Bringing Chemistry to Life

Brussels, August 27, 2014

Regulated information

Tessenderlo Group

Interim report for the 6 month period ended 30 June 2014[1]

[1] Note that Tessenderlo Group publishes, in addition to this interim report, also a press release on the June 30, 2014 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.
- Figures may not add up due to rounding.

1. MANAGEMENT REPORT

1.1. Group key figures

Million EUR	HY14	HY13	% Change
Revenue Group	775.7	1,029.0	-24.6%
- Revenue Other segment	-31.2	-251.0	
Revenue at comparable scope	**744.5**	**778.0**	**-4.3%**
Rebitda Group	87.1	81.7	6.7%
- Rebitda Other segment	-1.2	-8.9	
Rebitda at comparable scope	**85.9**	**72.8**	**18.0%**
Rebit Group	54.7	43.9	24.6%
- Rebit Other segment	-1.2	-4.9	
Rebit at comparable scope	**53.5**	**39.0**	**37.2%**
Profit (+) / loss (-) for the period	**27.7**	**-35.1**	**nm**
Net debt	199.0	250.9	
Notional net debt	291.3	378.1	

GROUP KEY FIGURES - YEAR TO DATE			
Million EUR	**HY14**	**HY13**	**% change**
Revenue	**775.7**	**1,029.0**	**-24.6%**
Agro	296.7	307.8	-3.6%
Bio-valorization	241.3	268.6	-10.2%
Industrial solutions	206.5	201.5	2.4%
Other	31.2	251.0	-87.6%
REBITDA	**87.1**	**81.7**	**6.7%**
Agro	61.1	41.2	48.5%
Bio-valorization	7.6	22.5	-65.9%
Industrial solutions	17.1	9.2	86.4%
Other	1.2	8.9	-86.4%
REBIT	**54.7**	**43.9**	**24.6%**
Agro	53.0	32.6	62.5%
Bio-valorization	-6.7	6.7	nm
Industrial solutions	7.2	-0.4	nm
Other	1.2	4.9	-75.3%
Non-recurring items	-2.2	-49.0	nm
EBIT	52.6	-5.1	nm

- ## Revenue

The HY14 **revenue** at comparable scope decreased by 4.3% or by 2.2% when excluding the foreign exchange effect, mostly impacted by the segment “Bio-valorization”.

- ## REBITDA

The HY14 **rebitda** increased by 18.0% at comparable scope or by 24.5% when excluding the foreign exchange effect. Key contributors are the profitability of the Agro business, as well as the impact of cost management initiatives. The Group also benefited from milder winter conditions, which led to an increase of business in Industrial solutions. The segment “Bio-valorization” still experienced a decrease in overall profitability versus last year.

- ## Profit (+) / loss (-) for het period

The HY14 **profit** amounts to 27.7 million EUR compared to a loss of -35.1 million EUR in the same period last year. This result could be realized thanks to the decrease of non-recurring costs (HY14: -2.2 million EUR compared to -49.0 million EUR in HY13) and to the increase of operational results (rebit moved from 43.9 million EUR in HY13 to 54.7 million EUR in HY14). Moreover the group benefited from lower net finance costs and taxes in HY14 compared to HY13.

- ## Net financial debt

At the end of June 2014, group **net financial debt** stood at 199.0 million EUR, versus 258.9 million EUR at the end of December 2013, resulting in a leverage of 1.6x at the half year end.

The decrease of the net financial debt is mostly driven by the higher operational results and a reduction in working capital even after considering the increased factoring amount which moved from 81.9 million EUR at year end 2013 to 92.3 million EUR at the end of June 2014. Capital expenditure amounted to 31.1 million EUR in HY14 versus 50.2 million EUR in HY13.

1.2. Operating segments performance review

AGRO			
Million EUR	**HY14**	**HY13**	**% change**
Revenue	296.7	307.8	-3.6%
REBITDA	61.1	41.2	48.5%
REBITDA margin	20.6%	13.4%	-
REBIT	53.0	32.6	62.5%
REBIT margin	17.9%	10.6%	-

The HY14 revenue decreased by 3.6% or by 0.8% when excluding the foreign exchange effect. The growth in the Kerley agro businesses was offset by lower sulfates sales. The decrease of the sulfates sales was mostly linked to the transition at the production facility in Ham (Belgium) following the stop of the phosphates production at the end of 2013.

All businesses contributed to the rebitda growth of the segment (+48.5% or +54.6% when excluding the foreign exchange effect). The Group experienced a good product demand and the investments in infrastructure & logistics positively impacted the Group's ability to serve the customers.

BIO-VALORIZATION			
Million EUR	**HY14**	**HY13**	**% change**
Revenue	241.3	268.6	-10.2%
REBITDA	7.6	22.5	-65.9%
REBITDA margin	3.2%	8.4%	-
REBIT	-6.7	6.7	nm
REBIT margin	-2.8%	2.5%	-

The revenue decreased by 10.2% in HY14 or by 7.2% when excluding the foreign exchange effect. While the group experienced some volume drop in HY14 versus HY13, the main reason for the revenue decrease was the negative price evolution.

Important programs are ongoing to reduce operating costs in the segment "Bio-valorization", however, the margin pressure is still more impactful in HY14, leading to the lower segment profitability in HY14.

INDUSTRIAL SOLUTIONS			
Million EUR	**HY14**	**HY13**	**% change**
Revenue	206.5	201.5	2.4%
REBITDA	17.1	9.2	86.4%
REBITDA margin	8.3%	4.6%	-
REBIT	7.2	-0.4	nm
REBIT margin	3.5%	-0.2%	-

The HY14 revenue of the segment "Industrial solutions" increased by 2.4% (or 2.3% when excluding the foreign exchange rate effect), supported especially by higher sales in the Plastic Pipes business, as result of the milder winter conditions during the first months of the year.

All businesses contributed to the strong profitability improvement in HY14. Apart from the top line growth, solid margins and cost management also supported the rebitda evolution.

OTHER			
Million EUR	**HY14**	**HY13**	**% change**
Revenue	31.2	251.0	-87.6%
REBITDA	1.2	8.9	-86.4%
REBITDA margin	3.9%	3.5%	-
REBIT	1.2	4.9	-75.3%
REBIT margin	3.9%	2.0%	-

The most important contributor in HY14 is the phosphates activity before the sale of this business was completed on February 28, 2014. For HY13, "Other" also still included, apart from phosphates, the Compounds activities and the UK Profiles activities as main contributors. These businesses were sold in the second and the third quarter of 2013 respectively.

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 2014 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

Considering the recent different divestments by the group, there are inherent risks and uncertainties linked to these transactions. While the group assesses regularly any potential need for provision for items which could lead to required indemnification payable to the acquirer, new events might require to recognize additional provisions or to pay such indemnifications.

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 limited number of business partners**

Certain of the group's production units are dependent on a limited number of sources 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 and Plastic Pipe Systems, operate in national or regional markets with national or regional competition. Others, like 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 public and product liabilities customary to its business, the insurance coverage may not adequately protect the group against certain operating hazards and/or are 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), Chinese yuan (CNY), Brazilian real (BRL) and Argentine peso (ARS)).

Note 27 - Financial instruments of the 2013 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. 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, 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 condensed consolidated financial information and the fair overview of the management report

Mr. L. Tack (co-CEO) and Mr. M. de Vogue (co-CEO and CFO) certify, on behalf and for the account of the company, that, to their knowledge,

a) the condensed 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. Condensed consolidated financial information June 30, 2014

3.1. CONSOLIDATED INCOME STATEMENT

Million EUR	Note	HY14	HY13
Revenue	6	**775.7**	**1,029.0**
Cost of sales		-588.1	-811.2
Gross profit		**187.6**	**217.7**
Distribution expenses		-45.6	-51.7
Sales and marketing expenses		-21.3	-36.1
Administrative expenses		-56.9	-76.3
Other operating income and expenses		-9.1	-9.7
Profit (+) / loss (-) from operations before non-recurring items (REBIT)		**54.7**	**43.9**
Gains and losses on disposals	8	-	5.0
Restructuring	8	0.0	-37.4
Losses on disposal groups	8	-1.4	-5.2
Impairment losses	8	1.4	-4.7
Provisions and claims	8	-0.3	-1.5
Other income and expenses	8	-1.9	-5.3
Profit (+) / loss (-) from operations (EBIT)		**52.6**	**-5.1**
Finance costs		-26.6	-26.2
Finance income		15.8	11.6
Finance costs - net	**9**	**-10.8**	**-14.6**
Share of result of equity accounted investees, net of income tax		1.6	2.7
Profit (+) / loss (-) before tax		**43.3**	**-17.0**
Income tax expense	10	-15.7	-18.1
Profit (+) / loss (-) for the period		**27.7**	**-35.1**
Attributable to:			
- Equity holders of the company		**27.8**	**-35.0**
- Non-controlling interest		**-0.1**	**-0.1**
Basic earnings per share (EUR)	15	0.88	-1.10
Diluted earnings per share (EUR)	15	0.88	-1.10

3.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Million EUR	**Note**	**HY14**	**HY13**
Profit (+) / loss (-) for the period		**27.7**	**-35.1**
Translation differences		-1.3	-3.5
Net change in fair value of derivative financial instruments, before tax		-2.2	1.4
Other movements		-0.1	-0.1
Income tax on other comprehensive income		0.8	-0.5
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**-2.8**	**-2.6**
Remeasurements of the net defined benefit liability, before tax		-9.5	3.7
Income tax on other comprehensive income		1.5	-0.6
Other comprehensive income not being reclassified to profit or loss in subsequent periods	**18**	**-8.0**	**3.2**
Other comprehensive income for the period, net of income tax		**-10.9**	**0.5**
Total comprehensive income for the period		**16.8**	**-34.6**
Attributable to:			
- Equity holders of the company		17.1	-34.5
- Non-controlling interest		-0.2	-0.1
Total comprehensive income for the period		**16.8**	**-34.6**

3.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	Note	30.06.2014	31.12.2013
ASSETS			
Total non-current assets		**586.6**	**595.0**
Property, plant and equipment	12	441.6	436.7
Goodwill		37.5	37.1
Other intangible assets		45.2	49.9
Investments accounted for using the equity method		18.9	24.0
Other investments		4.0	4.3
Deferred tax assets		6.1	5.1
Trade and other receivables		31.5	34.2
Derivative financial instruments	17	1.8	3.7
Total current assets		**462.7**	**486.2**
Inventories	13	211.0	255.7
Trade and other receivables	14	184.1	177.0
Derivative financial instruments	17	2.2	4.6
Cash and cash equivalents	16	65.4	48.9
Non-current assets classified as held for sale		**1.8**	**8.8**
Total assets		**1,051.1**	**1,089.9**
EQUITY AND LIABILITIES			
Total equity		**257.2**	**239.9**
Equity attributable to equity holders of the company		**253.6**	**236.6**
Issued capital		159.2	159.2
Share premium		102.0	102.0
Reserves and retained earnings		-7.5	-24.6
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale		0.0	0.0
Non-controlling interest		**3.5**	**3.3**
Total liabilities		**793.9**	**850.0**
Total non-current liabilities		**397.5**	**432.4**
Loans and borrowings	16	166.7	199.8
Employee benefits		47.7	41.6
Provisions	19	140.1	147.1
Trade and other payables		0.1	0.5
Derivative financial instruments	17	11.8	10.9
Deferred tax liabilities		31.0	32.4
Total current liabilities		**396.4**	**409.4**
Bank overdrafts	16	1.0	4.1
Loans and borrowings	16	96.6	103.8
Trade and other payables		247.6	257.3
Derivative financial instruments	17	7.6	7.6
Current tax liabilities		16.4	8.9
Employee benefits		1.3	1.4
Provisions	19	25.9	26.2
Liabilities associated with assets classified as held for sale		**0.0**	**8.3**
Total equity and liabilities		**1,051.1**	**1,089.9**

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3.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Million EUR	Note	Issued capital	Share premium	Legal reserves	Translation reserves	Revaluation reserves	Hedging reserves	Treasury shares	Remeasurements of the net defined benefit liability	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, 2013		**153.7**	**88.0**	**14.8**	**-26.9**	**10.7**	**-5.3**	**-0.6**	**-43.2**	**0.6**	**143.6**	**335.5**	**4.5**	**340.1**
Profit (+) / Loss (-) for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-35.0**	**-35.0**	**-0.1**	**-35.1**
Other comprehensive income for the period														
- Translation differences		-	-	-	-2.9	-	-	-	-	-0.6	-	-3.6	0.1	-3.5
- Remeasurements of the net defined benefit liability, net of tax		-	-	-	-	-	-	-	3.2	-	-	3.2	-	3.2
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-	0.9	-	-	-	-	0.9	-	0.9
- Other movements		-	-	-	-	-	-	-	-	-	-	0.0	-0.1	-0.1
Comprehensive income for the period, net of income taxes		**0.0**	**0.0**	**0.0**	**-2.9**	**0.0**	**0.9**	**0.0**	**3.2**	**-0.6**	**-35.0**	**-34.5**	**-0.1**	**-34.6**
Transactions with owners, recorded directly in equity														
- Dividends paid to shareholders		-	-	-	-	-	-	-	-	-	-40.9	-40.9	-	-40.9
- Warrants and capital increase		-	-	-	-	-	-	-	-	-	0.7	0.7	-	0.7
- Treasury shares		-	-	-	-	-	-	-0.2	-	-	-	-0.2	-	-0.2
Total contributions by and distributions to owners		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-0.2**	**0.0**	**0.0**	**-40.2**	**-40.4**	**0.0**	**-40.4**
Balance at June 30, 2013		**153.7**	**88.0**	**14.8**	**-29.8**	**10.7**	**-4.3**	**-0.8**	**-40.0**	**0.0**	**68.4**	**260.6**	**4.4**	**265.1**

Million EUR	Note	Issued capital	Share premium	Legal reserves	Translation reserves	Revaluation reserves	Hedging reserves	Remeasurements of the net defined benefit liability	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2014		**159.2**	**102.0**	**14.8**	**-41.9**	**10.7**	**-4.8**	**-22.9**	**19.5**	**236.6**	**3.3**	**239.9**
Profit (+) / Loss (-) for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**27.8**	**27.8**	**-0.1**	**27.7**
Other comprehensive income for the period												
- Translation differences		-	-	-	-1.3	-	-	-	-	-1.3	-0.0	-1.3
- Remeasurements of the net defined benefit liability, net of tax	18	-	-	-	-	-	-	-8.0	-	-8.0	-	-8.0
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-	-1.5	-	-	-1.5	-	-1.5
- Other movements		-	-	-	-	-	-	-	-	0.0	-0.1	-0.1
Comprehensive income for the period, net of income taxes		**0.0**	**0.0**	**0.0**	**-1.3**	**0.0**	**-1.5**	**-8.0**	**27.8**	**17.1**	**-0.2**	**16.8**
Transactions with owners, recorded directly in equity												
- Shares issued		-	-	-	-	-	-	-	-	0.0	0.5	0.5
Total contributions by and distributions to owners		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.5**	**0.5**
Other movements		-	-	1.1	-	-	-	-	-1.1	-	-	-
Balance at June 30, 2014		**159.2**	**102.0**	**15.9**	**-43.2**	**10.7**	**-6.3**	**-30.9**	**46.2**	**253.6**	**3.5**	**257.2**

3.5. CONSOLIDATED STATEMENT OF CASH FLOWS

Million EUR	Note	30.06.2014	30.06.2013
OPERATING ACTIVITIES			
Profit (+) / loss (-) for the period		**27.7**	**-35.1**
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets		31.1	42.2
Impairment losses on disposal groups		0.5	0.7
Changes in provisions		-9.1	23.8
Finance costs	9	26.6	26.2
Finance income	9	-15.8	-11.6
Loss / (profit) on sale of non-current assets		-0.2	-0.6
Impact capital increase expense, purchase own shares and warrant plan		-	0.7
Share of result of equity accounted investees, net of income tax		-1.6	-2.7
Income tax expense	10	15.7	18.1
Other non-cash items		0.7	-2.4
Changes in inventories		39.5	18.8
Changes in trade and other receivables		-8.8	-17.6
Changes in trade and other payables		-8.4	31.7
Cash generated from operations		*97.9*	*92.1*
Income tax paid		-9.6	-6.7
Dividends received		2.2	2.3
Cash flow from operating activities		**90.6**	**87.8**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	12	-30.1	-48.6
Acquisition of other intangible assets		-1.0	-1.6
Proceeds from the sale of property, plant and equipment		1.1	7.0
Proceeds from the sale of other intangible assets		-	0.1
Proceeds from the sale of subsidiaries, net of cash disposed of		4.0	29.5
Capital decrease from investments accounted for using the equity method		3.6	-
Cash flow from investing activities		**-22.4**	**-13.6**
FINANCING ACTIVITIES			
Own shares		-	-0.2
Capital increase from non-controlling interests		0.5	-
Increase of financial liabilities		2.4	37.9
(Decrease) of financial liabilities		-44.6	-92.0
Interest paid		-4.4	-5.2
Interest received		0.1	0.2
Other finance costs paid		-3.2	-4.8
(Increase) / decrease of long term receivables		0.7	-0.9
Cash flow from financing activities		**-48.6**	**-65.0**
Net increase / (decrease) in cash and cash equivalents		**19.6**	**9.2**
Effect of exchange rate differences		0.0	-0.1
Cash and cash equivalents less bank overdrafts at the beginning of the period		44.8	29.5
Cash and cash equivalents less bank overdrafts at the end of the period		64.4	38.5

3.6. Notes to the consolidated financial information

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1. Reporting entity

Tessenderlo Chemie NV (hereafter referred to as "the company") is a company domiciled in Belgium. The condensed consolidated financial information for the six month period ended June 30, 2014 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 financial information for the six month period ended June 30, 2014 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, 2013[1] which have been prepared in accordance with IFRS.

This condensed consolidated financial information was approved by the Board of Directors on August 25, 2014. This condensed consolidated financial information has been reviewed, not audited.

3. Significant accounting policies

The accounting policies used by the group in the present condensed 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, 2013, except for the adoption of new standards effective as of January 1, 2014.

3.1. Endorsement status of the new standards as at June 30, 2014

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

- **IFRS 10 *'Consolidated financial statements'***, effective for annual periods beginning on or after January 1, 2014.
- **IFRS 11 *'Joint arrangements'***, effective for annual periods beginning on or after January 1, 2014.
- **IFRS 12 *'Disclosure of interests in other entities'***, effective for annual periods beginning on or after January 1, 2014.
- **Amendments to IFRS 10 *'Consolidated financial statements',* IFRS 11 *'Joint arrangements'* and IFRS 12 *'Disclosure of interests in other entities'*.** These amendments will be effective for annual periods beginning on or after January 1, 2014 which is aligned with the effective date of IFRS 10, 11 and 12.
- **Amendments to IAS 32 *'Offsetting financial assets and financial liabilities'***, effective for annual periods beginning on or after January 1, 2014.
- **Amendments to IAS 36 *'Impairment of assets'***, effective for annual periods beginning on or after January 1, 2014.
- **Amendments to IAS 39 *'Financial instruments: Recognition and measurement'***, effective for annual periods beginning on or after January 1, 2014.

[1] The 2013 consolidated financial statements can be consulted on the group's web site www.tessenderlogroup.com

- **Amendments to IFRS 10 *'Consolidated financial statements',* IFRS 12 *'Disclosure of interests in other entities'* and IAS 27 *'Separate financial statements'*** for investment entities. Effective for annual periods beginning on or after January 1, 2014.

The application of the aforementioned standards or amendments does not constitute a significant impact on the condensed consolidated financial information of the company.

The following new interpretation has been issued and has been endorsed by the European Union, but is not mandatory for the first time for the financial year beginning January 1, 2014:

- **IFRIC 21 *'Levies'***, effective for annual periods beginning on or after June 17, 2014.

Management is currently assessing the impact on the consolidated financial statements.

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

- **IFRS 9 *'Financial instruments'***, effective for annual periods beginning on or after January 1, 2018. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.
- '***Annual improvements (2010-2012 cycle)'*** with minor amendments to eight standards, effective for annual periods beginning on or after July 1, 2014.
- ***'Annual improvements (2011-2013 cycle)'*** in response to four issues addressed during the 2011-2013 cycle, effective for annual periods beginning on or after July 1, 2014.
- **Amendment to IAS 19 *'Defined benefit plans'***, effective for annual periods beginning on or after July 1, 2014.
- **Amendment to IFRS 9 *'financial instruments'*** on general hedge accounting, effective for annual periods beginning on or after January 1, 2018.
- **Amendment to IFRS 11 *'Joint arrangements'*** on acquisition of an interest in a joint operation, effective for annual periods beginning on or after January 1, 2016.
- **Amendment to IAS 16 *'Property, plant and equipment'* and IAS 38 *'Intangible assets'*** on depreciation and amortization, effective for annual periods beginning on or after January 1, 2016.
- **IFRS 15 *'Revenue from contracts with customers'***. Companies using IFRS will be required to apply the revenue standard for annual periods beginning on or after January 1, 2017, subject to EU endorsement.

For the six-month period ended June 30, 2014, the group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Management is currently assessing the impact on the consolidated financial statements.

3.2. Foreign currency

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

EXCHANGE RATES					
	Closing rate			Average rate	
1 EUR equals:	30.06.2014	31.12.2013	30.06.2013	30.06.2014	30.06.2013
Argentine peso	11.1300	8.9791	6.9956	10.7306	6.7297
Brazilian real	3.0002	3.2576	2.8899	3.1499	2.6683
Chinese yuan	8.4722	8.3491	8.0280	8.4500	8.1285
Czech crown	27.4530	27.4270	25.9490	27.4439	25.6994
Hungarian forint	309.3000	296.9100	294.8500	306.9300	296.0100
Polish zloty	4.1568	4.1543	4.3376	4.1755	4.1772
Pound sterling	0.8015	0.8337	0.8572	0.8213	0.8508
US dollar	1.3658	1.3791	1.3080	1.3703	1.3134

4. Critical accounting estimates and judgments

The preparation of the condensed consolidated 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 condensed consolidated 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 and assumptions are reviewed periodically and the effects of revisions, if needed, are reflected in the condensed consolidated financial information. The judgments, estimates and assumptions used in preparing the condensed consolidated financial information for June 30, 2014 are the same as those applied and disclosed in the consolidated financial statements at December 31, 2013.

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 2013 Annual report as available on the company's website www.tessenderlogroup.com.

6. Segment reporting

Following the finalization of the first phase of the transformation process of the group, which included the divestment of multiple businesses and simplified the business unit structure of the group, the segment reporting was re-assessed. As of 2014, the following 3 operating segments fulfill the quantitative thresholds and are reported separately:

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

4 operating segments do not fulfill these quantitative thresholds (because those activities have been sold or stopped since January 2013) and are grouped in “Other”:

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

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

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

We refer to the table below for the major lines of the income statement and the statement of financial position per operating segment. The income statement information is for the six-month period ended June 30, while information from the Statement of financial position is compared to December 31, 2013 figures. Comparable figures are provided according to the new segmentation.

Bringing Chemistry to Life

SEGMENT REPORTING	Agro		Bio-valorization		Industrial solutions		Other		Non-allocated		Tessenderlo Group	
Million EUR	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Revenue (internal and external)	297.0	308.0	241.3	268.6	206.6	201.5	31.2	251.1	-	-	776.1	1,029.2
Revenue (internal)	0.3	0.2	0.0	0.0	0.1	0.0	0.0	0.0	-	-	0.4	0.2
Revenue	**296.7**	**307.8**	**241.3**	**268.6**	**206.5**	**201.5**	**31.2**	**251.0**	**-**	**-**	**775.7**	**1,029.0**
REBIT	**53.0**	**32.6**	**-6.7**	**6.7**	**7.2**	**-0.4**	**1.2**	**4.9**	**-**	**-**	**54.7**	**43.9**
REBITDA	**61.1**	**41.2**	**7.6**	**22.5**	**17.1**	**9.2**	**1.2**	**8.9**	**-**	**-**	**87.1**	**81.7**
Return on revenue (REBITDA/revenue)	**20.6%**	**13.4%**	**3.2%**	**8.4%**	**8.3%**	**4.6%**	**3.9%**	**3.5%**	**-**	**-**	**11.2%**	**7.9%**
Segment assets	290.3	309.3	373.8	384.3	216.7	212.5	5.9	34.8	70.0	66.8	956.8	1,007.7
Investments accounted for using the equity method	7.8	7.4	3.8	4.1	-	-	-	-	7.4	12.4	18.9	24.0
Other investments	-	-	-	-	-	-	-	-	4.0	4.3	4.0	4.3
Deferred tax assets	-	-	-	-	-	-	-	-	6.1	5.1	6.1	5.1
Cash and cash equivalents	-	-	-	-	-	-	-	-	65.4	48.9	65.4	48.9
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,051.1**	**1,089.9**
Segment liabilities	64.5	60.6	124.8	128.8	84.9	102.4	112.7	122.3	111.7	95.7	498.5	509.8
Loans and borrowings	-	-	-	-	-	-	-	-	263.3	303.7	263.3	303.7
Bank overdrafts	-	-	-	-	-	-	-	-	1.0	4.1	1.0	4.1
Deferred tax liabilities	-	-	-	-	-	-	-	-	31.0	32.4	31.0	32.4
Total equity	-	-	-	-	-	-	-	-	257.2	239.9	257.2	239.9
Total Equity and liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,051.1**	**1,089.9**
Capital expenditures: property, plant and equipment and other intangible assets	12.6	17.9	5.0	9.0	11.4	18.0	0.9	3.6	1.1	1.6	31.1	50.2
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	7.5	8.7	14.1	15.1	8.4	11.4	0.1	5.9	0.9	1.2	31.1	42.2
Impairment losses on disposal groups classified as held for sale	-	-	-	-	-	-	0.5	0.7	-	-	0.5	0.7

The reconciliation of the profit before tax is as follows:

RECONCILIATION PROFIT BEFORE TAX		
Million EUR	**30.06.2014**	**30.06.2013**
REBITDA of reportable segments	85.9	72.8
REBITDA of "Other"	1.2	8.9
REBITDA	**87.1**	**81.7**
Depreciation, amortization and provisions	-32.4	-37.8
Non-recurring income/(expense) items	-2.2	-49.0
Finance costs - net	-10.8	-14.6
Share of result of equity accounted investees, net of income tax	1.6	2.7
Profit (+) / loss (-) before tax	**43.3**	**-17.0**

7. Disposals

During the first half of 2014 the group entered into an agreement that resulted in the sale of assets, liabilities and subsidiaries that had been accounted for as a disposal group under IFRS 5 *Non-current assets held for sale and discontinued operations* as per December 31, 2013.

On February 28, 2014, the group completed the sale of the Aliphos phosphates activity. The transaction resulted in the sale of 100% of the shares of Tessenderlo Chemie Rotterdam BV (The Netherlands), Tessenderlo Polska Sp.zo.o. (Poland), Tessenderlo Chemie España TCE sa (Spain) and HGS Handelsgesellschaft für Spezialfuttermittel GmbH (Germany). A non-recurring loss of -1.0 million EUR was recognized in 2014. A non-recurring loss of -13.1 million EUR was recognized in 2013 (which included impairment charges for 11.3 million EUR and costs to sell and other provisions for 1.9 million EUR). The Aliphos phosphates activity, including the Belgian production which was stopped at the end of December 2013, has contributed 28.5 million EUR to the group's 2014 revenue (HY13: 92.2 million EUR), and -0.1 million EUR to the group's half year 2014 recurring result (HY13: 2.5 million EUR).

The table below shows the major classes of assets and liabilities of the subsidiaries at disposal date (these disposal groups were already classified as "Non-current assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" as per December 31, 2013):

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

8. Non-recurring income/(expense) items

NON-RECURRING INCOME / (EXPENSE) ITEMS		
Million EUR	**HY14**	**HY13**
Gains and losses on disposals	-	5.0
Restructuring	0.0	-37.4
Losses on disposal groups	-1.4	-5.2
Impairment losses	1.4	-4.7
Provisions and claims	-0.3	-1.5
Other income and expenses	-1.9	-5.3
Total	**-2.2**	**-49.0**

For the first half of 2014, the net non-recurring income/(expense) items amount to -2.2 million EUR.

Expenses and provisions for a restructuring within the Gelatin activities worldwide (operating segment “Bio-valorization”) and within the headquarters, could be offset by a partial reversal of a restructuring provision within the operating segment “Industrial solutions”. The latter provision was partially reversed in HY14 following the decision to continue a business which was anticipated to be stopped at the end of 2014.
This decision also triggered the reversal of the impairment (recorded in 2013) on assets used within this business, and mainly explains the non-recurring gain of 1.4 million EUR.

The losses on disposal groups of -1.4 million EUR mainly relate to the settlement and subsequent expenditures following the sale of the Aliphos phosphates activity (note 7 - Disposals).

Other income and expenses (-1.9 million EUR) mainly relate to the impact of an electricity purchase agreement for which the own-use exemption under IAS 39 is not applicable anymore.

9. Finance costs and income

Net finance costs and income amount to -10.8 million EUR as per June 30, 2014, compared to -14.6 million EUR as per June 30, 2013.

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

FINANCE COSTS AND INCOME		
Million EUR	**HY14**	**HY13**
Interest expense on financial liabilities	-6.1	-7.5
Amortization charges of transaction costs related to financial liabilities	-0.9	-0.9
Commitment fee on unused portion of the syndicated credit facility	-1.1	-0.9
Factoring expense	-1.4	-1.2
Total borrowing costs	**-9.6**	**-10.6**
Dividend income from non-consolidated companies	0.1	0.1
Interest income	0.6	0.2
Total income from investments and cash and cash equivalents	**0.7**	**0.3**

Expense for the unwinding of discounted provisions	-1.0	-0.9
Net interest (expense)/income on pension asset/(liability)	-0.3	-0.5
Net foreign exchange gains and losses (including revaluation to fair value of derivative financial instruments)	0.1	-1.3
Net other finance (costs)/income	-0.8	-1.6
Total	**-10.8**	**-14.6**

10. Income tax expense

Tax expenses amounted to -15.7 million EUR in HY14, versus a tax expense of -18.1 million EUR in the same period last year. The income tax expenses mainly relate to the operations in the United States within the operating segments "Agro" and "Bio-valorization". Furthermore, no additional deferred tax assets were recognized in HY14 on fiscal losses within some other operations of the group.

11. Seasonality of operations

Tessenderlo Group demonstrates a limited seasonality pattern at group level for revenue (first half of 2013 at comparable scope: 55%), while seasonality at operating profitability level (as expressed by REBITDA) is more pronounced (first half of 2013 at comparable scope: 72%). The degree of seasonality at group level is primarily determined by selling to customers in several end markets, including food, pet food, construction, agriculture and water treatment. Two important end markets which demonstrate seasonal characteristics are construction and agriculture. The group sells into the construction markets through its operating segment "Industrial solutions" in several countries in the northern hemisphere, which are typically impacted by winter weather conditions in the first and fourth quarter. Agriculture related sales made in the operating segment "Agro" are influenced by the planting seasons, especially the spring planting season. Most of Tessenderlo Kerley Core's sales - being part of the Agro operating segment - are in the United States, and this normally leads to higher sales and operating profitability in the first half of the year. Agro is the largest contributor to the group operating profitability, which explains why group operating profitability is typically higher in the first half year.

12. Property, plant and equipment

For the six month period ended June 30, 2014, the group's capital expenditure amounted to 30.1 million EUR (HY13: 48.6 million EUR). The capital expenditure - property, plant and equipment and other intangible assets - per operating segment is disclosed in note 6 - Segment reporting.

During the six month period ended June 30, 2014 the group entered into contracts to purchase property, plant and equipment for 9.9 million EUR, the majority of which is expected to be delivered in 2014 and 2015. The main commitments relate to Tessenderlo Kerley Inc. (5.8 million EUR), a US subsidiary within the operating segment "Agro", which anticipates future capital spending mainly for investments for new capacity (storage and production) for the fertilizer business.

13. Inventories

Inventory decreased by 44.8 million EUR from 255.7 million EUR as per December 31, 2013 to 211.0 million EUR as per June 30, 2014, and can mainly be explained by the seasonality effect in the operating segment “Agro” and the sale of remaining phosphates inventory following the stop of the Belgian phosphates activity.

14. Trade and other receivables

Current trade and other receivables increased from 177.0 million EUR as per December 31, 2013 to 184.1 million EUR as per June 30, 2014.

As per June 30, 2014, an amount of 92.3 million EUR has been received in cash under various non-recourse factoring agreements and securitization programs (December 31, 2013: 81.9 million EUR). This amount is derecognized from the balance sheet.

15. 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, adjusted for stock dividends.

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

BASIC EARNINGS PER SHARE		
	30.06.2014	**30.06.2013**
Number of ordinary shares at January 1	31,771,463	30,662,300
Adjustment following reconciliation difference as published (Belgisch Staatsblad/Moniteur Belge) on March 14, 2013	-	25,566
Payment of stock dividend 2012 at July 16, 2013	-	1,040,386
Adjusted number of ordinary shares at January 1	**31,771,463**	**31,728,252**
Effect of own shares	-	-36,460
Adjusted weighted average number of ordinary shares at June 30	**31,771,463**	**31,691,792**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	27.8	-35.0
Basic earnings per share (in EUR)	**0.88**	**-1.10**

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 year.

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

As per June 30, 2014 there are no potential ordinary shares dilutive and therefore the diluted earnings per share is equal to the basic earnings per share.

16. Loans and borrowings

LOANS AND BORROWINGS		
Million EUR	**30.06.2014**	**31.12.2013**
Non-current loans and borrowings	166.7	199.8
Current loans and borrowings	96.6	103.8
Total loans and borrowings	**263.3**	**303.7**
Cash and cash equivalents	-65.4	-48.9
Bank overdrafts	1.0	4.1
Net loans and borrowings	**199.0**	**258.9**

Net loans and borrowings decreased by 59.9 million EUR to 199.0 million EUR as per June 30, 2014 and mainly include:

- a private placement with a maturity of 5 years issued in October 2010 (150.0 million EUR).
- the use of a Belgian commercial paper program (79.0 million EUR).
- a FCO loan (Fundos Constitucionais de Financiamento, a state fund) granted to the Brazilian subsidiary PB Brasil through Banco Do Brasil SA for an amount of 17.0 million EUR.

The gearing ratio at the end of June 2014 amounts to 44.0% (December 31, 2013: 52.3%).

17. Financial instruments

The following table shows the carrying amounts of derivative financial instruments measured at fair value in the statement of financial position including their levels in the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified, is determined based on the lowest level of significant input to the fair value measurement.

Derivative financial instruments as per June 30, 2014								
Million EUR	**Carrying amount balance sheet**				**Fair value hierarchy**			**Total**
	Current assets	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Level 1**	**Level 2**	**Level 3**	
Electricity forward contracts	1.9	1.8	-6.7	-11.5	-	-	-14.5	-14.5
Others*	0.3	0.0	-0.9	-0.3	-	-0.9	0.0	-0.9
Total	**2.2**	**1.8**	**-7.6**	**-11.8**	-	**-0.9**	**-14.5**	**-15.4**

*The others include foreign currency swaps, cross currency interest rate swaps and interest rate swaps.

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

There were no transfers between Levels 1 and 2 and no transfer into or out of Level 3 during the period.

Electricity forward contracts

Because of significant unobservable inputs, a level 3 fair value measurement is applied for the fair value measurement of an electricity purchase agreement (‘PPA’ - Purchase Power Agreement), for which the own-use exemption under IAS 39 is not applicable anymore. The value of the contract is depending on the future difference between market electricity prices and the generation cost based on market gas prices (the “spark spread”), and on the effect of the hourly pricing optimization as foreseen in the contract. We refer to the 2013 financial report for more information on the fair value calculation of the electricity forward contract.

The fair value of the contract is calculated as per June 30, 2014 based on a valuation model, leading to a net fair value of -14.5 million EUR compared to a net fair value of -13.2 million EUR as per December 31, 2013.

18. Employee benefits

The application of IAS 19R as per June 30, 2014 led to a decrease of equity by 8.0 million EUR. The decrease of the rate used to discount the obligations (weighted average discount rate of 2.8% as per June 30, 2014 compared to 3.5% at year-end 2013) was the main driver leading to a higher net defined benefit obligation.

19. Provisions

PROVISIONS	30.06.2014			31.12.2013		
Million EUR	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Environment	6.3	99.6	105.9	5.1	100.9	106.0
Dismantlement	-	19.2	19.2	-	18.9	18.9
Restructuring	12.9	11.5	24.4	14.2	17.7	31.8
Other	6.6	9.8	16.5	6.9	9.6	16.5
Total	**25.9**	**140.1**	**166.0**	**26.2**	**147.1**	**173.3**

Provisions decreased by 7.3 million EUR from 173.3 million EUR as per December 31, 2013 to 166.0 million EUR as per June 30, 2014.

The environmental provisions for an amount of 105.9 million EUR mainly relate to environmental provisions to cover the cost of the remediation of historical soil and ground contamination of the factory sites in Ham (Belgium), Loos (France), Tessenderlo (Belgium) and Vilvoorde (Belgium). As per June 30, 2014 there were no changes in the total expected future cash out for these plans. A revised phasing of these cash outs, as well as the change in rates used to discount these provisions, led to a net increase of the environmental provisions by 0.3 million EUR in HY14, which was offset by the use thereof.

The restructuring provisions decreased from 31.8 million EUR as per December 31, 2013 to 24.4 million EUR as per June 30, 2014. This decrease is a consequence of the expenditures in HY14 against the provision as per December 31, 2013, and the partial reversal of a restructuring provision within the operating segment “Industrial solutions”. The latter provision was partially reversed in HY14 following the decision to continue a business which was anticipated to be stopped at the end of 2014 (note 8 - Non-recurring income/(expense) items).

The other provisions include provisions for onerous lease contracts, tax contingencies, estimated future costs related to sold subsidiaries and individually less significant amounts.

The amounts recognized reflect management’s best estimate of the expected expenditures required to settle the present obligation at balance sheet date.

20. Contingencies

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

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

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

As stated in note 19 - Provisions, the environmental provisions in accordance with the above policies aggregated to 105.9 million EUR at June 30, 2014 (December 31, 2013: 106.0 million EUR).

While it is not feasible to predict the outcome of all pending environmental exposures, it cannot be excluded that there will be a need for future provisions for environmental costs which, in management's opinion, based on information currently available, would not have a material effect on the group's financial position, but could be material to the group's results in any one accounting period.

In order to acquire the remaining stake of 50% in Établissements Violleau SAS, the group holds, as agreed with the current owners of that share, an option which may be exercised from April 1, 2016 until May 15, 2016. The exercise price is determined by a formula, which takes into account the financial figures of Établissements Violleau SAS.

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

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

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

21. Related parties

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

As per June 30, 2014, Verbrugge NV, controlled by Picanol NV, is holding 8 744 069 shares (27.52% of the company). Picanol Group is a listed Belgian industrial company and a worldwide supplier of total solutions for the textile industry and other industries. Picanol Group is represented in the Board of Directors through two members: Mr. Stefaan Haspeslagh (Chairman Picanol Group) and Mr. Luc Tack (Managing Director Picanol Group).

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

Premiums for an amount of 0.8 million EUR were paid to the Belgian pension fund, "OFP Pensioenfonds". Liabilities related to employee benefits schemes as per June 30, 2014 include 15.0 million EUR related to the "OFP Pensioenfonds" (December 31, 2013: 11.4 million EUR).

TRANSACTIONS WITH JOINT VENTURES (FOR THE SIX MONTH PERIOD ENDED JUNE 30, EXCEPT FOR BALANCE SHEET COMPARATIVES AT DECEMBER 31)

Million EUR	2014	2013
Revenue	5.1	6.9
Cost of sales	11.5	13.7
Current assets	1.1	0.6
Current liabilities	2.7	1.7

TRANSACTIONS WITH ASSOCIATES (FOR THE SIX MONTH PERIOD ENDED JUNE 30, EXCEPT FOR BALANCE SHEET COMPARATIVES AT DECEMBER 31)

Million EUR	2014	2013
Other operating income	0.0	0.1

Dividends were received from joint ventures and associates for an amount of 2.2 million EUR (June 30, 2013: 2.3 million EUR), while dividends received from other investments amounted to 0.1 million EUR (June 30, 2013: 0.1 million EUR).

TRANSACTIONS WITH THE MEMBERS OF THE GROUP MANAGEMENT COMMITTEE		
Million EUR	**30.06.2014**	**30.06.2013**
Short-term employee benefits	1.7	2.5
Post-employee benefits	0.1	0.2
Share based payments	-	0.7
Total	**1.8**	**3.4**

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.

There was no new emission of warrants in HY14 and no warrants were exercised by members of the GMC.

22. Subsequent events

No significant subsequent events occurred after the balance sheet date.

4. Independent auditors' report on the review of the condensed consolidated financial information as per June 30, 2014

pwc

To the Board of Directors
Tessenderlo Chemie NV

Statatutory auditor's report on the review of the condensed consolidated financial information for the period ended 30 June 2014

Introduction

We have reviewed the accompanying condensed consolidated financial information of Tessenderlo Chemie NV and its subsidiaries as of 30 June 2014 , which comprises the consolidated statement of financial position as of 30 June 2014 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 6-month period then ended, as well as the notes to the consolidated financial information. The board of directors is responsible for the preparation and presentation of this condensed consolidated financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Antwerp, August 25, 2014

The statutory auditor
PwC Reviseurs d'Entreprises sccrl / Bedrijfsrevisoren bcvba
Represented by

Peter Van den Eynde*
Bedrijfsrevisor

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

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