRS). The interest rate risk is hedged at a weighted average rate of 4.9182% per annum in USD and 5.4217% per annum for the GBP and this for the period October 2010 – October 2015.

In conformity with IAS 39, these derivative contracts were designated as cash flow hedges. The impact on the group equity as per 30 June 2011 amounts to -1.0 million EUR, after taxes.

In March 2011, the group entered into several foreign exchange option contracts in order to hedge its expected position in USD, with maturity date July – December 2011.

21. Provisions

The principal outstanding provisions as per June 30th 2011 are shown in the table below:

Million EUR	30.06.2011	31.12.2010
Non-current provisions	53.8	65.9
Current provisions	10.7	11.9
Total	64.4	77.8

Million EUR	30.06.2011 before transfer to liabilities associated with assets held for sale	Transfer to liabilities associated with assets held for sale	30.06.2011 after transfer to liabilities associated with assets held for sale	31.12.2010
Environment	35.9	-4.2	31.6	35.9
Dismantlement	22.5	-5.0	17.5	22.4
Restructuring	5.9	-	5.9	9.3
Other	10.7	-1.4	9.4	10.2
Total	75.0	-10.6	64.4	77.8

The decrease within the environmental provisions can be explained by the transfer of the environmental provisions to remediate soil contamination, recognized by Limburgse Vinyl Maatschappij

NV, to liabilities associated with assets classified as held for sale (see note 8 – Discontinued operations).

The decrease of the provisions for dismantlement is explained by a transfer of the dismantlement provision for the decommissioning of a mercury chlor alkali plant, recognised by Limburgse Vinyl Maatschappij NV, to liabilities associated with assets classified as held for sale (see note 8 – Discontinued operations).

22. 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 June 30th 2011, Société Nationale des Poudres et Explosifs (SNPE), a French state owned company is holding 7,546,023 shares (26.28% of Tessenderlo Group). SNPE is a leading French industrial group specializing 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 2010 (see note 16 – Share capital and share premium).

The group purchased goods and services from and sold goods and services to various related parties in which the group holds a 50 percent or less equity interest (investment in associates and joint ventures). Such transactions were conducted at arm's length with terms comparable to transactions with third parties.

Transactions with joint ventures (for the six month period ended 30 June, except for balance sheet comparatives at 31 December):

Million EUR	2011	2010
Revenue	3.9	2.4
Cost of sales	12.5	8.6
Current assets	0.8	1.3
Current liabilities	1.9	1.8

Transactions with associates (for the six month period ended 30 June, except for balance sheet comparatives at 31 December):

Million EUR	2011	2010
Current assets	2.2	1.1

The share capital of the associate T-Power SA, in which Tessenderlo Chemie NV participates for 1/3, was increased in 2011 by 3.9 million EUR. As a consequence Tessenderlo Chemie NV contributed 1.3 million EUR.

Dividends were received from joint ventures and associates for an amount of 1.8 million EUR (30 June 2010: 1.0 million EUR).

Transactions with the members of the Group Management Committee:

Million EUR	30.06.2011	30.06.2010
Short-term employee benefits	2.6	2.1
Post-employee benefits	0.4	0.4
Share based payments	-	0.4
Total	3.0	2.9

Short-term employee benefits include salaries (including social security contributions), bonuses estimated for the period at 100 % realization of the objectives, car leases and other allowances where applicable.

In 2011 members of the GMC exercised 7,200 warrants granted. Director's payments consist mainly of director's fees.

23. Subsequent events

On July 25th 2011, the group announced that it has sold the subsidiary Chelsea Building Products Inc. (US) within the segment "Plastic Pipe Systems and Profiles" to Graham Partners, a US-based, privately held investment company. 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 as per 30th June 2011. Details of the assets and liabilities held for sale are disclosed in note 7 – Disposals.

On July 26th 2011, the EU Commission has given its approval for the sale of the group's PVC and Chlor-Alkali activities to Kerling, a privately held UK-based company. Kerling, through its INEOS ChlorVinyls business, has become upon closing of the transaction on August 1st 2011 the new owner of Tessenderlo Group's PVC/Chlor-Alkali activities, including VCM, as well as part of Organic Chlorine Derivatives.

4. Independent auditors' report on the review of the Condensed Consolidated Interim Financial Information as per 30 June 2011

Statutory Auditors' Report to the Shareholders of Tessenderlo Chemie NV on the review of the Condensed Consolidated Interim Financial Information as at 30 June 2011 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Tessenderlo Chemie NV ("the company") as at 30 June 2011, the condensed consolidated income statements and condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then, as well as the explanatory notes ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim information in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2011 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union.

Kontich, 24 August 2011

KPMG Bedrijfsrevisoren/Réviseurs d'Entreprises
Statutory auditor
represented by

Ludo Ruysen
Bedrijfsrevisor/Réviseur d'Entreprises

► 5. 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 and amortisation, impairment losses 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.