Bringing Chemistry to Life

Brussels, August 26, 2015

Regulated information

Tessenderlo Group

Interim report for the 6 month period ended 30 June 2015[1]

[1] Note that Tessenderlo Group publishes, in addition to this interim report, also a press release on the June 30, 2015 results, which contains limited additional quarterly figures. This press release can be consulted on our web site www.tessenderlo.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.
- IFRIC 21 *Levies* is applied as from January 1, 2015. HY14 figures throughout this interim report are as reported, adjusted to reflect the effects of the retrospective application of IFRIC 21 *Levies*.
- Figures may not add up due to rounding.

1. MANAGEMENT REPORT

1.1. Group key figures

Million EUR	HY15	HY14	% Change
Revenue Group	850.1	775.7	9.6%
- Revenue Other segment	-	-31.2	
Revenue at comparable scope	**850.1**	**744.5**	**14.2%**
Rebitda Group	102.8	84.7	21.4%
- Rebitda Other segment	-	-1.2	
Rebitda at comparable scope	**102.8**	**83.5**	**23.2%**
Rebit Group	66.6	52.3	27.4%
- Rebit Other segment	-	-1.2	
Rebit at comparable scope	**66.6**	**51.1**	**30.4%**
Profit (+) / loss (-) for the period	**40.4**	**25.3**	**59.6%**
Total comprehensive income for the period	**39.8**	**14.4**	**175.8%**
Cash flow from operating activities minus capital expenditure	**95.6**	**47.6**	**101.0%**
Net debt	65.3	199.0	
Notional net debt	87.5	291.3	

GROUP KEY FIGURES - YEAR TO DATE			
Million EUR	**HY15**	**HY14**	**% change**
Revenue	**850.1**	**775.7**	**9.6%**
Agro	372.8	296.7	25.6%
Bio-valorization	249.0	241.3	3.2%
Industrial solutions	228.3	206.5	10.6%
Other	-	31.2	-100.0%
REBITDA	**102.8**	**84.7**	**21.4%**
Agro	87.4	60.3	45.0%
Bio-valorization	-7.5	6.6	nm
Industrial solutions	22.9	16.5	38.4%
Other	-	1.2	-100.0%
REBIT	**66.6**	**52.3**	**27.4%**
Agro	77.0	52.2	47.5%
Bio-valorization	-21.7	-7.7	nm
Industrial solutions	11.3	6.6	71.9%
Other	-	1.2	-100.0%
Non-recurring items	-20.0	-2.2	nm
EBIT	46.6	50.1	-7.0%

Revenue

At comparable scope, the revenue of all three segments, rose by 14.2% in HY15 compared to HY14 (or by 4.9% when excluding the foreign exchange effect). Reported revenue increased within all three segments, while a small decrease in revenue could be noted in the operating segment Bio-valorization when excluding the foreign exchange effect.

Rebitda

The HY15 rebitda increased by 23.2% at comparable scope or by 6.4% when excluding the foreign exchange effect. The total write-off as a consequence of changed accounting estimates concerning inventory obsolescence amounts to -12.1 million EUR in HY15.

The key contributor to this HY rebitda increase is the operating segment Agro, while also Industrial solutions positively contributed to this result. The operating segment Bio-valorization experienced a decrease in overall profitability versus last year, being the main segment impacted by the inventory write-off mentioned above.

Profit/loss for the period

The HY15 profit amounts to 40.4 million EUR compared to 25.3 million EUR in the same period last year. The increase of the operational results and the decrease of the net finance costs were partially offset by an increase of the non-recurring costs.

Net financial debt

At the end of June 2015, group net financial debt stood at 65.3 million EUR, versus 57.1 million EUR at the end of December 2014, resulting in a leverage of 0.4x at the half year end. Notional net debt decreased to 87.5 million EUR, compared to 155.3 million EUR as per year end 2014. The decrease of the notional net debt can be explained by the improved cash flow from operating activities.

Capital expenditure amounted to 20.6 million EUR in HY15 (31.1 million EUR in HY14). In the coming months many production sites will be included in maintenance projects and the level of investments will increase.

1.2. Operating segments performance review

AGRO			
Million EUR	**HY15**	**HY14**	**% change**
Revenue	372.8	296.7	25.6%
REBITDA	87.4	60.3	45.0%
REBITDA margin	23.5%	20.3%	-
REBIT	77.0	52.2	47.5%
REBIT margin	20.7%	17.6%	-

The HY15 revenue increased by 25.6% or by 10.2% when excluding the foreign exchange effect.

All businesses contributed to the rebitda growth of the segment (+45.0% or +24.7% when excluding the foreign exchange effect).

BIO-VALORIZATION			
Million EUR	**HY15**	**HY14**	**% change**
Revenue	249.0	241.3	3.2%
REBITDA	-7.5	6.6	nm
REBITDA margin	-3.0%	2.7%	-
REBIT	-21.7	-7.7	nm
REBIT margin	-8.7%	-3.2%	-

Revenue increased by 3.2% in HY15 or decreased by -2.6% when excluding the foreign exchange effect.

An inventory write-off, which is a consequence of changed accounting estimates concerning inventory obsolescence, was the main reason for a lower segment profitability in HY15.

INDUSTRIAL SOLUTIONS			
Million EUR	**HY15**	**HY14**	**% change**
Revenue	228.3	206.5	10.6%
REBITDA	22.9	16.5	38.4%
REBITDA margin	10.0%	8.0%	-
REBIT	11.3	6.6	71.9%
REBIT margin	4.9%	3.2%	-

The HY15 revenue of the segment Industrial solutions increased by 10.6% (or 6.0% when excluding the foreign exchange rate effect).

The HY 15 rebitda increased by 38.4% or by 27.8% when excluding the foreign exchange rate effect.

Both evolutions were supported by all its activities.

OTHER			
Million EUR	**HY15**	**HY14**	**% change**
Revenue	-	31.2	-100.0%
REBITDA	-	1.2	-100.0%
REBITDA margin	-	3.8%	-
REBIT	-	1.2	-100.0%
REBIT margin	-	3.9%	-

The most important contributor in HY14 was the phosphates activity before the sale of this business was completed on February 28, 2014.

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 (CEO) and Mr. S. Haspeslagh, representative of Findar BVBA (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, 2015

3.1. CONSOLIDATED INCOME STATEMENT

Million EUR	Note	HY15	HY14
Revenue	6	**850.1**	**775.7**
Cost of sales		-640.0	-590.2
Gross profit		**210.1**	**185.5**
Distribution expenses		-49.6	-45.6
Sales and marketing expenses		-26.6	-21.3
Administrative expenses		-57.9	-57.1
Other operating income and expenses		-9.4	-9.3
Profit (+) / loss (-) from operations before non-recurring items (REBIT)		**66.6**	**52.3**
Non-recurring income / (expense) items	8	-20.0	-2.2
Profit (+) / loss (-) from operations (EBIT)		**46.6**	**50.1**
Finance (costs) / income - net	9	6.0	-10.8
Share of result of equity accounted investees, net of income tax		2.3	1.6
Profit (+) / loss (-) before tax		**54.9**	**40.9**
Income tax expense	10	-14.5	-15.6
Profit (+) / loss (-) for the period		**40.4**	**25.3**
Attributable to:			
- Equity holders of the company		**41.5**	**25.4**
- Non-controlling interest		**-1.1**	**-0.1**
Basic earnings per share (EUR)	16	0.98	0.80
Diluted earnings per share (EUR)	16	0.98	0.80

3.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Million EUR	Note	HY15	HY14
Profit (+) / loss (-) for the period		**40.4**	**25.3**
Translation differences		-10.4	-1.3
Net change in fair value of derivative financial instruments, before tax		0.1	-2.2
Other movements		-0.0	-0.1
Income tax on other comprehensive income		-0.0	0.8
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**-10.4**	**-2.8**
Remeasurements of the net defined benefit liability, before tax		10.9	-9.5
Income tax on other comprehensive income		-1.1	1.5
Other comprehensive income not being reclassified to profit or loss in subsequent periods	**19**	**9.8**	**-8.0**
Other comprehensive income for the period, net of income tax		**-0.6**	**-10.9**
Total comprehensive income for the period		**39.8**	**14.4**
Attributable to:			
- Equity holders of the company		40.7	14.7
- Non-controlling interest		-0.9	-0.2
Total comprehensive income for the period		**39.8**	**14.4**

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3.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	Note	30.06.2015	31.12.2014
ASSETS			
Total non-current assets		**601.1**	**596.3**
Property, plant and equipment	12	460.6	462.6
Goodwill		36.9	38.8
Other intangible assets		44.8	45.2
Investments accounted for using the equity method		23.0	18.6
Other investments		2.0	2.5
Deferred tax assets		20.5	18.6
Trade and other receivables		13.2	9.2
Derivative financial instruments	18	-	0.8
Total current assets		**627.1**	**586.9**
Inventories	13	206.7	248.2
Trade and other receivables	14	276.7	180.2
Derivative financial instruments	18	1.4	1.5
Cash and cash equivalents	17	142.3	157.0
Non-current assets classified as held for sale	**15**	**6.7**	**2.3**
Total assets		**1,234.8**	**1,185.4**
EQUITY AND LIABILITIES			
Total equity		**477.3**	**436.9**
Equity attributable to equity holders of the company		**474.2**	**433.5**
Issued capital		212.4	212.4
Share premium		224.2	224.2
Reserves and retained earnings		37.6	-3.1
Non-controlling interest		**3.1**	**3.4**
Total liabilities		**757.5**	**748.5**
Total non-current liabilities		**245.1**	**260.8**
Loans and borrowings	17	3.4	3.9
Employee benefits		49.7	53.3
Provisions		141.1	149.8
Trade and other payables		4.0	4.1
Derivative financial instruments	18	10.8	11.9
Deferred tax liabilities		36.1	37.8
Total current liabilities		**512.4**	**487.7**
Bank overdrafts	17	0.5	0.6
Loans and borrowings	17	203.6	209.7
Trade and other payables		252.9	230.1
Derivative financial instruments	18	22.1	27.1
Current tax liabilities		4.2	1.3
Employee benefits		0.9	1.5
Provisions		28.1	17.5
Total equity and liabilities		**1,234.8**	**1,185.4**

3.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Million EUR	Note	Issued capital	Share premium	Legal reserves	Translation 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, 2015		**212.4**	**224.2**	**15.9**	**-55.7**	**-7.3**	**-36.0**	**80.0**	**433.5**	**3.4**	**436.9**
Profit (+) / Loss (-) for the period		**-**	**-**	**-**	**-**	**-**	**-**	**41.5**	**41.5**	**-1.1**	**40.4**
Other comprehensive income for the period											
- Translation differences		-	-	-	-10.7	-	-	-	-10.7	0.3	-10.4
- Remeasurements of the net defined benefit liability, net of tax	19	-	-	-	-	-	9.8	-	9.8	-	9.8
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	0.1	-	-	0.1	-	0.1
- Other movements		-	-	-	-	-	-	-	0.0	-0.0	-0.0
Comprehensive income for the period, net of income taxes		**0.0**	**0.0**	**0.0**	**-10.7**	**0.1**	**9.8**	**41.5**	**40.7**	**-0.9**	**39.8**
Transactions with owners, recorded directly in equity											
- Shares issued		-	-	-	-	-	-	-	0.0	0.6	0.6
Total contributions by and distributions to owners		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.6**	**0.6**
Other movements		-	-	2.4	-	-	-	-2.4	0.0	-	0.0
Balance at June 30, 2015		**212.4**	**224.2**	**18.4**	**-66.4**	**-7.2**	**-26.2**	**119.0**	**474.2**	**3.1**	**477.3**

3.5. CONSOLIDATED STATEMENT OF CASH FLOWS[2]

Million EUR	Note	30.06.2015	30.06.2014
OPERATING ACTIVITIES			
Profit (+) / loss (-) for the period		**40.4**	**25.3**
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets		39.8	31.1
Impairment losses on disposal groups		-	0.5
Changes in provisions		4.7	-9.1
Finance costs / (income) - net	9	-6.0	10.8
Loss / (profit) on sale of non-current assets		-6.3	-0.2
Share of result of equity accounted investees, net of income tax		-2.3	-1.6
Income tax expense	10	14.5	15.6
Other non-cash items		-0.7	0.7
Changes in inventories		52.3	39.5
Changes in trade and other receivables		-29.8	-20.0
Changes in trade and other payables		10.8	-6.6
Cash generated from operations		*117.4*	*86.0*
Income tax (paid)/received		-1.9	-9.6
Dividends received		0.7	2.2
Dividends received from other investments		0.0	0.1
Cash flow from operating activities		**116.2**	**78.6**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	12	-20.3	-30.1
Acquisition of other intangible assets		-0.3	-1.0
Acquisition of businesses, net of cash acquired		-2.1	-
Proceeds from the sale of property, plant and equipment		3.1	1.1
Proceeds from the sale of subsidiaries, net of cash disposed of		-	4.0
Proceeds from the sale of other investments		6.7	-
Capital decrease from investments accounted for using the equity method		-	3.6
Cash flow from investing activities		**-12.8**	**-22.4**
FINANCING ACTIVITIES			
Capital increase from non-controlling interests		0.6	0.5
Change in non-recourse factoring and securitization		-76.0	10.5
Proceeds from new borrowings		7.3	2.4
Reimbursement of borrowings		-14.8	-44.6
Cash movement resulting from settlement financial instruments		-31.6	1.4
Interest paid		-2.9	-4.4
Interest received		0.3	0.1
Other finance costs paid		-2.2	-3.2
Decrease of long term receivables		0.1	0.7
Cash flow from financing activities		**-119.2**	**-36.7**
Net increase / (decrease) in cash and cash equivalents		**-15.8**	**19.6**
Effect of exchange rate differences		1.0	0.0
Cash and cash equivalents less bank overdrafts at the beginning of the period		156.5	44.8
Cash and cash equivalents less bank overdrafts at the end of the period		141.7	64.4

[2] The following cash impacts are presented within financing activities as from 2015:
- The settlement of financial instruments, acquired to hedge intragroup loans (as from March 2015, the group no longer uses currency swaps to hedge intragroup loans)
- The evolution of the balance of non-recourse factoring and securitization agreements

2014 figures have been represented.

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, 2015 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, 2015 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, 2014[1] which have been prepared in accordance with IFRS.

This condensed consolidated financial information was approved by the Board of Directors on August 24, 2015. 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, 2014, except for the adoption of new standards effective as of January 1, 2015.

3.1. Endorsement status of the new standards as at June 30, 2015

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2015:

- **IFRIC 21 'Levies'**, effective for annual periods beginning on or after June 17, 2014. IFRIC 21 sets out the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. IFRIC 21 addresses what the obligating event is and when a liability should be recognized. The retrospective application of IFRIC 21 (in view of comparability) negatively impacted the HY14 rebit for -2.5 million EUR. IFRIC 21 has no impact from a financial year perspective.

- '***Annual improvements (2011-2013 cycle)***' are effective for annual periods beginning on or after January 1, 2015. The amendments clarify IFRS 1 (where a new version of a standard is not yet mandatory but is available for early adoption, a first-time adopter can use either the old or the new version under IFRS 1), the scope of IFRS 3 (the standard does not apply to the accounting for the formation of any joint arrangement under IFRS 11), portfolio exception in IFRS 13 and the interrelationship of IFRS 3 'Business Combinations' and IAS 40 'Investment Property'. The application of the aforementioned improvements does not constitute a significant impact on the condensed consolidated financial information of the company.

[1] The 2014 consolidated financial statements can be consulted on the group's website www.tessenderlo.com

The following amendments to standards have been issued and have been endorsed by the European Union, but are not mandatory for the first time for the financial year beginning January 1, 2015:

- **Amendment to IAS 19 '*Employee benefits*'**, effective for annual periods beginning on or after February 1, 2015. The amendment seeks clarification for the accounting of employee contributions set out in the formal terms of a defined benefit plan.

- '***Annual improvements (2010-2012 cycle)***' with minor amendments to eight standards, effective for annual periods beginning on or after February 1, 2015. The amendments relate to IFRS 2 'Definition of vesting condition', IFRS 3 'Accounting for contingent consideration in a business combination', IFRS 8 'Aggregation of operating segments', IFRS 8 'Reconciliation of the total of the reportable segments' assets to the entity's assets', IFRS 13 'Short-term receivables and payables', IAS 7 'Interest paid that is capitalized', IAS 16/IAS 38 'Revaluation method-proportionate restatement of accumulated depreciation' and IAS 24 'Key management personnel'.

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

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning January 1, 2015 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.

- **IFRS 14 '*Regulatory deferral accounts*'**, effective for annual periods beginning on or after January 1, 2016. It concerns an interim standard on the accounting for certain balances that arise from rate–regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first–time adoption or subsequently) and on presentation and disclosure.

- **IFRS 15 '*Revenue from contracts with customers*'**. The IASB and FASB have jointly issued a converged standard on the recognition of revenue from contracts with customers. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. Companies using IFRS will be required to apply the revenue standard for annual periods beginning on or after January 1, 2018, subject to EU endorsement.

- **Amendment to IFRS 9 '*financial instruments*'** on general hedge accounting, effective for annual periods beginning on or after January 1, 2018. The amendment incorporates the new general hedge accounting model which will allow reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. These amendments also impact IAS 39 and introduce new disclosure requirements for hedge accounting, thereby impacting IFRS 7, irrespective of the fact whether hedge accounting requirements under IFRS 9 or IAS 39 are used.

- **Amendment to IFRS 11 '*Joint arrangements*'** on acquisition of an interest in a joint operation, effective for annual periods beginning on or after January 1, 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- **Amendment to IAS 16 '*Property, plant and equipment*' and IAS 38 '*Intangible assets*'** on depreciation and amortization, effective for annual periods beginning on or after January 1, 2016. In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- **Amendment to IAS 16 '*Property, plant and equipment*' and IAS 41 '*Agriculture*'** on bearer plants, effective for annual periods beginning on or after January 1, 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing.

- **Amendments to IAS 27 '*Separate financial statements*'** on the equity method, effective for annual periods beginning on or after January 1, 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- **Amendments to IFRS 10, '*Consolidated financial statements*' and IAS 28,'*Investments in associates and joint ventures*'**, effective for annual periods beginning on or after January 1, 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- **Amendments to IFRS 10 '*Consolidated financial statements*', IFRS 12 '*Disclosure of interests in other entities*' and IAS 28, '*Investments in associates and joint ventures*'**, effective for annual periods beginning on or after January 1, 2016. These narrow-scope amendments introduce clarifications to the requirements when accounting for investment entities.

- '***Annual improvements (2012–2014 cycle)***' with amendments to 4 standards, effective for annual periods beginning on or after January 1, 2016. The amendments include IFRS 5, '*Non-current assets held for sale and discontinued operations*', IAS 19, '*Employee benefits*', IFRS 7, '*Financial instruments: disclosures*' and IAS 34, '*Interim financial reporting*'.

- **Amendments to IAS 1 '*Presentation of financial statements*'**, effective for annual periods beginning on or after January 1, 2016. The amendments to IAS 1 are part of the initiative of the IASB to improve presentation and disclosure in financial reports and are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

For the six-month period ended June 30, 2015, 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:	30.06.2015	31.12.2014	30.06.2014	30.06.2015	30.06.2014
Argentine peso	10.1292	10.2400	11.1300	9.8458	10.7306
Brazilian real	3.4699	3.2207	3.0002	3.3101	3.1499
Chinese yuan	6.9366	7.5358	8.4722	6.9408	8.4500
Czech crown	27.2530	27.7350	27.4530	27.5021	27.4439
Hungarian forint	314.9300	315.5400	309.3000	307.5057	306.9300
Polish zloty	4.1911	4.2732	4.1568	4.1409	4.1755
Pound sterling	0.7114	0.7789	0.8015	0.7323	0.8213
US dollar	1.1189	1.2141	1.3658	1.1158	1.3703

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, 2015 are the same as those applied and disclosed in the consolidated financial statements at December 31, 2014 except for management estimates concerning inventory and spare parts obsolescence. In HY15 management revised its estimates concerning inventory obsolescence based on experience and the assessment of current market circumstances. Actual results could differ from these estimates.

5. 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 2015 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 in which the individual risks are presented is neither indicative of their likelihood to occur, nor of the severity or significance of the individual risks. Please note that in the 2014 annual report additional risks were included. For a more detailed overview of the major risks for the group, we refer to our 2014 annual report.

- **The group depends on the availability of sufficient volumes of raw materials with the required specifications at competitive prices.**

The group depends on the availability of sufficient volumes of raw materials, which meet the required specifications, against competitive prices. While the group sources most of its raw materials from multiple suppliers, some raw materials are sourced from only few suppliers. As such, the group relies on a number of third party suppliers and other business partners. If the market prices fall below the agreed minimum prices, the group may be required to purchase products at above-market prices.

- **If the group is unable to sell, store, re-utilize or dispose of certain components that it produces, it may be required to limit or reduce its overall production levels.**

The group's chemical operations are dependent on its ability to sell, store, re-utilize or otherwise dispose of certain components (such as by-products and co-products) which are produced in the course of the production process of various products. There can be no assurance that the group will be able to do this in the future and will not be required to reduce its overall production levels or invest in new treatment processes.

- **The group's results are dependent on weather conditions and are subject to seasonality.**

Several of the group's activities are dependent on weather conditions. The group also has activities which are also subject to seasonality, whereby products are sold within a short timeframe. Products of the group's Agro segment must be supplied to the customers during the planting season. Bad weather conditions can disrupt this process, reduce the possibility to apply product and/or reduce the need for products. The group also sells products in the construction markets in several countries in the northern hemisphere, which are typically affected by winter weather conditions.

- **The group's current and future investments and/or constructions are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns.**

The group currently has new projects which are under construction or in ramp-up phase. In addition, the group is implementing a number of major investment projects that are key to its strategy. These projects may be delayed, exceed the budget or the utilized technology may prove to be inadequate or may fail to reach the expected return.

- **The group is exposed to an energy off-take agreement.**

The group sold the majority of its PVC/Chlor-Alkali activities in the third quarter of 2011. The electricity purchase agreement relating to that activity was not part of the sale transaction and therefore the group is still under an obligation to purchase certain quantities of electricity. As the group no longer needs the electricity for its own use, it needs to sell the electricity on the market until the end of the contract. The value of the contract is depending on the current and future difference between market electricity prices and the generation cost based on market gas prices, and on the effect of the hourly pricing optimization as foreseen in the contract. Based on today's electricity prices and the current price of electricity futures, the contract has a negative value in the financial statements as per June 30, 2015 (-15.3 million EUR).

- **The group's results are highly sensitive to commodity prices.**

Market factors largely beyond the group's control, such as the actual or perceived changes in level of supply and demand, the availability and cost of substitute materials and inventory levels maintained by producers, all influence product prices. In certain of the group's segments, the prices of the group's products are correlated to the prices of major commodity products, such as KCl, soy, palm oil and polymers. As such, the group may not be able to implement or preserve its pricing policy.

- **The group may be exposed to product liability and warranty claims, including but not limited to liability in respect of food safety.**

The group's products are subject to increasingly stringent industry, regulatory and customer requirements. The activities of the group may expose it to product liability and warranty claims. The products manufactured by the group are used in various downstream applications, including but not limited to, the food, cosmetics, nutraceutical and pharmaceutical industry and may contain undetected errors or defects, which may lead, for example, to product recalls, increased customer service and support, payment of monetary damages to customers, lawsuits and loss of customers. In addition, the group cannot exclude that customers incorrectly apply the group's products.

- **The group is exposed to a variety of financial risks such as credit risk, liquidity risk, interest risk and currency risk.**

We refer to note 28 - Financial instruments of the 2014 consolidated financial statements for more detailed information on the company's exposure to financial risks and its risk management policies.

  - Credit risk

The maximum exposure to credit risk amounts to EUR 433.5 million EUR as of June 30, 2015. This amount mainly consists of current and non-current trade and other receivables (289.9 million EUR), derivative financial instruments (1.4 million EUR) and cash and cash equivalents (142.3 million EUR).

  - Liquidity risk

In order to limit this risk, the group took a series of actions:
- The setup of a factoring and securitization program (the securitization program was stopped in the first half of 2015);
- the launch of a private placement with a maturity of 5 years in October 2010 (150.0 million EUR);
- a syndicated credit facility, which amounts to 300.0 million EUR at the end of the second quarter of 2015 (further reduced to 150.0 million EUR in July 2015);
- a capital increase of 174.8 million EUR on December 19, 2014;
- issuance of two series of bonds in July 2015 with a maturity of 7 years and 10 years for an amount of 192.0 million EUR and 58.0 million EUR respectively.

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

  - Currency risk

The currencies given rise to this risk are primarily USD (US Dollar), Pound sterling (GBP), Chinese yuan (CNY), Brazilian real (BRL) and Argentina peso (ARS).

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

As per June 30, 2015, the group mainly has a USD exposure on an intragroup loan of 500 million USD, a CNY exposure on an intragroup loan of 206.5 million CNY and a GBP exposure on a intragroup loan of 20 million GBP.

- Interest rate risk

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

The interest rate of the bonds issued in July 2015, for an amount of 192.0 million EUR with a maturity of 7 years and 58.0 million EUR with a maturity of 10 years, is fixed at 2.875% and 3.375% respectively.

6. Segment reporting

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).

1 operating segment does not fulfill these quantitative thresholds (because these activities have been sold or stopped since January 2014) and is included in “Other”:

- **Phosphates** - includes manufacturing and distribution of animal feed phosphates.

The costs related to the corporate activities are 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, 2014 figures.

Bringing Chemistry to Life

SEGMENT REPORTING	Agro		Bio-valorization		Industrial solutions		Other		Non-allocated		Tessenderlo Group	
Million EUR	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue (internal and external)	373.1	297.0	249.1	241.3	228.3	206.6	-	31.2	-	-	850.5	776.1
Revenue (internal)	0.4	0.3	0.1	-	-	0.1	-	-	-	-	0.4	0.4
Revenue	**372.8**	**296.7**	**249.0**	**241.3**	**228.3**	**206.5**	**-**	**31.2**	**-**	**-**	**850.1**	**775.7**
REBIT	**77.0**	**52.2**	**-21.7**	**-7.7**	**11.3**	**6.6**	**-**	**1.2**	**-**	**-**	**66.6**	**52.3**
REBITDA	**87.4**	**60.3**	**-7.5**	**6.6**	**22.9**	**16.5**	**-**	**1.2**	**-**	**-**	**102.8**	**84.7**
Return on revenue (REBITDA/revenue)	**23.5%**	**20.3%**	**-3.0%**	**2.7%**	**10.0%**	**8.0%**	**-**	**3.8%**	**-**	**-**	**12.1%**	**10.9%**
Segment assets	394.2	343.0	378.1	373.3	218.8	202.3	-	2.3	55.9	67.9	1,047.0	988.8
Investments accounted for using the equity method	11.9	8.7	3.0	3.4	-	-	-	-	8.1	6.5	23.0	18.6
Other investments	-	-	-	-	-	-	-	-	2.0	2.5	2.0	2.5
Deferred tax assets	-	-	-	-	-	-	-	-	20.5	18.6	20.5	18.6
Cash and cash equivalents	-	-	-	-	-	-	-	-	142.3	157.0	142.3	157.0
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,234.8**	**1,185.4**
Segment liabilities	93.6	84.5	131.8	129.9	78.6	61.9	-	1.5	209.7	218.7	513.8	496.6
Loans and borrowings	-	-	-	-	-	-	-	-	207.1	213.6	207.1	213.6
Bank overdrafts	-	-	-	-	-	-	-	-	0.5	0.6	0.5	0.6
Deferred tax liabilities	-	-	-	-	-	-	-	-	36.1	37.8	36.1	37.8
Total equity	-	-	-	-	-	-	-	-	477.3	436.9	477.3	436.9
Total Equity and liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,234.8**	**1,185.4**
Capital expenditures: property, plant and equipment and other intangible assets	14.2	12.6	3.4	5.0	2.3	11.4	-	0.9	0.6	1.1	20.6	31.1
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	10.6	8.0	17.3	14.2	11.8	8.7	-	0.2	-	-	39.8	31.1
Impairment losses on disposal groups classified as held for sale	-	-	-	-	-	-	-	0.5	-	-	-	0.5

The reconciliation of the profit before tax is as follows:

RECONCILIATION PROFIT BEFORE TAX		
Million EUR	**30.06.2015**	**30.06.2014**
REBITDA of reportable segments	102.8	83.5
REBITDA of Other segment	-	1.2
REBITDA	**102.8**	**84.7**
Depreciation, amortization and provisions	-36.2	-32.4
Non-recurring income/(expense) items	-20.0	-2.2
Finance costs - net	6.0	-10.8
Share of result of equity accounted investees, net of income tax	2.3	1.6
Profit (+) / loss (-) before tax	**54.9**	**40.9**

7. Acquisitions

Tessenderlo Kerley Inc., a US subsidiary within the operating segment Agro, acquired in 1Q15 the global norflurazon assets, including trade names, registrations and knowhow from Syngenta Crop Protection, LLC. The total acquisition cost could be attributed fully to the acquired assets and liabilities and therefore this acquisition did not result in the recognition of any goodwill. The contribution of this acquisition to the result of the year is not considered to be significant.

8. Non-recurring income/(expense) items

For the first half of 2015, the net non-recurring income/(expense) items amount to -20.0 million EUR (HY14: -2.2 million EUR).

The non-recurring items mainly include impairment losses on items of property, plant and equipment which are no longer considered to have an economic value as they are no longer in use, and write-offs on spare parts following changed accounting estimates concerning inventory obsolescence.

9. Finance costs and income

Net finance costs and income amount to 6.0 million EUR as per June 30, 2015, compared to -10.8 million EUR as per June 30, 2014.

FINANCE COSTS AND INCOME - YTD		
Million EUR	**30.06.2015**	**30.06.2014**
Total borrowing costs	-7.4	-9.6
Total income from investments and cash & cash equivalents	0.3	0.7
Net other finance (costs)/income	13.2	-2.0
Total	**6.0**	**-10.8**

The increase of the net other finance (costs)/income can mainly be explained by the unrealized foreign exchange gains on USD intercompany loans, which are not hedged.

10. Income tax expense

Tax expenses amount to -14.5 million EUR in HY15, versus a tax expense of -15.6 million EUR in the same period last year. The income tax expenses mainly relate to the operations in the United States within the operating segment “Agro”. In HY15, an additional deferred tax asset of 1.9 million EUR was recognized on Belgian tax losses carried forward, bringing the total amount recognized to 18.6 million EUR as per June 30, 2015.

11. Seasonality of operations

Tessenderlo Group demonstrates a limited seasonality pattern at group level for revenue (first half of 2014 at comparable scope: 53%), while seasonality at operating profitability level (as expressed by REBITDA) is more pronounced (first half of 2014 at comparable scope: 62%). 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, 2015, the group’s capital expenditure amounted to 20.3 million EUR (HY14: 30.1 million EUR). Moreover the group has increased its repair and maintenance expenditure in the first half of 2015, of which the costs were immediately expensed. In the coming months many production sites will be included in maintenance projects and the level of investments will increase.

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, 2015 the group entered into contracts to purchase property, plant and equipment for 33.9 million EUR, the majority of which is expected to be delivered in 2015 and 2016. The majority of the commitments relate to the construction of a new calcium chloride production plant on its site in Ham (Belgium), the construction of a new Thio-Sul® production facility in East-Dubuque, Illinois (United States) and the construction of a Thio-Sul® production plant in Rouen (France).

13. Inventories

Inventory decreased by 41.5 million EUR from 248.2 million EUR as per December 31, 2014 to 206.7 million EUR as per June 30, 2015, and can mainly be explained by the seasonality effect in the operating segment “Agro” as well as by a write off of inventory and spare parts following changed accounting estimates concerning inventory obsolescence.

14. Trade and other receivables

Current trade and other receivables increased from 180.2 million EUR as per December 31, 2014 to 276.7 million EUR as per June 30, 2015.

The amount received in cash under various non-recourse factoring agreements and securitization programs amounted to 22.2 million EUR as per June 30, 2015, which is a decrease by 76.0 million EUR compared to the balance as per December 31, 2014 (98.2 million EUR). Continuing involvement for late payment risk is not significant. The net amount of the sold trade receivables is derecognized from the balance sheet.

The non-recourse securitization program has been stopped in HY15.

15. Non-current assets classified as held for sale

The non-current assets classified as held for sale as per June 30, 2015 (6.7 million EUR) include assets within the operating segment Bio-valorization of which the sale is expected to be finalized in the third quarter of 2015 (4.6 million EUR), as well as some other non-strategic assets (mainly land, buildings and plant machinery and equipment) for an amount of 2.1 million EUR.

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, adjusted for stock dividends.

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

BASIC EARNINGS PER SHARE		
	30.06.2015	**30.06.2014**
Number of ordinary shares at January 1	42,396,563	31,771,463
Adjusted weighted average number of ordinary shares at June 30	**42,396,563**	**31,771,463**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	41.5	25.4
Basic earnings per share (in EUR)	**0.98**	**0.80**

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.

DILUTED EARNINGS PER SHARE		
	30.06.2015	**30.06.2014**
Adjusted weighted average number of ordinary shares at June 30	42,396,563	31,771,463
Effect of warrants issued	82,339	-
Adjusted diluted weighted average number of ordinary shares at June 30	**42,478,902**	**31,771,463**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	41.5	25.4
Diluted earnings per share (in EUR)	**0.98**	**0.80**

17. Loans and borrowings

LOANS AND BORROWINGS		
Million EUR	**30.06.2015**	**31.12.2014**
Non-current loans and borrowings	3.4	3.9
Current loans and borrowings	203.6	209.7
Total loans and borrowings	**207.1**	**213.6**
Cash and cash equivalents	-142.3	-157.0
Bank overdrafts	0.5	0.6
Net loans and borrowings	**65.3**	**57.1**

Net loans and borrowings increased by 8.2 million EUR to 65.3 million EUR as per June 30, 2015. The current loans and borrowings 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 (48.5 million EUR)

The FCO loan (Fundos Constitucionais de Financiamento, a state fund) granted to the Brazilian subsidiary PB Brasil through Banco Do Brasil SA and outstanding for an amount of 14.9 million EUR as per December 31, 2014 (within current loans and borrowings), was early reimbursed on January 2, 2015.

As per June 30, 2015, there was no drawdown of the amended syndicated credit facility, which matures in April 2016. The amount of the credit facility amounted to 400.0 million EUR at year-end 2014 and was further decreased by 100.0 million EUR in the first quarter of 2015 and by another 150.0 million EUR in the third quarter of 2015.

On July 15, 2015, Tessenderlo Chemie NV issued two series of bonds with a maturity of 7 years and 10 years for an amount of 192.0 million EUR and 58.0 million EUR respectively. The bonds were issued at a fixed interest rate of 2.875% and 3.375% respectively. The net proceeds of the bonds issue will be used, amongst others, to refinance the group’s currently outstanding 150.0 million EUR private placement which matures in October 2015 and to provide alternatives to the renewal of the group’s back-up syndicated credit facility which will mature in April 2016.

The gearing ratio at the end of June 2015 amounts to 12.1% (December 31, 2014: 11.6%).

18. 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, 2015								
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	1.3	-	-5.8	-10.8	-	-	-15.3	-15.3
Others*	0.0	-	-16.3	-	-	-16.3	-	-16.3
Total	**1.4**	**-**	**-22.1**	**-10.8**	-	**-16.3**	**-15.3**	**-31.5**

*The others include foreign currency swaps and cross currency 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.

The fair value of the foreign currency swaps and cross currency interest rate swaps amounts to -16.3 million EUR as per June 30, 2015 (December 2014: -21.3 million EUR). During the first half of 2015, financial instruments have been settled for -31.6 million EUR. The outstanding foreign currency swaps and cross currency interest rate swaps will reach maturity in the second half of 2015. As from March 2015, the group no longer uses currency swaps to hedge intragroup loans.

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 2014 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, 2015 based on a valuation model, leading to a net fair value of -15.3 million EUR compared to a net fair value of -15.2 million EUR as per December 31, 2014.

19. Employee benefits

The application of IAS 19 *Employee benefits* as per June 30, 2015 led to an increase of equity, net of taxes, of 9.8 million EUR. The increase of the rate used to discount the obligations (weighted average discount rate of 2.7% as per June 30, 2015 compared to 2.2% at year-end 2014) was the main driver leading to a lower net defined benefit obligation.

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.

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

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

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

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

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

In the third quarter of 2014 the group was informed by the local Chinese authorities of their intention to expropriate the gelatin plant in the Zhejiang Province in order to build a new public infrastructure. The group has entered into negotiations with the government for obtaining compensation for such expropriation. Management estimates to recover the carrying amount of the assets involved and therefore no impairment loss has been recognized neither in 2014 nor in the first half of 2015.

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/Executive 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, 2015, Verbrugge NV, controlled by Picanol NV, is holding 13 363 951 shares (31.52 % of the company). Its affiliated company Symphony Mills NV holds 776 077 shares (1.83 %). 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 1.3 million EUR were paid to the Belgian pension fund, "OFP Pensioenfonds". Liabilities related to employee benefits schemes as per June 30, 2015 include 6.8 million EUR related to the "OFP Pensioenfonds" (December 31, 2014: 12.4 million EUR).

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

Million EUR	2015	2014
Revenue	7.1	5.1
Cost of sales	15.9	11.5
Current assets	1.3	0.7
Current liabilities	2.4	1.4

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

Million EUR	2015	2014
Other operating income	0.0	0.0

Dividends were received from joint ventures and associates for an amount of 0.7 million EUR (June 30, 2014: 2.2 million EUR), while dividends received from other investments amounted to 0.0 million EUR (June 30, 2014: 0.1 million EUR).

TRANSACTIONS WITH THE MEMBERS OF THE GROUP MANAGEMENT COMMITTEE/EXECUTIVE COMMITTEE

Million EUR	30.06.2015	30.06.2014
Short-term employee benefits	0.7	1.7
Post-employee benefits	0.0	0.1
Total	**0.7**	**1.8**

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 HY15 and no warrants were exercised by members of the current Executive Committee.

The employee benefits of the Group Management Committee are included until January 14, 2015. The Board of Directors decided on January 14, 2015 to replace the Group Management Committee by an Executive Committee, which was composed by the co-CEO's (Luc Tack/Melchior de Vogüé), the Executive Directors (currently Findar BVBA, represented by Stefaan Haspeslagh) as well as any other member appointed by the Board of Directors (no one at this stage). On April 30, 2015 Melchior de Vogüé left the group.

22. Subsequent events

On July 15, 2015, Tessenderlo Chemie NV issued two series of bonds with a maturity of 7 years (the “2022 bonds”) and 10 years (the “2025 bonds”). The total issue amount was 250.0 million EUR, of which 192.0 million EUR for the 2022 bonds and 58.0 million EUR for the 2025 bonds. 26.4 million EUR was subscribed to by a 100% subsidiary of the group operating in the re-insurance market, in line with its investment policy. The 2022 bonds are issued at a fixed interest rate of 2.875% and the 2025 bonds at a fixed interest rate of 3.375%. The bonds have been accepted for trading on Euronext Brussels on July 15, 2015.

On July 20, 2015, 396 476 ordinary shares were included for trading on Eurolist on NYSE Euronext Brussels following the conversion of warrants. The transaction led to an increase of issued capital and share premium by 8.7 million EUR. Following this capital increase, the number of warrants outstanding reduced to 473 597, of which 323 597 warrants were exercisable as per June 30, 2015.

4. Independent auditors' report on the review of the condensed consolidated financial information as per June 30, 2015

To the Board of Directors of
TESSENDERLO CHEMIE NV

Statutory auditor's report on review of condensed consolidated financial information for the period ended 30 June 2015

Introduction

We have reviewed the accompanying condensed consolidated financial information of Tessenderlo Chemie NV and its subsidiaries (the "Group") as of 30 June 2015, which comprises the consolidated statement of financial position as of 30 June 2015 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 six-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, 25 August 2015

PwC Bedrijfsrevisoren bcvba
Represented by

Peter Van den Eynde*
Partner

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

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