Bringing Chemistry to Life

Brussels, August 29, 2012

Regulated information

Tessenderlo Group

Interim report for the 6 month period ended 30 June 2012[1]

[1] Please note that Tessenderlo Group publishes, in addition to this interim report, also a press release on the June 30, 2012 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.
- The reported segment "Other Businesses" includes Pharmaceutical Intermediates, Organic Chlorine Derivatives, Compounds, Water Treatment and Sulphur Derivatives.
- As from 2012, the cash flow items "interests received", "interests paid" and "other finance costs paid" are no longer included in the cash flow from operating activities, but are included in the cash flow from financing activities. The 2011 figures were restated.

Comparison at comparable scope

Scope indicates the impact of a change in the consolidation scope of the group, related to the purchase or sale of a business or businesses during the last 12 months. For comparison purposes, management presents the evolution of the group's results on the basis of the same consolidation scope.

Changes in the consolidation scope for continuing operations are as follows:

- End of January 2011: sale of Tessenderlo Fine Chemicals UK Ltd (operating segment Organic Chlorine Derivatives within Other Businesses).
- End of July 2011: sale of Organic Chlorine Derivative activities in Tessenderlo and Maastricht (within Other Businesses).
- End of July 2011: sale of Chelsea Building Products Inc. (operating segment Plastic Pipe Systems and Profiles).
- End of September 2011: sale of Dynaplast-Extruco Inc. (operating segment Plastic Pipe Systems and Profiles).
- End of October 2011: acquisition of BT Bautechnik Group (operating segment Plastic Pipe Systems and Profiles).

Bringing Chemistry to Life

1. MANAGEMENT REPORT

1.1. Key figures

GROUP KEY FIGURES - SECOND QUARTER						
2Q12			Million EUR	2Q11		
Continuing operations	Discontinued operations	Total		Continuing operations	Discontinued operations	Total
563.3	-	563.3	**Revenue**	561.9	156.4	718.4
55.7	-	55.7	**REBITDA**	60.8	7.8	68.7
33.3	-	33.3	**REBIT**	41.0	1.2	42.2
16.8	-	16.8	**Recurrent profit(+)/loss(-) for the period[1]**	23.7	1.1	24.7
-15.1	-	-15.1	**Profit(+)/loss(-) for the period**	22.4	-155.8	-133.3
-0.50	-	-0.50	**Basic earnings per share (EUR)**	0.73	-5.10	-4.37
-0.50	-	-0.50	**Diluted earnings per share (EUR)**	0.73	-5.10	-4.37
-	-	18.9	**Cash flow from operating activities[2]**	-	-	35.8

GROUP KEY FIGURES - YEAR TO DATE						
HY12			Million EUR	HY11		
Continuing operations	Discontinued operations	Total		Continuing operations	Discontinued operations	Total
1,108.2	-	1,108.2	**Revenue**	1,116.9	306.4	1,423.3
99.8	-	99.8	**REBITDA**	116.9	17.6	134.5
55.9	-	55.9	**REBIT**	76.3	5.3	81.6
27.2	-	27.2	**Recurrent profit(+)/loss(-) for the period[1]**	46.8	3.6	50.4
-9.2	-	-9.2	**Profit(+)/loss(-) for the period**	50.2	-153.5	-103.3
-0.30	-	-0.30	**Basic earnings per share (EUR)**	1.64	-5.03	-3.38
-0.30	-	-0.30	**Diluted earnings per share (EUR)**	1.64	-5.03	-3.38
-	-	12.2	**Cash flow from operating activities[2]**	-	-	25.6
-	-	244.5	**Net financial debt**	-	-	176.7

1. Recurrent profit (+)/loss (-) for the period is the profit (+)/loss (-) for the period excluding non-recurring items, net of taxes.
2. As from the beginning of 2012 onwards, “interests received”, “interests paid” and “other finance costs paid” are no longer classified as cash flow items from operating activities, but as cash flow items from financing activities. The 2011 figures were restated.

GROUP KEY FIGURES FROM CONTINUING OPERATIONS - SECOND QUARTER						
Million EUR	**2Q11**	**Scope adjustment**	**Underlying change**	**2Q12**	**% change as reported**	**% change at comparable scope**
Revenue	**561.9**	**-20.1**	**21.4**	**563.3**	**0.2%**	**4.0%**
Tessenderlo Kerley	82.1	0.0	26.1	108.2	31.8%	31.8%
Gelatin and Akiolis	117.0	0.0	9.7	126.7	8.3%	8.3%
Inorganics	99.8	0.0	-2.1	97.6	-2.1%	-2.1%
Plastic Pipe Systems and Profiles	158.0	-4.3	-11.5	142.1	-10.0%	-7.7%
Other Businesses	105.2	-15.7	-0.7	88.8	-15.6%	-0.8%
Non-allocated	0.0	0.0	0.0	0.0	-	-
REBITDA	**60.8**	**-0.2**	**-4.9**	**55.7**	**-8.4%**	**-8.2%**
Tessenderlo Kerley	21.4	0.0	6.2	27.6	29.0%	29.0%
Gelatin and Akiolis	16.9	0.0	0.7	17.6	4.1%	4.1%
Inorganics	7.8	0.0	-6.2	1.6	-79.3%	-79.3%
Plastic Pipe Systems and Profiles	14.6	-0.1	-2.3	12.2	-16.5%	-16.7%
Other Businesses	6.7	-0.0	-3.7	3.0	-55.6%	-55.3%
Non-allocated	-6.6	0.0	0.3	-6.4	-	-
REBIT	**41.0**	**0.5**	**-8.2**	**33.3**	**-18.7%**	**-20.0%**
Non-recurring items	-2.0	-0.3	-30.8	-33.1	-	-
EBIT	39.0	0.2	-39.0	0.2	-99.4%	-100.2%

GROUP KEY FIGURES FROM CONTINUING OPERATIONS - YEAR TO DATE						
Million EUR	**HY11**	**Scope adjustment**	**Underlying change**	**HY12**	**% change as reported**	**% change at comparable scope**
Revenue	**1,116.9**	**-43.1**	**34.3**	**1,108.2**	**-0.8%**	**3.2%**
Tessenderlo Kerley	157.1	0.0	34.5	191.6	21.9%	21.9%
Gelatin and Akiolis	235.7	0.0	14.9	250.6	6.3%	6.3%
Inorganics	207.0	0.0	0.8	207.7	0.4%	0.4%
Plastic Pipe Systems and Profiles	301.1	-7.9	-15.4	277.8	-7.7%	-5.4%
Other Businesses	215.9	-35.2	-0.4	180.4	-16.5%	-0.2%
Non-allocated	0.0	0.0	0.0	0.0	-	-
REBITDA	**116.9**	**-1.1**	**-16.0**	**99.8**	**-14.6%**	**-14.0%**
Tessenderlo Kerley	41.6	0.0	10.6	52.2	25.6%	25.6%
Gelatin and Akiolis	36.3	0.0	-2.4	33.9	-6.5%	-6.5%
Inorganics	14.1	0.0	-12.2	1.9	-86.7%	-86.7%
Plastic Pipe Systems and Profiles	24.2	-0.2	-2.8	21.1	-12.7%	-12.7%
Other Businesses	13.7	-0.9	-8.6	4.3	-68.9%	-66.7%
Non-allocated	-12.9	0.0	-0.6	-13.6	-	-
REBIT	**76.3**	**0.3**	**-20.7**	**55.9**	**-26.7%**	**-27.4%**
Non-recurring items	3.1	-0.3	-40.5	-37.7	-	-
EBIT	79.5	-0.0	-61.3	18.2	-77.1%	-77.9%

Group Performance Review

1. Revenue

Second quarter 2012 revenue grew 4.0% to 563.3 million EUR, driven by strong increases for Tessenderlo Kerley and Gelatin & Akiolis. Revenue for the segments Other Businesses and Inorganics was marginally lower than a year ago. Plastic Pipe Systems (PPS) and Profiles ended below last year as construction activity continued to be weak.

For the first half of 2012, revenue increased to 1.1 billion EUR, 3.2% higher year on year. As in 2Q12, the main drivers were Tessendero Kerley and Gelatin & Akiolis, while Inorganics and Other Businesses were stable and PPS and Profiles declined.

2. REBITDA

REBITDA in 2Q12 decreased by 8.2% year on year to 55.7 million EUR, a clear improvement versus the first quarter. Tessenderlo Kerley was significantly ahead and Gelatin & Akiolis also grew in the quarter. This progression was more than offset by much lower REBITDA for Inorganics and Other Businesses, while PPS and Profiles also declined.

Half year 2012 REBITDA totaled 99.8 million EUR, 14.0% below the same period a year ago. The strong performance of Tessenderlo Kerley could not compensate lower REBITDA in the balance of the group, especially the segments Inorganics and Other Businesses, which both had very challenging comparable results.

3. Cash flow from operating activities

In the first half of 2012, cash flow from operating activities amounted to 12.2 million EUR (HY11: 25.6 million EUR). Trade working capital as a percentage of revenue was 21.1% at the end of June 2012 (end June 2011: 18.7%). As in the first quarter of 2012, the main driver of this increase relates to higher working capital in Inorganics. Actions are ongoing to improve this situation. Furthermore, the three new production sites - gelatin in Brazil and China, and compounds in China - require initial working capital to start operations, while revenue generated from production sourced from these new sites is limited at this stage.

4. Net financial debt

Group net financial debt at the end of June 2012 was 244.5 million EUR, versus 219.4 million EUR at the end of December 2011. The change in net financial debt was largely due to capital expenditures and taxes, while cash generated from operating activities and proceeds from the sale of non-strategic assets were the main compensating elements.

Based on the net debt position and last twelve months REBITDA at the end of June 2012, leverage amounted to 1.4x (2.0 based on notional net debt). Gearing was 30.5% at the end of June 2012 (37.6% based on notional net debt).

1.2. Operating segments performance review

TESSENDERLO KERLEY								
2Q11	2Q12	%change as reported	%change at comparable scope	Million EUR	HY11	HY12	%change as reported	%change at comparable scope
82.1	108.2	31.8%	31.8%	Revenue	157.1	191.6	21.9%	21.9%
21.4	27.6	29.0%	29.0%	REBITDA	41.6	52.2	25.6%	25.6%
26.1%	25.5%	-	-	REBITDA margin	26.5%	27.2%	-	-
19.2	24.5	27.6%	27.6%	REBIT	37.1	46.1	24.2%	24.2%
23.4%	22.7%	-	-	REBIT margin	23.6%	24.1%	-	-

Tessenderlo Kerley Inc. (TKI) second quarter 2012 revenue was strongly ahead of last year, amounting to 108.2 million EUR, a rise of 31.8% in euro terms. With attractive crop pricing in place, the US agriculture industry planted a higher than normal number of acres. Weather patterns continued to be positive during most of the quarter in major growing regions until the second half of June, when unusually high temperatures, combined with a lack of rain, led to drought conditions. Thio-Sul® volumes increased, and KTS® potassium thiosulfate volumes were significantly higher than a year ago, following a slow start to the year. Prices were mostly stable to somewhat higher to account for higher raw material costs. NovaSource®, TKI's crop protection business, generated more revenue in 2Q12, primarily as incremental new sales of carbaryl, which was acquired at the end of January 2012, were recorded. REBITDA for the segment moved up 29.0% to 27.6 million EUR for the quarter. In US dollar terms, total TKI revenue grew 21.8% and REBITDA was 19.2% above a year ago.

Over the **first half of 2012**, TKI registered growth of revenue by 21.9% to 191.6 million EUR. As in the second quarter, sales increased due to ongoing market demand, and further supported by constructive weather conditions and the addition of carbaryl to NovaSource. Segment REBITDA of 52.2 million EUR, a gain of 25.6%, is primarily attributable to the positive agricultural context. In US dollar terms, total TKI revenue was up 12.7% and REBITDA rose 16.0%.

The long term need for increased agriculture production, driven by population growth and changing diets should underpin demand for TKI's products. However, in addition to the historical pattern of lower results in the second half of the year compared to the first half, demand for agriculture inputs may reduce temporarily until moisture levels recover.

GELATIN AND AKIOLIS								
2Q11	2Q12	%change as reported	%change at comparable scope	Million EUR	HY11	HY12	%change as reported	%change at comparable scope
117.0	126.7	8.3%	8.3%	Revenue	235.7	250.6	6.3%	6.3%
16.9	17.6	4.1%	4.1%	REBITDA	36.3	33.9	-6.5%	-6.5%
14.5%	13.9%	-	-	REBITDA margin	15.4%	13.5%	-	-
9.8	9.4	-3.8%	-3.8%	REBIT	21.7	17.8	-18.1%	-18.1%
8.4%	7.4%	-	-	REBIT margin	9.2%	7.1%	-	-

For both **Gelatin and Akiolis**, market conditions in 2Q12 were broadly unchanged from the previous quarter: raw material availability remained under pressure, leading to lower volumes despite solid demand, and higher sales prices. Against this background, Gelatin and Akiolis had an improved performance in the second quarter. Revenue for the segment rose by 8.3% to 126.7 million EUR, and REBITDA came in at 17.6 million EUR, an increase of 4.1%.

Revenue for **Gelatin** for 2Q12 was well above the same period a year ago. As in the first quarter, revenue growth was driven by upward pricing adjustments implemented over the past year to compensate more expensive raw materials. While gelatin demand continues to hold up well, and incremental new sales were recorded from the new plant in China, overall sales volumes decreased in 2Q12 year on year. However, volumes were higher than in the first quarter. The gelatin industry continues to be challenged by pressure on the availability of raw materials worldwide, and most prominently in South America. REBITDA was up in the quarter based on a solid commercial performance.

Akiolis 2Q12 revenue was slightly lower year on year. Volumes had a decline, similar to the level seen in the first quarter, as a result of less volumes available for processing. The volume effect on revenue was partially compensated by higher average selling prices across most of the portfolio. The REBITDA decrease, which was less pronounced than in the first quarter, was attributable to increased energy costs as well as reduced volumes.

First half 2012 revenue for Gelatin and Akiolis grew 6.3% to 250.6 million EUR, with somewhat lower volumes more than compensated by higher average prices. Segment REBITDA was down 6.5% to 33.9 million EUR, as a decrease in the first quarter could not be offset by an improved second quarter result.

INORGANICS								
2Q11	2Q12	%change as reported	%change at comparable scope	Million EUR	HY11	HY12	%change as reported	%change at comparable scope
99.8	97.6	-2.1%	-2.1%	Revenue	207.0	207.7	0.4%	0.4%
7.8	1.6	-79.3%	-79.3%	REBITDA	14.1	1.9	-86.7%	-86.7%
7.8%	1.7%	-	-	REBITDA margin	6.8%	0.9%	-	-
6.6	0.2	-96.9%	-96.9%	REBIT	11.6	-1.0	-108.8%	-108.8%
6.6%	0.2%	-	-	REBIT margin	5.6%	-0.5%	-	-

Inorganics revenue in 2Q12 dropped slightly to 97.6 million EUR or 2.1% year on year, and REBITDA declined by 79.3% to end up at 1.6 million EUR.

2Q12 revenue for **potassium sulfate fertilizers** was below the same period a year ago. Volumes were lower than last year due to lower tolling volumes. Prices were incrementally above 2Q11, while variable costs continued to increase more than selling prices, leading to lower margins. Reduced operating expenses could largely offset the impact of the margin shortfall, such that REBITDA was nearly unchanged year on year.

Inorganic feed phosphates revenue rose again in 2Q12 compared to the same period last year. The increase was entirely due to higher volumes, while selling prices were slightly lower than 2Q11. Margins were much lower due to higher phosphate raw materials costs. Despite some fixed cost savings, REBITDA was substantially below the very high amount in the second quarter last year.

HY12 segment revenue is in line with the first half of 2011, up 0.4% to 207.7 million EUR as higher revenue in phosphates offset a decrease in sulfates. REBITDA of 1.9 million EUR is 86.7% below last year, mainly due to selling prices not offsetting higher cost raw materials.

While global agriculture markets generally remain positive, the group’s main markets in Europe and the Middle East remain challenging given political and economic uncertainty.

PLASTIC PIPE SYSTEMS AND PROFILES								
2Q11	2Q12	%change as reported	%change at comparable scope	Million EUR	HY11	HY12	%change as reported	%change at comparable scope
158.0	142.1	-10.0%	-7.7%	Revenue	301.1	277.8	-7.7%	-5.4%
14.6	12.2	-16.5%	-16.7%	REBITDA	24.2	21.1	-12.7%	-12.7%
9.2%	8.6%	-	-	REBITDA margin	8.0%	7.6%	-	-
7.7	6.0	-21.1%	-25.6%	REBIT	10.2	8.7	-14.4%	-20.8%
4.9%	4.3%	-	-	REBIT margin	3.4%	3.1%	-	-

The segment Plastic Pipe Systems and Profiles generated 142.1 million EUR of revenue in the second quarter of 2012, 7.7% below last year. Revenue for **Plastic Pipe Systems (PPS)** decreased, as the majority of markets, including France and the Netherlands, ended lower. During the quarter there were clear signs of a deteriorating market for construction products in the markets where PPS is present. **Profiles** revenue also declined, attributable to weakness in continental Europe, while the UK was also lower. 2Q12 selling prices for PPS and continental European Profiles were at a similar level when compared to the prior year, whereas prices edged higher in the UK. Segment REBITDA fell 16.7% to 12.2 million EUR, mainly as a result of lower volumes in PPS, while Profiles was largely unchanged thanks to cost control measures.

Revenue for PPS and Profiles in the **first half of 2012** dropped 5.4% to 277.8 million EUR, as both PPS and Profiles had lower activity compared to the same period of 2011. REBITDA decreased 12.7% to 21.1 million EUR, mainly due to the lower activity levels at PPS.

There are no indications of a recovery of construction activity from its current low levels. Against this background, measures are being taken to reduce costs further, while continuing to work on important commercial initiatives, such as increasing the group's storm water management activities.

OTHER BUSINESSES								
2Q11	2Q12	%change as reported	%change at comparable scope	Million EUR	HY11	HY12	%change as reported	%change at comparable scope
105.2	88.8	-15.6%	-0.8%	Revenue	215.9	180.4	-16.5%	-0.2%
6.7	3.0	-55.6%	-55.3%	REBITDA	13.7	4.3	-68.9%	-66.7%
6.3%	3.3%	-	-	REBITDA margin	6.3%	2.4%	-	-
4.1	0.1	-97.3%	-97.5%	REBIT	8.4	-1.4	-117.0%	-117.4%
3.9%	0.1%	-	-	REBIT margin	3.9%	-0.8%	-	-

2Q12 revenue for the **Other Businesses** reporting segment had a marginal decrease of 0.8% to 88.8 million EUR. Sulfur Derivatives, Pharma and Organic Chlorine Derivatives (OCD) were all slightly up year on year, while Compounds was in line and Water Treatment was just below last year. REBITDA for the segment of 3.0 million EUR was 55.3% down compared to a very strong 2Q11, and was an improvement versus 1Q12. All activities presented lower REBITDA, with the main impacts in OCD due to margin pressures, particularly in China and in Water Treatment, because of lower volumes and reduced availability of less expensive raw materials linked to a fall in activity in the steel industry.

On a **half year** basis, the segment generated revenue at the same level as a year ago, moving -0.2% to 180.4 million EUR. OCD and Compounds registered revenue gains, Water Treatment and Pharma were marginally higher while Sulfur Derivatives was lower. REBITDA of 4.3 million EUR was 66.7% below the high amount for 2Q11. Compounds was incrementally higher despite increased operating expenses linked to the new production facility in China, while Pharma decreased due to some margin pressure and higher energy costs. OCD REBITDA was much lower compared to a challenging comparable base as a result of lower margins in China. Higher raw material costs and a temporary increase of maintenance expenses led to a decrease in REBITDA for Water Treatment.

1.3. Risks and uncertainties

Under the explicit understanding that this is not an exhaustive list, the main risk factors and uncertainties for the group for the second semester of 2012 are listed below. Additional risks of which the group is not aware may possibly exist. There may also be risks that the 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

There are inherent risks and uncertainties related to the execution of the group portfolio optimization strategy, to transform the company from a multi-local, diversified commodity chemicals player into an international specialty group, including obtaining sufficient financing, managing the change arising from implementation including the integration of acquisitions, the risk of having to post a loss on certain divestments, and the impact on the overall cost structure.

Operational risks

- **Raw material price risk**

In the normal course of its business the group is exposed to risks resulting from changes in the availability and/or market prices of raw materials. These fluctuations could have an adverse effect on the results of operations of the group.

- **Reliance on single business partner**

Certain of the group's production units are dependent on a single source of supply of a raw material and moving to an alternative supplier in case of supply problems could require significant time and/or resources. If the group's key suppliers are unable to provide the raw materials required for production, this could have a negative impact on the group's business and results of operations.

- **Risks relating to geographical scope of activity**

The group conducts its business to a significant extent on an international level. The group's operations may be affected by political and economic conditions and regulatory regimes in the countries where entities of the group operate or will operate.

Some businesses, like Akiolis, Plastic Pipe Systems and Profiles, operate in national or regional markets with national or regional competition. Others, like Compounds serving the automotive industry and Gelatin, operate in global markets and face global competition. There can be no assurance that the group can continue to effectively compete in the future, and failure to compete effectively may have an adverse effect on its business, financial conditions and results of operations.

- **Risks relating to safety, health and environment**

Certain of the group's activities may cause significant harm to persons or the environment, or where accidents may have serious consequences. The group is also involved in activities which entail the storage and transportation of hazardous substances. While all necessary measures are taken to comply with applicable regulations and to mitigate these risks to the highest extent possible, any material adverse impact on its business, operations and financial condition as a result of these activities cannot be excluded.

- **Risks relating to the group's insurance coverage which may not adequately protect against certain operating hazards**

Although the group believes that it has obtained insurance cover for operational risks and operational and other liabilities customary to its business, the insurance coverage may not adequately protect the group against certain operating hazards and/or may be subject to certain deductibles, exclusions and limits on coverage. To the extent that the group suffers loss or damage that is not covered by insurance or exceeds its insurance coverage, its result of operations and cash flow may be adversely affected.

Financial risks

The group is exposed to a variety of financial risks such as credit risk, liquidity risk, interest risk and currency risk (primarily the US dollar (USD), Pound sterling (GBP), Polish zloty (PLN), Hungarian forint (HUF), Chinese yuan (CNY), Brazilian real (BRL) and Argentine peso (ARS)).

Note 28 - Financial instruments of the 2011 consolidated financial statements contains detailed information on the company's exposures to financial risks and its risk management policies.

External risks

- **Risks arising from legal proceedings and claims**

Tessenderlo Chemie NV and certain of its subsidiaries are, and might be in the future, a party to legal proceedings and claims, including product liability, investigations by the European Commission into cartel practices and intellectual property infringements. Given the inherent uncertainty of litigation, it is possible that the group might incur liabilities as a consequence of the proceedings and claims brought against it.

- **Risks relating to the regulatory framework**

The group is subject to various regulations, including environmental, safety and health legislation, as well as future changes in such regulations. If the group is not in compliance with those requirements, it could be required to make significant expenditures to cure violations. In such circumstances the group could also be subject to material fines or penalties and, potentially, criminal sanctions, which could have a material adverse effect on its results of operations.

- **Risks relating to economic conditions and financial markets**

The group is exposed to the risk of a worsening of the global economy such as for example recent concerns regarding the euro-zone sovereign debt crisis, which can lead to a global recession or a recession in one or several of the major geographic markets. An economic downturn in the businesses or geographic areas in which the group sells its products could reduce demand for these products and result in a decrease in sales volumes. Operating segments might also be affected with high cyclicality and volatility of both demand and pricing in some industries, particularly the agricultural and buildings market. These risks could have a negative impact on the group's results of operations.

The group 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.

2. Statement on the true and fair view of the consolidated financial information and the fair overview of the 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 consolidated financial information which has been prepared in accordance with the International Financial Reporting Standard on Interim Financial Statements (IAS 34), gives 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 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. Consolidated financial information June 30, 2012

3.1. CONSOLIDATED INCOME STATEMENT			
Million EUR	**Note**	**HY12**	**HY11**
Continuing operations			
Revenue	**6**	**1,108.2**	**1,116.9**
Cost of sales		-878.1	-877.5
Gross profit		**230.1**	**239.4**
Distribution expenses		-52.4	-52.4
Sales and marketing expenses		-34.6	-33.6
Administrative expenses		-78.5	-70.8
Other operating income and expenses		-8.7	-6.3
Profit (+) / loss (-) from operations before non-recurring items (REBIT)	**6**	**55.9**	**76.3**
Gains and losses on disposals	8	11.6	5.5
Restructuring	8	-3.0	-0.6
Losses on disposal groups classified as held for sale	8	-35.9	-
Provisions and claims	8	-1.0	0.1
Other income and expenses	8	-9.4	-1.8
Profit (+) / loss (-) from operations (EBIT)		**18.2**	**79.5**
Finance costs	10	-47.2	-24.1
Finance income	10	35.7	13.0
Finance costs - net		**-11.6**	**-11.1**
Share of result of equity accounted investees, net of income tax		3.6	3.0
Profit (+) / loss (-) before tax		**10.2**	**71.4**
Income tax expense	11	-19.4	-21.2
Profit (+) / loss (-) for the period from continuing operations		**-9.2**	**50.2**
Discontinued operations			
Profit (+) / Loss (-) for the period from discontinued operations, net of income tax		-	-153.5
Profit (+) / loss (-) for the period		**-9.2**	**-103.3**
Attributable to:			
- Equity holders of the company		**-9.3**	**-103.3**
- Non-controlling interest		**0.1**	**-**
Basic earnings per share (EUR)		-0.30	-3.38
Diluted earnings per share (EUR)		-0.30	-3.38
Basic earnings per share (EUR) - Continuing operations	16	-0.30	1.64
Diluted earnings per share (EUR) - Continuing operations	16	-0.30	1.64

3.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Million EUR	**Note**	**HY12**	**HY11**
Profit (+) / loss (-) for the period		**-9.2**	**-103.3**
Translation differences		3.5	-16.3
Net change in fair value of derivative financial instruments, before tax		-3.1	-3.6
Change in consolidation scope, before tax[1]		7.7	-
Income tax on other comprehensive income		-1.6	1.2
Other movements		0.1	-
Other comprehensive income for the period, net of income tax		**6.7**	**-18.7**
Comprehensive income (+) and expense (-) for the period		**-2.5**	**-122.0**
Attributable to:			
- Equity holders of the company		-2.8	-121.9
- Non-controlling interest		0.3	-0.1
Comprehensive income (+) and expense (-) for the period		**-2.5**	**-122.0**

1. As a result of the sale of 13.33% of the shares of T-Power SA, the related part of the changes in fair value of the interest rate swaps in the associate T-Power SA, previously accumulated in equity, has been derecognized through “Other comprehensive income”.

3.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	Note	30.06.2012	31.12.2011
ASSETS			
Total non-current assets		**699.0**	**695.3**
Property, plant and equipment	13	508.7	518.8
Goodwill		54.5	55.0
Other intangible assets		65.9	58.1
Investments accounted for using the equity method		21.2	20.8
Other investments		5.1	5.7
Deferred tax assets		8.8	7.4
Trade and other receivables		34.8	29.5
Total current assets		**708.8**	**676.6**
Inventories	14	338.5	350.8
Trade and other receivables		316.1	290.9
Derivative financial instruments		1.4	0.0
Cash and cash equivalents	17	52.8	34.9
Non-current assets classified as held for sale	**9**	**20.8**	**7.8**
Total assets		**1,428.6**	**1,379.7**
EQUITY AND LIABILITIES			
Total equity		**562.5**	**604.6**
Equity attributable to equity holders of the company		**558.1**	**600.3**
Issued capital		147.9	147.9
Share premium		73.5	73.5
Reserves and retained earnings		336.3	382.4
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale		0.4	-3.6
Non-controlling interest		**4.4**	**4.3**
Total liabilities		**850.4**	**775.1**
Total non-current liabilities		**304.3**	**309.0**
Financial liabilities	17	179.7	180.5
Employee benefits		30.6	30.6
Provisions		51.7	56.1
Trade and other payables		2.1	2.4
Derivative financial instruments		10.2	8.8
Deferred tax liabilities		30.1	30.6
Total current liabilities		**546.1**	**466.1**
Bank overdrafts	17	1.1	0.7
Financial liabilities	17	116.6	73.2
Trade and other payables		411.3	379.3
Derivative financial instruments		0.1	1.6
Current tax liabilities		6.0	3.0
Provisions		11.0	8.4
Liabilities associated with assets classified as held for sale	**9**	**15.7**	**-**
Total equity and liabilities		**1,428.6**	**1,379.7**

Bringing Chemistry to Life

3.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Million EUR	Note	Issued capital	Share premium	Legal reserves	Translation reserves	Revaluation reserves	Hedging reserves	Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2011		**143.7**	**57.5**	**13.8**	**-14.4**	**10.7**	**-2.5**	**-**	**516.0**	**724.8**	**3.7**	**728.5**
Profit (+) / Loss (-) for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-103.3**	**-103.3**	**-**	**-103.3**
Other comprehensive income for the period												
- Translation differences		-	-	-	-16.2	-	-	-	-	-16.2	-0.1	-16.3
- Change in consolidation scope		-	-	-	-	-	-	-	-	0.0	-	0.0
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-	-2.4	-	-	-2.4	-	-2.4
Comprehensive income for the period, net of income taxes		**-**	**-**	**-**	**-16.2**	**-**	**-2.4**	**-**	**-103.3**	**-121.9**	**-0.1**	**-122.0**
Transactions with owners, recorded directly in equity												
- Dividends paid to shareholders		-	-	-	-	-	-	-	-38.3	-38.3	-	-38.3
Total contributions by and distributions to owners		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-38.3**	**-38.3**	**-**	**-38.3**
Other movements		-	-	0.6	-	-	-	-	-0.6	0.0	-	0.0
Balance at June 30, 2011		**143.7**	**57.5**	**14.4**	**-30.6**	**10.7**	**-4.9**	**-**	**373.8**	**564.6**	**3.6**	**568.2**

Bringing Chemistry to Life

Million EUR	Note	Issued capital	Share premium	Legal reserves	Translation reserves	Revaluation reserves	Hedging reserves	Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale[1]	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2012		**147.9**	**73.5**	**14.4**	**-23.4**	**10.7**	**-2.8**	**-3.6**	**383.5**	**600.3**	**4.3**	**604.6**
Profit (+) / Loss (-) for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-9.3**	**-9.3**	**0.1**	**-9.2**
Other comprehensive income for the period												
- Translation differences		-	-	-	3.4	-	-	-	-	3.4	0.1	3.5
- Change in consolidation scope		-	-	-	-	-	-	5.1	-	5.1	-	5.1
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-	-0.5	-1.5	-	-2.0	-	-2.0
- Other movements		-	-	-	-	-	-	-	-	0.0	0.1	0.1
Comprehensive income for the period, net of income taxes		**-**	**-**	**-**	**3.4**	**-**	**-0.5**	**3.6**	**-9.3**	**-2.8**	**0.3**	**-2.5**
Transactions with owners, recorded directly in equity												
- Dividends paid to shareholders	15	-	-	-	-	-	-	-	-39.4	-39.4	-0.2	-39.5
Total contributions by and distributions to owners		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-39.4**	**-39.4**	**-0.2**	**-39.5**
Other movements		-	-	0.4	-0.4	-	-	0.4	-0.4	0.0	-	0.0
Balance at June 30, 2012		**147.9**	**73.5**	**14.8**	**-20.3**	**10.7**	**-3.3**	**0.4**	**334.4**	**558.1**	**4.4**	**562.5**

1. The fair value of the interest rate swaps, net of taxes, related to the 13.33% participation in T-Power SA, previously recognized directly in equity, amounted to -3.6 million EUR as per December 31, 2011 and was included in the hedging reserves as was disclosed in note 21 - Non-current assets classified as held for sale of the 2011 financial report.

   The balance of 0.4 million EUR as per June 30, 2012 relates to the share of the disposal groups in the translation reserves.

3.5. CONSOLIDATED STATEMENT OF CASH FLOWS			
Million EUR	**Note**	**30.06.2012**	**30.06.2011**
OPERATING ACTIVITIES			
Profit (+) / loss (-) for the period		**-9.2**	**-103.3**
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets[1]		43.4	54.2
Impairment losses on disposal groups classified as held for sale[1]	8	33.5	151.0
Changes in provisions		-4.8	0.4
Finance costs	10	47.2	25.3
Finance income	10	-35.7	-13.1
Loss / (profit) on sale of non-current assets		-11.8	-4.9
Share of result of equity accounted investees, net of income tax		-3.6	-3.0
Income tax expense	11	19.4	21.8
Other non-cash items		-4.8	-6.0
Changes in inventories		2.4	-20.0
Changes in trade and other receivables		-44.6	-71.3
Changes in trade and other payables		-5.7	2.9
Cash generated from operations		*25.8*	*34.0*
Income tax paid		-16.3	-10.1
Dividends received from investments accounted for using the equity method		2.7	1.8
Cash flow from operating activities[2]		**12.2**	**25.6**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	-46.5	-43.6
Acquisition of other intangible assets		-1.6	-2.4
Acquisitions of investments accounted for using the equity method		-	-1.3
Acquisition of businesses, net of cash acquired		-14.2	-
Proceeds from the sale of property, plant and equipment		2.1	1.7
Proceeds from the sale of other intangible assets		0.1	-
Proceeds from the sale of subsidiaries, net of cash disposed of		-	17.8
Further settlement of the PVC/Chlor-Alkali sales transaction		11.1	-
Proceeds from the sale of investments accounted for using the equity method		20.9	-
Cash flow from investing activities		**-28.0**	**-27.8**
FINANCING ACTIVITIES			
Increase / (decrease) of financial liabilities		42.6	-51.7
Payment of transaction costs related to financial liabilities		-	-3.5
Interest paid		-5.8	-6.5
Interest received		0.3	0.7
Other finance costs paid		-2.7	-4.7
(Increase) / decrease of long term receivables		-1.4	-1.1
Cash flow from financing activities[2]		**33.0**	**-66.8**
Net increase / (decrease) in cash and cash equivalents		**17.2**	**-68.9**
Effect of exchange rate differences		0.4	-1.8
Cash and cash equivalents less bank overdrafts at the beginning of the period		34.2	144.7
Cash and cash equivalents less bank overdrafts at the end of the period		51.8	73.9

1. As from 2012 onwards, a split is made between “Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets” and “Impairment losses on disposal groups classified as held for sale”. The 2011 figures were restated.
2. As from the beginning of 2012 onwards, “interests received”, “interests paid” and “other finance costs paid” are no longer classified as cash flow items from operating activities, but as cash flow items from financing activities. The 2011 figures were restated.

3.6. Notes to the consolidated financial information

1. Reporting entity
2. Statement of compliance
3. Significant accounting policies
4. Critical accounting estimates and judgments
5. Financial risk management
6. Segment reporting
7. Acquisitions and disposals
8. Non-recurring income/(expense) items
9. Non-current assets classified as held for sale
10. Finance costs and income
11. Income tax expense
12. Seasonality of operations
13. Property, plant and equipment
14. Inventories
15. Share capital and share premium
16. Earnings per share
17. Financial liabilities
18. Related parties
19. Subsequent events

1. Reporting entity

Tessenderlo Chemie NV (hereafter referred to as “the company”) is a company domiciled in Belgium. The consolidated financial information for the six month period ended June 30, 2012 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 consolidated financial information for the six month period ended June 30, 2012 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 December 31, 2011[2].

This consolidated financial information was approved by the Board of Directors on August 28, 2012.

3. Significant accounting policies

The accounting policies used by the group in the present consolidated financial information are consistent with those used in the preparation of the consolidated financial statements as at and for the year ended December 31, 2011.

3.1. Recently issued IFRS

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

Effective as from January 1, 2013:

- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- IAS 19 *Employee Benefits* (amended 2011)
- IAS 27 *Separate Financial Statements* (2011)
- IAS 28 *Investments in Associates and Joint Ventures* (2011)

Effective as from January 1, 2015:

- IFRS 9 *Financial Instruments*

For the six-month period ended June 30, 2012, these new or amended standards have not been applied in preparing the consolidated financial information. The group does not plan to adopt these standards early. The estimated impact of the IAS 19 *Employee benefits* standard has been disclosed in the 2011 financial report. The other new or amended standards are not expected to have a significant impact on the group’s financial statements.

[2] The 2011 consolidated financial statements can be consulted on the group’s web site www.tessenderlogroup.com

3.2. Foreign currency

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

EXCHANGE RATES					
	Closing rate			Average rate	
1 EUR equals:	30.06.2012	31.12.2011	30.06.2011	30.06.2012	30.06.2011
Argentine peso	5.7270	5.5760	5.9300	5.6962	5.6765
Brazilian real	2.5788	2.4159	2.2601	2.4144	2.2879
Chinese yuan	8.0011	8.1588	9.3416	8.1901	9.1755
Czech crown	25.6400	25.7870	24.3450	25.1742	24.3495
Hungarian forint	287.7700	314.5800	266.1100	295.4500	269.4500
Polish zloty	4.2488	4.4580	3.9903	4.2459	3.9527
Pound sterling	0.8068	0.8353	0.9026	0.8225	0.8682
Romanian leu	4.4513	4.3233	4.2435	4.3904	4.1798
US dollar	1.2590	1.2939	1.4453	1.2965	1.4032

4. Critical accounting estimates and judgments

The preparation of the financial statements in conformity with IFRS as adopted for use by the European Union requires management to make 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 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.

Estimates and judgments are mainly used in accounting for:

- Allowances for uncollectible receivables. These are based on an extensive analysis of the customer credit risk, ageing and historic payment behaviour.
- Inventory obsolescence and lower of cost of net realizable value adjustments, which are determined through the analysis of the market circumstances at closing date.
- Depreciation and amortisation, which is based on the estimated useful life of an asset.
- Impairments. The carrying amount of financial assets, property, plant and equipment, goodwill and other intangible assets is reviewed at each balance sheet date to determine whether an indication of impairment exits. If any such indication exists, the asset’s recoverable amount is estimated.
- Employee benefits. The calculation of defined benefit obligations is based on actuarial assumptions such as future salary increases, the expected return on plan assets, the turnover rate and life expectancy, and through the use of a discount rate.
- Taxes. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be

realised. In making its judgment management takes into account the long term business strategy.

- Provisions and contingencies. The amounts recognised reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date. If the effect is material, provisions are determined by discounting the expected future cash flows.
- Non-current assets classified as held for sale, which are recognized at the lower of their carrying amount and fair value less costs to sell.
- Financial instruments, which are measured at fair value in the statement of financial position based on inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

5. Financial risk management

For an overview of the main risks and uncertainties which the group is facing, we refer to 1.3. Risks and uncertainties of this interim report. Also, we refer to the 2011 Annual Report as available on the company's website www.tessenderlogroup.com.

6. Segment reporting

The group has nine operating segments based on the principal business activities and economic environments, as defined under IFRS 8 *Operating Segments*. The customers and main markets of these segments are different. Four operating segments (Tessenderlo Kerley, Gelatin and Akiolis, Inorganics and Plastic Pipe Systems and Profiles) fulfil the quantitative thresholds and are reported separately. As per June 30, 2011, the discontinued operation PVC/Chlor-Alkali was reported separately as an operating segment.

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

The group is a diversified specialty group that is worldwide active in many areas of agriculture, food, water management, efficient re(use) of natural resources and other industrial markets. The products of the group are used in various applications and consumption markets. Although a leadership position is occupied by the group in a number of diverse markets, the diversification of the group's revenue makes the group not reliant on major customers.

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

SEGMENT REPORTING																		
	Tessenderlo Kerley		Gelatin and Akiolis		Inorganics		Plastic Pipe Systems and Profiles		Other Businesses		Non-allocated		Tessenderlo Group (Continuing operations)		Discontinued operations PVC/Chlor-Alkali		Tessenderlo Group	
Million EUR	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Revenue (internal and external)	191.9	157.2	250.8	239.9	207.9	207.1	277.8	301.2	181.0	217.6	-	-	1,109.5	1,123.1	-	306.4	1,109.5	1,429.4
Revenue (internal)	0.3	0.1	0.2	4.2	0.2	0.1	-	0.1	0.6	1.7	-	-	1.3	6.2	-	-*	1.3	6.2
Revenue	**191.6**	**157.1**	**250.6**	**235.7**	**207.7**	**207.0**	**277.8**	**301.1**	**180.4**	**215.9**	**-**	**-**	**1,108.2**	**1,116.9**	**-**	**306.4**	**1,108.2**	**1,423.3**
REBITDA	52.2	41.6	33.9	36.3	1.9	14.1	21.1	24.2	4.3	13.7	-13.6	-12.9	99.8	116.9	-	17.6	99.8	134.5
Profit (+) / loss (-) from operations before non-recurring income/(expense) items (REBIT)	46.1	37.1	17.8	21.7	-1.0	11.6	8.7	10.2	-1.4	8.4	-14.3	-12.8	55.9	76.3	-	5.3	55.9	81.6
REBITDA / revenue	27.2%	26.5%	13.5%	15.4%	0.9%	6.8%	7.6%	8.0%	2.4%	6.3%	-	-	9.0%	10.5%	-	5.8%	9.0%	9.4%
REBIT / revenue	24.1%	23.6%	7.1%	9.2%	-0.5%	5.6%	3.1%	3.4%	-0.8%	3.9%	-	-	5.0%	6.8%	-	1.7%	5.0%	5.7%
Capital expenditures: PP&E and other intangible assets	15.4	5.2	13.4	20.1	5.3	3.4	6.8	8.2	5.5	5.2	1.7	0.2	48.0	42.3	-	3.7	48.0	46.0

* The discontinued PVC/Chlor-Alkali activities did no longer report internal revenue in 2011. All revenue realized by the discontinued PVC/Chlor-Alkali activities with other operating segments of the group was considered as external revenue (June 2011: 60.9 million EUR). All revenue realized by other operating segments of the group with the discontinued PVC/Chlor-Alkali activities was also considered as external revenue and amounted to 5.1 million EUR as per June 2011.

The reconciliation of the profit before tax is as follows:

RECONCILIATION PROFIT BEFORE TAX	
Million EUR	**30.06.2012**
Profit (+) / loss (-) from operations before non-recurring income/(expense) items of reportable segments	71.6
Profit (+) / loss (-) from operations before non-recurring income/(expense) items of non-allocated and other businesses	-15.7
Total Profit (+) / loss (-) from operations before non-recurring income/(expense) items (REBIT)	**55.9**
Non-recurring income/(expense) items	-37.7
Finance costs - net	-11.6
Share of result of equity accounted investees, net of income tax	3.6
Profit (+) / loss (-) before tax	**10.2**

7. Acquisitions and disposals

On January 31, 2012, Tessenderlo Kerley Inc., a US subsidiary within the operating segment “Tessenderlo Kerley”, purchased certain assets and assumed certain liabilities of the global carbaryl business from Bayer CropScience. Tessenderlo Kerley Inc. acquired the global crop protection assets including trade names, knowhow, registrations and registration data. The carbaryl activity was integrated in Tessenderlo Kerley Inc.’s operations. The total acquisition cost could be attributed fully to the acquired assets and liabilities and therefore this purchase did not result in the recognition of any goodwill. The impact of this acquisition on the financial position and income statement of the group is considered not to be significant.

On January 6, 2012, Soleval Nord Est SAS, a subsidiary within the operating segment “Gelatin and Akiolis”, acquired 100% of the shares and voting rights of Neobiol sarl, a specialist in the collection of used food cooking oil in the Paris region. On June 1, 2012, Soleval Ouest SAS, a subsidiary within the operating segment “Gelatin and Akiolis”, acquired 100% of the shares and voting rights of Société Azuréenne de Récupération SAR, a specialist in the collection of used food cooking oil and organic waste in the region Provence-Alpes-Côte d’Azur. These purchases resulted together in the recognition of a goodwill of 1.3 million EUR. The impact of these acquisitions on the financial position and income statement of the group is considered to be immaterial.

In September 2011, Tessenderlo Group sold 13.33% of the shares in T-Power SA to Tokyo Gas, reducing the participation from 33.33% to 20.00%. The transaction was subject to approval by the authorities, other shareholders rights, and 3rd party consents. After fulfillment of these conditions, the transaction was closed in June 2012. The sale resulted in a non-recurring gain, after deducting expenses related to this transaction, of 10.9 million EUR.

8. Non-recurring income/(expense) items

NON-RECURRING INCOME / (EXPENSE) ITEMS		
Million EUR	**HY12**	**HY11**
Gains and losses on disposals	11.6	5.5
Restructuring	-3.0	-0.6
Losses on disposal groups classified as held for sale	-35.9	-
Provisions and claims	-1.0	0.1
Other income and expenses	-9.4	-1.8
Total	**-37.7**	**3.1**

For the first half of 2012, the group recorded a non-recurring loss of -37.7 million EUR.

The gain on disposals (11.6 million EUR) can be mainly explained as follows:

- In September 2011, Tessenderlo Group sold 13.33% of the shares in T-Power SA to Tokyo Gas, reducing the participation in this associate from 33.33% to 20.00%. The transaction was closed in June 2012 after all related conditions were fulfilled. The sale resulted in a non-recurring gain, after deducting expenses related to this transaction, of 10.9 million EUR.
- The remaining gain on disposals mainly relates to the sale of non-strategic assets in Tessenderlo (Tessenderlo Chemie NV).

The restructuring expenses (-3.0 million EUR) relate to expenses for further operational efficiency improvements.

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the assets and liabilities of the disposal groups Profialis (operating segment “Plastic Pipe Systems and Profiles”, including the subsidiaries Profialis NV, Profialis SAS, Profialis Kft, Profialis Sp.zo.o. and Wymar Systems Ltd) and Lianyungang Taile Chemical Industry, Co. Ltd (operating segment “Organic Chlorine Derivatives” within “Other Businesses”) were presented as assets and liabilities classified as held for sale at the end of June 2012 (see also note 9). The current and non-current assets were recognized at the lower of their carrying amount and their fair value less costs to sell, resulting in a non-recurring loss of 35.9 million EUR as per June 30, 2012 (which includes impairment charges for 33.5 million EUR and costs to sell for 2.4 million EUR).

The other income and expenses (-9.4 million EUR) mainly relate to:

- The exceptional loss following an incident at the sulphuric acid plant at the site in Ham (within the operating segment Inorganics) for -1.9 million EUR.
- The realized loss on electricity contracts which are no longer for own use following the sale of the majority of the PVC/Chlor-Alkali activities in 2011 (-3.8 million EUR).
- One-off consultancy fees and other expenses related to the reorganization and optimization of several activities (-1.1 million EUR).

9. Non-current assets classified as held for sale

As per August 29, 2012, the group announces its intention to sell its European continental profiles activities, known under the brand name Profialis (operating segment "Plastic Pipe Systems and Profiles"). These activities are included in the subsidiaries Profialis NV (Belgium), Profialis SAS (France), Profialis Kft (Hungary), Profialis Sp.zo.o. (Poland) and Wymar Systems Ltd. (United Kingdom).

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the assets and liabilities of this disposal group are presented as assets and liabilities classified as held for sale at June 30, 2012. The current and non-current assets are recognized at the lower of their carrying amount and their fair value less costs to sell, which has resulted in a total non-recurring loss of 30.0 million EUR. The estimated fair value less costs to sell was based on bids from potential buyers.

In the second quarter of 2012, exclusive negotiations were started with a private investor in order to sell the subsidiary Lianyungang Taile Chemical Industry, Co. Ltd, a producer of benzyl chloride and high purity benzaldehyde in China (operating segment "Organic Chlorine Derivatives" within "Other Businesses"). On August 21, 2012 the group completed the sale of this subsidiary. In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations,* the assets and liabilities of this disposal group are presented as assets and liabilities classified as held for sale at the end of June 2012. The current and non-current assets have been recognized at the lower of their carrying amount and their fair value less costs to sell. A non-recurring loss of 5.9 million EUR was recognized.

The other non-current assets classified as held for sale (3.3 million EUR) relate to the carrying amount of non-strategic assets, mainly land and buildings at a French and Italian subsidiary (operating segments "Plastic Pipe Systems and Profiles" and "Inorganics" respectively) which management committed to sell.

Million EUR	**30.06.2012**	**31.12.2011**
Non-current assets classified as held for sale	**20.8**	**7.8**
Disposal group Profialis	14.4	-
Disposal group Lianyungang Taile Chemical Industry, Co. Ltd	3.1	-
Participation T-Power (13.33%)	-	5.8
Other non-current assets classified as held for sale	3.3	2.0
Liabilities associated with assets classified as held for sale	**15.7**	**-**
Disposal group Profialis	13.3	-
Disposal group Lianyungang Taile Chemical Industry, Co. Ltd	2.4	-

10. Finance costs and income

The net finance costs and income amount to -11.6 million EUR as per June 30, 2012, compared to -11.1 million EUR as per June 30, 2011.
The net finance costs and income can be detailed as follows:

FINANCE COSTS AND INCOME		
Million EUR	**HY12**	**HY11**
Interest expense on financial liabilities	-7.3	-7.7
Capitalized borrowing costs	-	0.9
Amortization charges of transaction costs related to financial liabilities	-0.9	-1.0
Commitment fee on unused portion of the syndicated credit facility	-0.9	-1.3
Factoring expense	-1.1	-2.2
Total borrowing costs	**-10.2**	**-11.3**
Dividend income from non-consolidated companies	0.1	0.1
Interest income	0.2	0.7
Total income from investments and cash & cash equivalents	**0.3**	**0.8**
Expense for the unwinding of discounted provisions	-0.4	-0.4
Net foreign exchange gains and losses (including revaluation to fair value of derivative financial instruments)[1]	-0.3	1.9
Amortization charges related to the unwinding of derivative financial instruments	-0.3	-0.8
Net other finance (costs)/income[2]	-0.6	-1.3
Total	**-11.6**	**-11.1**

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

1. The net foreign exchange gains and losses (including revaluation to fair value of derivative financial instruments) as per June 30, 2012 include foreign exchange losses for 30.4 million EUR, foreign exchange gains for 32.4 million EUR and a revaluation loss on derivative financial instruments of 2.3 million EUR (2011: 10.3 million EUR foreign exchange losses, 2.0 million EUR foreign exchange gains and 10.2 million EUR revaluation gain on derivative financial instruments).
2. The net other finance (costs)/income as per June 30, 2012 include 0.7 million EUR other finance costs and 0.0 million EUR other finance income (2011: 1.3 million EUR and 0.0 million EUR respectively).

11. Income tax expense

The group's consolidated effective tax rate based on the recurrent profit (+)/loss (-) for the first six months of 2012 amounts to 46.8% (first six months of 2011: 32.8%).

The income tax expenses mainly relate to the operations in the United States within the operating segments "Tessenderlo Kerley" and "Gelatin and Akiolis". Furthermore, no deferred tax assets were recognized on fiscal losses within some other operations of the group.

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 2012, the group's capital expenditure amounted to 46.5 million EUR (43.6 million for the six month period ended 30 June 2011 EUR in the continuing and discontinued operations). The capital expenditure - property, plant and equipment and other intangible assets - per operating segment is disclosed in note 6 - Segment reporting.

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the assets of the disposal groups Profialis and Lianyungang Taile Chemical Industry, Co. Ltd (see also note 9) were presented as assets classified as held for sale per June 30, 2012. The items of property, plant and equipment are recognized at the lower of their carrying amount and their fair value less costs to sell. Impairments on Property, plant and equipment for 15.6 million EUR and 2.7 million EUR were deemed necessary for the disposals groups Profialis and Lianyungang Taile Chemical Industry, Co. Ltd respectively.

During the six month period ended June 30, 2012 the group entered into contracts to purchase property, plant, and equipment for 50.7 million EUR, the majority of which is expected to be delivered in 2012 till 2014. The main commitments relate to Tessenderlo Kerley Inc. (30.4 million EUR), a US subsidiary within the operating segment "Tessenderlo Kerley", which anticipates future capital spending mainly for:

- Tessenderlo Kerley Inc. will service a gold mining operation in the Western US, via a long term production and supply agreement. Tessenderlo Kerley Inc. will construct, own and operate a new, environmentally safe thiosulfates production facility on the site of the mining operation of Barrick Gold Corporation, the gold industry leader. Startup is estimated to take place at the end of 2013.
- A new sulfur processing plant located at Wynnewood, Oklahoma. Once completed this facility will produce ATS fertilizer and sulfur. It is anticipated the plant will be on line in 4Q12.
- A production facility at Hanford, California. This facility will produce KTS fertilizers. It is anticipated to be operational in 3Q14.

14. Inventories

Inventory decreased by 12.3 million EUR from 350.8 million EUR as per December 31, 2011 to 338.5 million EUR as per June 30, 2012.

During the first six months of 2012, the value reduction of inventory recorded by the group amounted to 10.7 million EUR (as per HY11: 0.6 million EUR).

This value reduction can mainly be explained by the measurement at fair value less costs to sell of the disposal groups Profialis (operating segment “Plastic Pipe Systems and Profiles”) and Lianyungang Taile Chemical Industry, Co. Ltd (operating segment “Organic Chlorine Derivatives”), which lead to a write down of the inventories for 9.1 million EUR. These value reductions were included in the losses on disposal groups classified as held for sale (note 8 – Non-recurring income/(expense) items). The remaining value of the inventory in the disposal groups (5.9 million EUR) was reclassified to non-current assets classified as held for sale.

15. Share capital and share premium

The Board of Directors’ proposal to distribute a gross dividend of 1.3333 EUR per share or 39.4 million EUR for the business year 2011 was approved by the shareholders of Tessenderlo Chemie NV at their annual general meeting on June 5, 2012, and is reflected in the consolidated financial information for the six-month period ended June 30, 2012. The Board of Directors decided to offer all the shareholders a choice of payment conditions: the option of receiving a dividend in new shares at a price of 18.00 EUR per share, or in cash, or a combination of both. The shareholders could make their choice of payment during a period from Tuesday, June 12, 2012 until Friday, July 6, 2012.

The choice of shareholders for distribution in new shares lead to creation of 1,085,455 additional new shares. These shares (with VVPR strip) were included for trading on Eurolist on NYSE Euronext Brussels on July 17, 2012. The dividend distributed in cash of 19.8 million EUR was paid out on July 16, 2012. As per June 30, 2012, the gross dividend of 39.4 million EUR is recognized in the statement of financial position as current liabilities in “Trade and other payables”.

On August 23, 2012, Tessenderlo Chemie NV will include 45,287 additional shares (with VVPR strip) in trading on Eurolist on NYSE Euronext Brussels. These are 45,287 ordinary shares subscribed by staff on 150,000 presented. No shares were emitted at the time of the conversion of warrants.

16. 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 June 30, 2012.

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

BASIC EARNINGS PER SHARE				
	30.06.2012		30.06.2011	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Number of ordinary shares at January 1	29,531,058	-	28,715,584	28,715,584
Effect of stock dividend 2011	-	-	722,809	722,809
Effect of stock dividend 2012	1,085,455	-	1,085,455	1,085,455
Adjusted number of ordinary shares at January 1	**30,616,513**	**-**	**30,523,848**	**30,523,848**
Effect of shares issued	-	-	-	-
Adjusted weighted average number of ordinary shares at June 30	**30,616,513**	**-**	**30,523,848**	**30,523,848**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	-9.3	-	50.2	-153.5
Basic earnings per share (in EUR)	**-0.30**	**-**	**1.64**	**-5.03**

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 2012.

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:

DILUTED EARNINGS PER SHARE				
	30.06.2012		30.06.2011	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Adjusted weighted average number of ordinary shares at June 30	30,616,513	-	30,523,848	30,523,848
Effect of warrants issued	-	-	87,660	-
Adjusted diluted weighted average number of ordinary shares at June 30	**30,616,513**	**-**	**30,611,508**	**30,523,848**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	-9.3	-	50.2	-153.5
Diluted earnings per share (in EUR)	**-0.30**	**-**	**1.64**	**-5.03**

17. Financial liabilities

FINANCIAL LIABILITIES		
Million EUR	**30.06.2012**	**31.12.2011**
Non-current financial liabilities	179.7	180.5
Current financial liabilities	116.6	73.2
Total financial liabilities	**296.3**	**253.6**
Cash and cash equivalents	-52.8	-34.9
Bank overdrafts	1.1	0.7
Net financial liabilities	**244.5**	**219.4**

The financial liabilities increased by 42.7 million EUR to 296.3 million EUR. This increase can be mainly explained by the following movements:

- An additional 65.0 million EUR has been drawn from the syndicated credit facility (agreement signed in April 2011 for an aggregate amount of 450.0 million EUR);
- The outstanding amount of the treasury bills (commercial paper) decreased by 23.5 million EUR to 20.0 million EUR as per June 30, 2012 (outstanding amount as per December 31, 2011: 43.5 million EUR).

18. 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 30, 2012, Société Nationale des Poudres et Explosifs (SNPE), a French state owned company is holding 7,847,863 shares (26.6% of the company). 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 2011 (435,992 shares).

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 JUNE 30, EXCEPT FOR BALANCE SHEET COMPARATIVES AT DECEMBER 31)		
Million EUR	**2012**	**2011**
Revenue	3.9	3.9
Cost of sales	11.7	12.5
Current assets	1.3	0.8
Current liabilities	1.9	2.2

TRANSACTIONS WITH ASSOCIATES (FOR THE SIX MONTH PERIOD ENDED JUNE 30, EXCEPT FOR BALANCE SHEET COMPARATIVES AT DECEMBER 31)		
Million EUR	**2012**	**2011**
Current assets	-	-

Dividends were received from joint ventures and associates for an amount of 2.7 million EUR (June 30, 2011: 1.8 million EUR).

TRANSACTIONS WITH THE MEMBERS OF THE GROUP MANAGEMENT COMMITTEE		
Million EUR	**30.06.2012**	**30.06.2011**
Short-term employee benefits	2.5	2.6
Post-employee benefits	0.2	0.4
Share based payments	-	-
Total	**2.7**	**3.0**

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

In HY12, members of the GMC did not exercise any warrants (HY11: no warrants were exercised by members of the GMC).

19. Subsequent events

On July 10, 2012 a fire took place in the company Tessenderlo Chemie NV (Ham, Belgium), within the Sulphates activity (operating segment "Inorganics"). The full impact of this incident has not yet been determined, however is considered not to be material.

On July 11, 2012, the European Commission issued a press release on an antitrust investigation it conducts in the Plastic Pipes market. The European Commission carried out an inspection at one (and only one) of the subsidiaries of the group, namely Nyloplast Europe BV, which produces fittings in the Netherlands. Nyloplast Europe BV fully cooperated with the authorities during this inspection. There is no indication that this investigation will have a significant impact on the group's consolidated statement of financial position, the consolidated income statement, nor on the consolidated statement of cash flows in any one accounting period.

As per August 29, 2012, the group announces its intention to divest its European continental profiles activities, known under the brand name Profialis (operating segment "Plastic Pipe Systems and Profiles"). A transaction would result in the shares of the following companies being sold: Profialis NV, Profialis SAS, Profialis Kft, Profialis Sp.zo.o. and Wymar Systems Ltd. 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 classified as held for sale at June 30, 2012. We refer to note 9 – Non-current assets classified as held for sale.

As per August 21, 2012, the group sold its subsidiary Lianyungang Taile Chemical Industry, Co. Ltd, a producer of benzyl chloride and high purity benzaldehyde in China (operating segment "Organic Chlorine Derivatives"), to a private investment firm. In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations,* the assets and liabilities of this disposal group are presented as assets and liabilities classified as held for sale at the end of June 2012. We refer to note 9 – Non-current assets classified as held for sale.

4. Independent auditors' report on the review of the condensed consolidated interim financial Information as per 30 June 2012

Statutory auditors' report to the board of directors of Tessenderlo Chemie NV on the review of the condensed consolidated interim financial information as at 30 June 2012 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 2012, the consolidated income statement and consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("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 2012 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, 28 August 2012

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 the sum of net financial debt and equity attributable to equity holders of the company.

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

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

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

Net financial debt
Bank overdrafts, non-current and current financial liabilities minus cash and cash equivalents.

Non-recurring income/(expense) items
Items related to restructuring, impairment losses, claims and other income or expenses, which do not occur regularly as part of the normal activities of the company.

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 (+) / loss (-) from operations before non-recurring income/(expense) items).

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

Return on capital employed (ROCE)

REBIT divided by capital employed.

Return on equity (ROE)

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

Theoretical aggregated weighted tax rate

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

Weighted average number of ordinary shares

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

Working capital

Inventories, trade and other receivables minus trade and other payables.