



(Public limited liability company under Belgian law with registered office at Troonstraat 130, 1050 Brussels, Belgium)

PUBLIC OFFERING TO SUBSCRIBE TO 10,592,265 NEW SHARES IN A SHARE CAPITAL INCREASE IN CASH WITH PREFERENTIAL RIGHTS FOR EUR 16.50 PER NEW SHARE IN THE RATIO OF 1 NEW SHARE FOR 3 PREFERENTIAL RIGHTS

REQUEST FOR ADMISSION TO TRADING ON EURONEXT BRUSSELS OF THE NEW SHARES

Tessengerlo Chemie NV/SA, listed on the regulated market of Euronext Brussels under the trading symbol “TESB” (the “**Issuer**”) is offering 10,592,265 new ordinary shares of the Issuer without nominal value (the “**New Shares**”). The subscription price is EUR 16.50 per New Share (the “**Issue Price**”). Subject to the restrictions in this Prospectus and limitations that may apply under applicable securities laws, each shareholder of the Issuer (each, a “**Shareholder**”) will be granted one statutory preferential subscription right (each, a “**Preferential Right**”) per ordinary share of the Issuer (each, a “**Share**”) it holds on 27 November 2014 at the closing of the regulated market of Euronext Brussels (the “**Record Date**”). Each Preferential Right will be represented by coupon no. 77, which will be detached from the underlying Share on the Record Date after closing of the regulated market of Euronext Brussels. The Preferential Rights will trade on the regulated market of Euronext Brussels between 28 November 2014 and 12 December 2014, and will be listed on the regulated market of Euronext Brussels under the trading symbol TES77. The Preferential Rights have been accepted for clearance through Euroclear Bank NV/SA, as operator of the Euroclear system, under ISIN BE0970135381.

Subject to the restrictions in this Prospectus and limitations that may apply under applicable securities laws, the holders of Preferential Rights are entitled to subscribe to the New Shares in the ratio of 1 New Share for 3 Preferential Right (the “**Ratio**”) in the manner set forth in this prospectus (“**Prospectus**”). The subscription period for the New Shares is expected to start on 28 November 2014 and end on 12 December 2014 (by 4.00 pm CET) (the “**Rights Subscription Period**”). Once exercised, the holders of Preferential Rights cannot revoke the exercise of their Preferential Rights, except as set out in Section 9.1(g) of this Prospectus. Holders of Preferential Rights which have not exercised their Preferential Rights during the Rights Subscription Period will no longer be able to exercise their Preferential Rights. The offering of New Shares by exercise of the Preferential Rights is referred to in this Prospectus as the “**Rights Offering**”.

Investing in the New Shares, the Scrips or trading in the Preferential Rights involves certain risks. An investor is exposed to the risk of losing all or part of its investment. Before making any investment in New Shares, Scrips or trading in Preferential Rights, investors must read Sections 1.4 and 3 (“Risk Factors”) of this Prospectus. Each of these risk factors must be carefully studied and assessed before investing in the New Shares or the Scrips, or trading in the Preferential Rights.

Preferential Rights that are not exercised during the Rights Subscription Period will be converted into an equal number of scrips (“**Scrips**”). The Scrips will be offered by the KBC Securities NV (the “**Sole Lead Manager and Bookrunner**”) in an accelerated book built private placement, in accordance with an exemption to the obligation to publish a prospectus in article 3.2 (a) of Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading as amended by Directive 2010/73/EU, as implemented in member states of the European Economic Area (the “**Prospectus Directive**”), that is expected to start on 16 December 2014 and end on the same date (the “**Scrips Private Placement**”). The net proceeds of the sale of Scrips in the Scrips Private Placement (if any) will be divided amongst the holders of Preferential Rights that have not exercised their Preferential Rights, except as described in Section 9.1(f)(ii). If the net proceeds divided by the total number of unexercised Preferential Rights is less than EUR 0.01, the net proceeds will instead be transferred to the Issuer, unless the board of directors of the Issuer (the “**Board of Directors**”) decides otherwise. Purchasers of Scrips in the Scrips Private Placement shall irrevocably undertake to subscribe to a number of New Shares equal to the number of Scrips purchased by them multiplied by the Ratio at the Issue Price.

Verbrugge NV, respectively Symphony Mills NV, have each informed the Issuer that they will exercise all the Preferential Rights allocated to them, and to subscribe for the corresponding number of New Shares in accordance with the Ratio, as set out in more detail and as subject to the conditions set out in Section 9.7(a).

The results of the Rights Offering and the Scrips Private Placement (together referred to as the “**Offering**”) as well as, as the case may be, the amount payable to the holders of unexercised Preferential Rights are expected to be announced on 16 December 2014.

The Shares are listed and admitted to trading on Euronext Brussels under the trading symbol “TESB”, and an application has been submitted to admit the New Shares to listing and trading on Euronext Brussels under the same symbol. It is expected that payment for and delivery of the New Shares will be made on 19 December 2014. The New Shares are expected to have been accepted for clearance through Euroclear Bank NV/SA, as operator of the Euroclear system, under ISIN BE0003555639.

This Prospectus was prepared in accordance with Article 23 of the Belgian Law of 16 June 2006 on public offering of securities and on the admission of securities to trading on a regulated market (the “**Prospectus Law**”) and approved by the Belgian Financial Services and Markets Authority (the “**FSMA**”) on 25 November 2014. The Prospectus is in respect of a share capital increase with preferential subscription rights and as a result, the disclosure in this Prospectus is in accordance with Article 26a and Annexes XXIII and XXIV of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing the Prospectus Directive, as amended from time to time (the “**Prospectus Regulation**”).

The Issuer is not making, and not taking any action to permit, a public offering of the New Shares, Preferential Rights or the Scrips in any jurisdiction outside Belgium. The distribution of this Prospectus outside Belgium may in certain jurisdictions be restricted by law. Persons into whose possession this Prospectus comes must therefore inform themselves about, and observe such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. In particular, subject to certain exceptions, this Prospectus must not be distributed, forwarded to or transmitted in or into the United States, Japan, Canada, Australia, or South Africa. Shareholders who have a registered address in, or who are resident or located in, jurisdictions other than Belgium and any person (including, without limitation, agents, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Prospectus to a jurisdiction outside Belgium should read Section 4.5: “Notices to prospective investors”.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the New Shares, Preferential Rights or Scrips in any jurisdiction in which such an offer or solicitation is unlawful. The New Shares, the Preferential Rights and the Scrips have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”), or under any securities law of any state or other jurisdiction of the United States. Accordingly, none of the New Shares, Preferential Rights or Scrips may be offered, issued, sold, pledged, taken up, delivered, renounced, or otherwise transferred in or into the United States, except pursuant to an applicable exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The contents of this Prospectus are not to be construed as investment, legal, business or tax advice. Each prospective investor should consult their own legal adviser, financial adviser or tax adviser for legal, financial or tax advice respectively.



Prospectus dated 25 November 2014

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1 SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-E (A.1-E.7).

The summary contains all Elements required to be included in a summary for this type of security and issuer. Because certain Elements are not required to be addressed there may be gaps in the numbering of the Elements.

Even though an Element must be included in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a brief description of the Element is included in the summary, with the mention “not applicable”.

Information provided in this summary is proportionate to this type of issue in accordance with Article 26a of the Prospectus Regulation.

1.1 Section A – Introduction and warnings

<u>Element</u>	<u>Disclosure requirement</u>
<u>A.1</u>	<p><u>Introduction and warnings</u></p> <p>This summary must be read as an introduction to this Prospectus and is provided to aid investors when considering whether to invest in the New Shares, the Preferential Rights, the Scrips or any other securities, but is not a substitute for this Prospectus. It includes certain important information contained in this Prospectus, but does not include all information that may be important to investors. This summary is not complete and any decision to invest in the New Shares, the Preferential Rights, the Scrips or any other securities should be based on a thorough review of this Prospectus as a whole, including any documents incorporated by reference.</p> <p>Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (the “EEA”), no civil liability will attach to the persons responsible for this summary in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or unless it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the New Shares, the Preferential Rights, the Scrips or any other securities.</p> <p>Where a claim relating to this Prospectus is brought before a court in a Member State of the EEA, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p>

<u>A.2</u>	<p><u>Consent for use of this Prospectus for subsequent resale</u></p> <p>Not applicable. No consent has been given by the Issuer to the use of the Prospectus for the purpose of subsequent resale of the New Shares or their final placement by financial intermediaries.</p>
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1.2 *Section B – Issuer*

<u>Element</u>	<u>Disclosure requirement</u>
<u>B.1</u>	<p><u>Legal and commercial name of the Issuer</u></p> <p>The legal and commercial name of the Issuer is “Tessenderlo Chemie”.</p>
<u>B.2</u>	<p><u>Registered office and legal form of the Issuer</u></p> <p>The Issuer is a public limited liability company (<i>naamloze vennootschap / société anonyme</i>) organised and existing under the laws of Belgium, which has offered its securities to the public, having its registered office at Troonstraat 130, 1050 Brussels, Belgium and is registered with the Register of Legal Entities (<i>rechtspersonenregister – RPR / registre des personnes morales- RPM</i>) (Brussels) under enterprise number 0412.101.728.</p>
<u>B.3</u>	<p><u>Current operations and principal activities and principal markets in which the Issuer competes</u></p> <p>The Group’s activities are subdivided in three operating segments: Agro, Bio-valorization and Industrial Solutions.</p> <ul style="list-style-type: none"> • Agro - this segment is active in the production and marketing of crop nutrients (liquid crop fertilisers and SOP) and crop protection products. • Bio-valorization - this segment combines the Group’s activities in animal by-product processing, comprised of Akiolis (rendering, production and sales of proteins & fats) and Gelatins (production and sales of gelatins). • Industrial Solutions - this segment is comprised of activities offering products and solutions to industrial end-markets. The segment includes in essence the production and sales of plastic pipes systems, water treatment chemicals and other industrial activities, such as production and sales of mining & industrial auxiliaries, and the delivery of services for the treatment and disposal of fracking water (ECS) and the recovery of industrial process fluids (MPR).

<p><u>B.4a</u></p>	<p><u>Most significant recent trends affecting the Issuer and the industries in which it operates</u></p> <p>(a) <i>Agro</i></p> <p>The market price of fertiliser and crop protection products is an important factor affecting the Group's results of operation. The price is determined on the basis of global supply and demand, which is dependent on numerous factors, such as general agricultural activity, crop prices, raw material prices, (constraints on) international trade flows and supplier production rates. Given the multitude of drivers and their dynamic nature, market conditions evolve rapidly. The Agro segment benefited from favourable market conditions in 2014.</p> <p>The closure of the phosphates facility in Ham (Belgium) at the end of 2013 resulted in a drop in absorption capacity of co-product HCl and thus reducing the available SOP production capacity in 2014. The Group is addressing this partially by investing in a new calcium chloride production plant in Ham.</p> <p>(b) <i>Bio-valorization</i></p> <p>The market prices for end-products of the Bio-valorization segment are often tied to the price evolution of major commodities, including soy and palm-oil. These commodities' prices are volatile and have been declining since the second quarter of 2014. The gelatin prices are determined on the basis of global supply and demand. In 2014, gelatin prices saw a slight decrease in some geographies due to increased competition.</p> <p>Akiolis is subject to increased competition on the raw materials supply side. The gelatin raw material market price is largely driven by slaughtering rates and demand from the gelatin industry and alternative uses.</p> <p>(c) <i>Industrial Solutions</i></p> <p>The performance of the Industrial Solutions segment is to a large extent dependent on the construction market in plastic pipes solutions markets (Netherlands, Belgium, France). The construction activity in these markets stays at historical low levels and shows only limited signs of recovery, which affects the demand for the Group's products and influences the Group's results of operation in its Industrial Solutions segment.</p>
<p><u>B.5</u></p>	<p><u>Description of the Group and the Issuer's position within that Group</u></p> <p>The Issuer operates its business through several direct and indirect wholly owned subsidiaries. The Issuer is the direct or indirect parent company of these subsidiaries. In addition, the Issuer and/or its subsidiaries have entered into a number of joint venture agreements, the most important of which is</p>

the joint venture agreement with Philips 66 in respect to Jupiter Sulphur LLC.

B.6

Disclosure of substantial shareholdings

The Issuer has received the following relevant transparency disclosures at the date of this Prospectus.

Shareholder	Number of Shares	% of total on a non-diluted basis
Verbrugge NV	8,744,069	27.517%
Symphony Mills NV*	322,844	1.016%
Blocked Shares (held by personnel or former personnel)	189,389	0.596%
Free float	22,520,494	70.871%
Total	31,776,796	100%

** Pursuant to notifications made to the FSMA by Symphony Mills NV, in accordance with Article 15 of the Royal Decree of 5 March 2006 on transactions of managers.*

As per 21 November 2014, 1,094,461 warrants are still outstanding under various warrant schemes, which if all are exercised represent 3.33% of all Shares, on a fully diluted basis and not taking into account the New Shares.

Each Shareholder of the Issuer is entitled to one vote per Share, irrespective of the proportion held in the Share Capital of the Issuer.

On the last Shareholders' Meeting of the Issuer on 18 November 2014 and on the penultimate Shareholders' Meeting of the Issuer on 3 June 2014, Verbrugge NV represented the majority of the voting rights cast. In accordance with Article 5, § 3 of the Company Code, Verbrugge NV is therefore considered, unless rebutted, to control the Issuer.

Verbrugge NV and Symphony Mills NV, which are affiliated entities, have each independently informed the Issuer by a letter dated 17 November 2014, that (i) depending on the number of New Shares subscribed by them, their participation following the completion of the Offering may vary and that in the event they individually or collectively exceed the 30% threshold of the voting rights, pursuant to an exercise of Preferential Rights in the Rights Subscription Period and/or the acquisition and subsequent exercise of either Preferential Rights in the Rights Subscription Period or Scrips in the Scrips Private Placement, this shall not give rise to a mandatory public takeover bid, pursuant to Article 52, §1, 5° of the Takeover Royal Decree and that (ii) as affiliated parties deemed

to act in concert under the Takeover Royal Decree, any subsequent acquisitions will not trigger a mandatory public takeover bid either.

B.7

Selected historical key financial information

The selected financial information set forth below should be read in conjunction with the financial statements incorporated by reference or referred to elsewhere in this Prospectus. The selected financial information set forth below as of the year ended 31 December 2013 has been extracted from the Group's audited, consolidated financial statements, prepared in accordance with IFRS, as adopted by the EU, incorporated by reference in this Prospectus. This section also includes selected unaudited financial information for the nine months ended 30 September 2013 and 30 September 2014, prepared in accordance with IFRS, as adopted by the EU, referred to elsewhere in this Prospectus. The selected unaudited financial information for the nine months ended 30 September 2013, has been derived from the financial records of the Issuer and was published on 14 November 2013. The selected unaudited financial information for the nine months ended 30 September 2014 has been reviewed by the Group auditor by way of a limited review.

Consolidated income statement data:

EUR m	Year Ended 31 December	Nine Months Ended 30 September	
	2013	2013	2014
	(audited)	(unaudited)	(limited review)
Revenue	1,790.1	1,444.0	1,114.4
Cost of sales	-1,430.8	-1,145.9	-851.2
Gross profit	359.3	298.1	263.1
Operating expenses	-313.5	-246.1	-195.6
Profit (+) / loss (-) from operations before non-recurring items (REBIT)	45.8	52.1	67.5
Non-recurring items	-64.5	-60.0	10.7
Profit (+) / loss (-) from operations (EBIT)	-18.7	-7.9	56.8
Financial result	-27.3	-20.6	-2.1
Share of result of equity accounted investees, net of income tax	4.2	3.6	2.9
Profit (+) / loss (-) before tax	-41.7	-25.0	57.6
Income tax expense	-23.4	-22.3	-4.1
Profit (+) / loss (-) for the period	-65.1	-47.3	53.5

Consolidated balance sheet data:

EUR m	Year Ended 31 December	Nine Months Ended 30 September	
	2013	2013	2014
	(audited)	(unaudited)	(limited review)
Assets			
Total non-current assets	595.0	590.1	604.3
Property, plant and equipment	436.7	434.3	454.9

Intangible assets	87.0	88.2	85.0
Financial non-current assets	71.3	67.5	64.4
Total current assets	486.2	489.0	467.0
Inventories	255.7	262.3	225.1
Trade and other receivables	177.0	189.8	189.5
Derivative financial instruments	4.6	1.7	1.4
Cash and cash equivalents	48.9	35.1	51.0
Non-current assets classified as held for sale	8.8	13.6	2.2
Total assets	1,089.9	1,092.7	1,073.4
Equity and liabilities			
Total equity	239.9	271.9	281.0
Equity attributable to equity holders of the company	236.6	267.9	277.2
Non-controlling interest	3.3	4.0	3.7
Total liabilities	850.0	820.8	792.5
Total non-current liabilities	432.4	387.7	418.9
Financial non-current liabilities	199.8	166.3	228.1
Other non-current liabilities	85.4	83.1	46.1
Provisions	147.1	138.3	144.6
Total current liabilities	409.4	420.2	373.6
Financial current liabilities	107.9	101.5	102.7
Other current liabilities	275.2	281.3	248.3
Provisions	26.2	37.4	22.7
Liabilities associated with assets classified as held for sale	8.3	12.8	0.0
Total equity and liabilities	1,089.9	1,092.7	1,073.4

Consolidated cash flow statement data:

EUR m	Year Ended 31 December	Nine Months Ended 30 September	
	2013	2013	2014
	(audited)	(unaudited)	(limited review)
Cash flow from operating activities	109.8	96.9	99.9
Cash flow from investing activities	-10.5	19.1	-41.3
Cash flow from financing activities	-81.8	-111.6	-55.7
Net increase / (decrease) in cash and cash equivalents	17.4	4.4	3.0
Effect of exchange rate differences	-2.1	-0.7	1.7
Cash and cash equivalents less bank overdrafts at the beginning of the period	29.5	29.5	44.8
Cash and cash equivalents less bank overdrafts at the end of the period	44.8	33.2	49.4

Principal changes within the Group structure in 2013

In 2013, the Group saw the end of several divestments that were launched as part of the transformation started in 2010. In 2013, the Group exited the profiles, compounds, phosphates and

	organic chlorine derivatives businesses. The revenues and REBIT still generated in 2013 by the currently divested or stopped entities represented a total of respectively EUR 375.3m and EUR 16.2m ¹ (or EUR 333.8m and EUR 15.5m ¹ at 30 September 2013). The sale of the Aliphos feed phosphate business, of which the Belgian production was stopped at the end of 2013, was concluded in February 2014. This business still generated EUR 29.1m revenues and EUR 1.7m REBIT ¹ in 2014.
<u>B.8</u>	<u>Selected key pro forma financial information</u> Not applicable. No pro forma financial information is provided in the Prospectus.
<u>B.9</u>	<u>Profit forecast or estimate</u> Not applicable. No profit forecast is provided in the Prospectus.
<u>B.10</u>	<u>A description of the nature of any qualifications in the audit report on the historical financial information</u> Not applicable. There are no qualifications to the audit reports.
<u>B.11</u>	<u>Working capital</u> On the date of this Prospectus, the Issuer is of the opinion that, taking into account its available cash and equivalents, it has sufficient working capital to meet its present requirements and cover its working capital needs for a period of at least twelve months as of the date of the Prospectus.

1.3 Section C – Securities

<u>Element</u>	<u>Disclosure requirement</u>
<u>C.1</u>	<u>Type and class of the New Shares / ISIN code</u> The Issuer is offering 10,592,265 new ordinary shares without nominal value (the “ New Shares ”). The New Shares to be issued within the framework of the Offering shall have the same rights and benefits as, and shall rank <i>pari passu</i> in all respects, including as to entitlement to dividends, with, the existing and outstanding Shares of the Issuer at the moment of their issue. An application has been submitted to admit the New Shares to listing and trading on Euronext

¹ In the segmentation reporting, the REBIT figures of the divested or stopped activities are included in the “other” line (see also Section 12.1). For the segmentation reporting corporate costs are allocated to each operating segment. The REBIT figures of the divested or stopped activities included in this section do not include the allocated corporate costs.

	<p>Brussels under the same trading symbol “TESB” as for the existing Shares. The New Shares are expected to have been accepted for clearance through Euroclear Bank NV/SA, as operator of the Euroclear system, under ISIN BE0003555639.</p>
<u>C.2</u>	<p><u>Currency of the New Shares</u></p> <p>The currency of the New Shares is euro.</p>
<u>C.3</u>	<p><u>Number of Shares issued</u></p> <p>On the date of this Prospectus, the share capital of the Issuer amounts to EUR 159,226,718.33 and is fully paid-up, as amended from time to time (the “Share Capital”). It is represented by 31,776,796 ordinary Shares, each with a fractional value of EUR 5.011 and representing one 31,776,796th of the Share Capital.</p> <p>Upon successful completion of the Offering, the Issuer will issue 10,592,265 ordinary Shares, for an aggregate issue price of EUR 174,772,372.50 (or EUR 16.50 per New Share) (the “Issue Price”). A portion of the Issue Price per New Share equal to the fractional value of the Shares, <i>i.e.</i> EUR 5.011, will be allocated to the Issuer’s Share Capital. The portion of the Issue Price in excess of the fractional value of the New Shares, <i>i.e.</i> EUR 11.489 will be booked as issue premium. As a result, upon successful completion of the Offering, the Share Capital would be increased up to EUR 333,999,090.83 and be represented by 42,369,061 ordinary Shares, each with a fractional value of EUR 5.011 and representing one 42,369,061th of the Share Capital.</p>
<u>C.4</u>	<p><u>Description of the rights attached to the securities</u></p> <p>All of the existing Shares have the same rights provided in the Articles of Association and the Company Code.</p> <p>All of the existing Shares are profit sharing as from any distribution in respect of which the relevant record date or due date falls on or after the date of the issue of such Shares (including any distribution in relation to the financial year that started on 1 January 2014, as the case may be). The New Shares shall be of the same class as existing Shares, including in respect of voting rights and profit sharing.</p>
<u>C.5</u>	<p><u>Share transfer restrictions</u></p> <p>There are no provisions restricting the free transferability of the existing and New Shares included in the Articles of Association.</p>
<u>C.6</u>	<p><u>Application for admission to listing and trading on a regulated market and identification of all regulated markets where the New Shares are to be traded</u></p> <p>An application has been submitted to admit the New Shares for listing and trading on Euronext</p>

	Brussels under the same symbol “TESB”, as for the existing Shares. The New Shares are expected to have been accepted for clearance through Euroclear Bank NV/SA, as operator of the Euroclear system, under ISIN code BE0003555639.
<u>C.7</u>	<p><u>Description of dividend policy</u></p> <p>The Issuer has not declared or paid dividends in respect of the financial year ended on 31 December 2013. The Issuer’s dividend policy may be amended from time to time, and each dividend distribution remains subject to the Issuer’s earnings, financial condition, Share Capital requirements and other important factors, subject to proposal and approval by the competent corporate body of the Issuer and subject to the availability of the distributable reserves as required by the Company Code and the Articles of Association. Any distributable reserves of the Issuer have to be computed in respect of its statutory balance sheet prepared in accordance with Belgian GAAP, which may differ from the consolidated financial statements in IFRS reported by the Issuer.</p> <p>The Issuer does not currently plan to implement a distribution pay-out policy in the near future.</p>

1.4 Section D – Risks

<u>Element</u>	<u>Disclosure requirement</u>
<u>D.1</u>	<p><u>Key information on the risks that are specific to the issuer or its industry</u></p> <p>The Group is subject to the following material risks. 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.</p> <ul style="list-style-type: none"> • The Group depends on the availability of sufficient volumes of raw materials with the required specifications at competitive prices. <p>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.</p> <ul style="list-style-type: none"> • If the Group is unable to sell, store, re-utilise or dispose of certain components that it produces, it may be required to limit or reduce its overall production levels. <p>The Group’s chemical operations are dependent on its ability to sell, store, re-utilise 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</p>

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 and contemplates a specific construction project. These current and future projects may be delayed, exceed the budget or the utilised 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 to Ineos Chlorvinyls 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 optimisation 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 30 September 2014.

- **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, in 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.

In addition to the risks listed above, the Group is also subject to the following risks:

- The Group must comply with environmental and health and safety laws and regulations and may be subject to changing or more restricting legislation and may incur significant compliance costs.
- The Group may fail to obtain, maintain or renew compulsory licenses and permits, or fail to comply with their terms.
- Changes in legislation may have an adverse impact on the Group's business.
- The Group may be subject to misconduct by its employees, contractors and/or joint venture partners.
- The Group's business may suffer from trading sanctions and embargoes.
- The Group operates in competitive markets and failure to innovate may have an adverse impact on its business.
- The Group may be at risk of breakdowns, inefficiencies or technical failures, which may cause interruption of operations.
- The Group's improvement programmes are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns.
- The Group may be subject to events of Force Majeure.
- Major accidents may result in substantial claims, fines or significant damage to the Group's reputation and financial position.
- The Group may be exposed to the risk of labour actions and employee claims or litigation.
- The Group's insurance coverage may not be sufficient.
- The Group may not be able to successfully carry out current business integrations, joint ventures and/or future acquisitions.
- The Group has incurred important losses in recent years as a result of the transformation of the Group, which was completed in 2014. In addition the Group may, in respect of the divestment program part of the general transformation, be exposed to residual liabilities and be subject to a range of non-compete provisions.
- The Group is exposed to litigation risks.
- Failure to protect trade secrets, know-how or other proprietary information may adversely affect the Group's business.
- A change in underlying economic conditions or adverse business performance may result in impairment charges.
- The Group is exposed to tax risks.
- The Group is exposed to risks relating to its worldwide presence.
- The Group may be affected by macroeconomic trends.
- Information technology failures may disrupt the Group's operations.
- The Group is exposed to pension plan obligations.

	<ul style="list-style-type: none"> • The Group’s business is exposed to exchange rate fluctuation. • The Group’s results may be negatively affected by fluctuating interest rates. • The Group is subject to various covenants in its financing agreements, which may restrict its operational and financial flexibility. • The Group may not be able to obtain the necessary funding for its future capital or refinancing needs. • The Group entered into contracts subject to change of control clauses. • The Group is exposed to credit risk in relation to its contractual and trading counterparties, as well as to hedging and derivative counterparty risk. • The Group may not be able to recruit and retain key personnel.
<p><u>D.2</u></p>	<p><u>Key information on the risks that are specific to the securities</u></p> <ul style="list-style-type: none"> • The market price of the New Shares may fluctuate and could fall below the Issue Price. • There is no assurance that a trading market will develop for the Preferential Rights, and if a market does develop, the market price for the Preferential Rights may be subject to greater volatility than the market price for the Shares. • The market price of the Preferential Rights or New Shares may be negatively affected by actual or anticipated sales of substantial numbers of Preferential Rights or Shares on Euronext Brussels. • The New Shares may not be traded actively, and there is no assurance that the Offering will improve the trading activity, which may lead the New Shares to trade at a discount to the Issue Price, making sales of the New Shares more difficult. • If securities or industry analysts do not publish research reports about the Issuer, or if they change their recommendations regarding the Shares in an adverse way, the market price of the New Shares may fall and the trading volume may decline. • Failure by a Shareholder to exercise the allocated Preferential Rights in full, may lead to dilution of its proportionate shareholding and a reduction of the financial value of its portfolio. • Failure to exercise Preferential Rights during the Rights Subscription Period will result in such Preferential Rights becoming null and void. • Withdrawal of subscription in certain circumstances may not allow sharing in the Net Scrips Proceeds and may have other adverse financial consequences. • The revocation of the Offering pursuant to a decision of the <i>Ad Hoc</i> Committee will result in the Preferential Rights and Scrips becoming null and void. • A substantial decline in the market price of the Shares may result in the Preferential Rights becoming worthless. • If the Offering is not fully subscribed, the Issuer may have to consider additional funding, reduce its level of investments or a combination of both. • Investors outside of Belgium may be restricted from participating in this Rights Offering, and may be subject to dilution or other financial adverse consequences. • Investors may not be entitled to participate in future equity offerings, and may be subject to dilution. • The Issuer has no fixed dividend policy. • After the Offering, certain significant Shareholders may be able to influence the resolutions of the Shareholders’ Meeting or control the Issuer, and may have different interests from the Issuer and the other Shareholders. • In the framework of the Offering, Shareholders may increase their shareholding above 30% without triggering the obligation to launch a mandatory public takeover bid to all Shareholders • Investors in jurisdictions with currencies other than the euro face additional investment risk from

	<p>currency exchange rate fluctuations in connection with their investment in Preferential Rights or New Shares.</p> <ul style="list-style-type: none"> • Any sale, purchase or exchange of New Shares may become subject to the Financial Transaction Tax. • Investors' rights as Shareholders will be governed by Belgian law and may differ in some respects from the rights granted to shareholders in other companies under the laws of other jurisdictions.
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1.5 Section E – Offering

<u>Element</u>	<u>Disclosure requirement</u>
<u>E.1</u>	<p><u>Total net proceeds of the Offering and estimated total expenses</u></p> <p>If the Offering is fully subscribed, the total proceeds of the Offering shall amount to EUR 174.8 million. The expenses of the Offering, estimated at EUR 2.1 million, are paid by the Issuer and must be deducted from the maximum proceeds of the Offering as a result of which the maximum total net proceeds amount to EUR 172.7 million.</p>
<u>E.2a</u>	<p><u>Reasons for the Offering and use of proceeds</u></p> <p>The net proceeds of the Offering shall primarily serve to realise the following two objectives:</p> <ol style="list-style-type: none"> 1. Fund announced or identified investments and historical non-recurring cash-outs. The announced or identified investments which the Group aims to make in the short to mid-term, range from <ul style="list-style-type: none"> (i) growth investments; to (ii) operational investments and investments linked to compliance with new regulation <p>The Group is continually looking for and evaluating opportunities which the Group expects to arise at different time intervals.</p> 2. Strengthen the Group's balance sheet in view of the anticipated refinancing of the EUR 150,000,000 bond, maturing in October 2015 and the EUR 400,000,000 (originally EUR 450,000,000) back-up syndicated facility, maturing in April 2016. <p>The Group seeks the optionality, when investments arise, to use own funds or third-party financing.</p>
<u>E.3</u>	<p><u>Description of the terms and conditions of the Offering</u></p> <p>1. Maximum amount of the Offering</p> <p>The Issuer has resolved to increase its Share Capital in cash by an amount of up to EUR 174.8</p>

million, including issue premium, with Preferential Rights granted to the Shareholders, on the closing of the regulated market of Euronext Brussels on the Record Date, in accordance with Articles 592 and 593 of the Company Code. The Issuer reserves the right to proceed with a Share Capital increase for a lower amount. No minimum has been set for the Offering.

2. Maximum number of New Shares

A maximum of 10,592,265 New Shares are offered for subscription by exercise of the Preferential Rights in accordance with the Ratio.

3. Allocation of the Preferential Rights

Each Share will entitle its holder on the closing of the regulated market of Euronext Brussels on the Record Date to receive one Preferential Right.

4. Issue Price and Ratio

The Issue Price is EUR 16.50 per New Share, which is below the closing price of EUR 21.40 per Share quoted on the regulated market of Euronext Brussels on 25 November 2014. Based on the closing price on such date, the theoretical ex-rights price (“**TERP**”) is EUR 20.17, the theoretical value of one Preferential Right is EUR 1.22, and the discount of the Issue Price to TERP is 18.20%.

A portion of the Issue Price per New Share that is equal to the fractional value of the Shares on the date preceding the closing date of the Offering (*i.e.* 18 December 2014) (the “**Closing Date of the Offering**”), will be allocated to the Issuer’s Share Capital. The portion of the Issue Price in excess of the fractional value of such Shares will be allocated to the undistributable reserves as issue premium.

The holders of Preferential Rights may subscribe for New Shares in the proportion of 3 Preferential Rights for 1 New Share (the “**Ratio**”).

5. Rights Offering

The Rights Offering will be open during the Rights Subscription Period from 28 November 2014 (the “**Opening Date of the Rights Offering**”) until and including 12 December 2014 (4.00 pm CET) (the “**Closing Date of the Rights Offering**”). Subject to restrictions under this Prospectus and subject to applicable securities laws, the holders of Preferential Rights may subscribe for New Shares by exercising their Preferential Rights in accordance with the Ratio or trade their Preferential Rights.

Depending on the financial intermediary, investors may be required to provide their subscription request prior to 12 December 2014. Investors wishing to sell part or all of their dematerialised Preferential Rights, should instruct their financial intermediary accordingly. Holders of registered Preferential Rights wishing to sell their Preferential Rights should comply with the instructions

delivered to them in the letter received from the Issuer. After the Rights Subscription Period, the Preferential Rights may no longer be exercised or traded and as a result subscription requests received thereafter will become void.

6. Scrips Private Placement

At the closing of the Rights Offering, the unexercised Preferential Rights will automatically convert into an equal number of Scrips.

The offer of the Scrips will be addressed solely to qualified investors in the EEA in accordance with an exemption to the obligation to publish a prospectus further to Article 3.2 (a) of the Prospectus Directive, as implemented in member states of the EEA (the “**Member States**”). The Scrips Private Placement will be organised by way of an accelerated book built procedure in order to determine a single market price per Scrip and is expected not to last longer than one business day and to take place on 16 December 2014.

The extraordinary Shareholders’ Meeting dated 18 November 2014 delegated the power to determine the modalities of the Scrips Private Placement, such as criteria for admissibility of investors and the power to set criteria for allocation in case of oversubscription, to the *Ad Hoc* Committee in consultation with the Sole Lead Manager and Bookrunner.

The investors who acquire Scrips enter into an irrevocable commitment to exercise the Scrips and thus to subscribe to the corresponding number of New Shares at the Issue Price and in accordance with the Ratio.

The Net Scrips Proceeds will be announced in the Belgian Financial Press and will be paid to the holders of such unexercised Preferential Rights upon presentation of coupon no 77 (the “**Net Scrips Proceeds Payment**”). Please consult your financial intermediary if you have any questions concerning the Net Scrips Proceeds Payment, except for registered Shareholders who should consult the Issuer. There is, however, no assurance that any Scrips will be sold during the Scrips Private Placement, or that there will be any Net Scrips Proceeds. Neither the Issuer nor the Sole Lead Manager and Bookrunner nor any other person procuring a sale of the Scrips will be responsible for any lack of Net Scrips Proceeds arising from the sale of the Scrips in the Scrips Private Placement. If the Net Scrips Proceeds are less than EUR 0.01 per unexercised Preferential Right, the holders of such unexercised Preferential Rights are not entitled to receive any payment and, instead, the Net Scrips Proceeds will be transferred to the Issuer. In case insufficient proceeds are raised to cover the costs of the Scrips Private Placement, the uncovered costs will be borne by the Issuer.

7. Suspension or revocation of the Offering

The Issuer reserves the right to revoke or suspend the Offering, if the *Ad Hoc* Committee determines that (i) the market conditions prevent the Offering from taking place under satisfying conditions, (ii) the FSMA has not approved the Prospectus prior to the start of the Rights Subscription Period, or (iii) the Underwriting Agreement has not been signed or has been

terminated in accordance with its terms and conditions.

If the *Ad Hoc* Committee decides to revoke or suspend the Offering, a press release will be published and, to the extent legally required, the Issuer will publish a supplement to the Prospectus. As a result of the decision by the *Ad Hoc* Committee to revoke the Offering the subscriptions for New Shares will automatically be withdrawn and the Preferential Rights (and Scrips, as the case may be) will become void and worthless. Investors will not be compensated, including for the purchase price (and any related costs or taxes) paid in order to acquire any Preferential Rights on the secondary market. Investors who have acquired any such Preferential Rights in the secondary market will thus suffer a loss, as trades relating to such Preferential Rights will not be unwound once the Offering is revoked.

8. Payment of funds and terms of delivery of the New Shares

The payment for the New Shares subscribed for with Preferential Rights is expected to take place on 19 December 2014. The payment will be done by debiting the subscriber's account or for the registered Shareholders through a wire instruction.

The payment for the New Shares subscribed for in the Scrips Private Placement will be made by delivery against payment.

Delivery of the New Shares will take place on or around 19 December 2014.

9. Indicative timetable for the Offering

Publication in the Belgian Financial Press and in the Belgian State Gazette of the notice required by Article 593 of the Company Code	T-8	20	November 2014
Determination of the Issue Price and Ratio	T-2	25	November 2014
Publication of the Prospectus	T-1	26	November 2014
Publication in the Belgian Financial Press of the terms of the Rights Offering	T	27	November 2014
Detachment of coupon no. 77 after closing of the regulated market on Euronext Brussels	T	27	November 2014
Start trading of the Shares ex Preferential Rights	T+1	28	November 2014
Listing of the Preferential Rights on the regulated market of Euronext Brussels	T+1	28	November 2014
Start trading of the Preferential Rights on the regulated market of Euronext Brussels	T+1	28	November 2014
Opening date of the Rights Subscription Period	T+1	28	November 2014
End of trading of the Preferential Rights on the regulated market of Euronext Brussels	T+15	12	December 2014

End of listing of the Preferential Rights on the regulated market of Euronext Brussels	T+15	12	December	2014
Closing Date of the Rights Subscription Period	T+15	12	December	2014
Announcement of the results of the Rights Offering	T+18	15	December	2014
Scrips Private Placement	T+19	16	December	2014
Announcement of the results of the Scrips Private Placement	T+19	16	December	2014
Publication in the Belgian Financial Press of the results of the Offering and of the Net Scrips Proceeds	T+20	17	December	2014
Payment of the Issue Price by or on behalf of the subscribers	T+22	19	December	2014
Realisation of the Share Capital increase	T+22	19	December	2014
Delivery of the New Shares to the subscribers	T+22	19	December	2014
Listing of the New Shares on the regulated market of Euronext Brussels	T+22	19	December	2014
Start trading of the New Shares on the regulated market of Euronext Brussels	T+22	19	December	2014
Payment to holders of unexercised Preferential Rights	T+25	22	December	2014

The Issuer may amend the dates and times of the Share Capital increase and periods indicated in the above timetable. In such event, the Issuer will notify Euronext Brussels and inform the investors through a publication in the Belgian Financial Press and on the Issuer's website (www.tessenderlo.com). In addition, to the extent required by law, the Issuer will publish a supplement to the Prospectus in accordance with Section 9.1(g).

10. Publication of the results of the Offering

An announcement of the results of the subscription with Preferential Rights will be made by a press release on or about 15 December 2014. An announcement of the results of the Scrips Private Placement will be made by a press release on or about 16 December 2014.

The results of the subscription with Preferential Rights and with Scrips and the amount due to holders of unexercised Preferential Rights (if any) will be announced via an official advertisement in the Belgian Financial Press on or about 17 December 2014.

11. Allocation of the New Shares

Investors will be allocated the New Shares subscribed for, in accordance with the terms and subject to the conditions in this Prospectus, in full. The results of the Offering will be publicly disclosed as set forth in Section 9.1(i).

12. Plan for the distribution and allocation of the New Shares

Categories of potential investors

The Rights Offering is carried out with Preferential Rights for Shareholders on the closing of the regulated market of Euronext Brussels on the Record Date. The Preferential Rights will be tradable during the Rights Subscription Period. The unexercised Preferential Rights at the closing of the Rights Offering will automatically convert into an equal number of Scrips and will be offered in the Scrips Private Placement taking place in an accelerated book built private placement addressed solely to qualified investors in the EEA in accordance with an exemption to the obligation to publish a prospectus set forth in Article 3.2 (a) of the Prospectus Directive, as implemented in Member States of the EEA.

Both the initial holders of the Preferential Rights and any subsequent purchaser of the Preferential Rights, as well as any purchasers of Scrips in the Scrips Private Placement, may subscribe for the New Shares, subject to the restrictions in this Prospectus and subject to applicable securities laws.

Allocation of New Shares

Investors will be allocated the New Shares subscribed for, in accordance with the terms and subject to the conditions in this Prospectus, in full.

13. Placing and underwriting

Underwriting Agreement

The Sole Lead Manager and Bookrunner in respect of the Offering is KBC Securities, having its registered office at Havenlaan 12, 1080, Brussels, Belgium.

The Sole Lead Manager and Bookrunner and the Issuer expect (but have no obligation) to enter into a placement and soft underwriting agreement (the “**Underwriting Agreement**”), which is expected to take place immediately after the closing of the Scrips Private Placement and prior to the delivery of the New Shares.

The Sole Lead Manager and Bookrunner expects, in accordance with the terms and subject to the conditions to be set forth in the Underwriting Agreement, to underwrite and procure payment for those New Shares as will be agreed in the Underwriting Agreement. The Sole Lead Manager and Bookrunner shall underwrite these Shares and immediately after receipt of the Shares deliver such underwritten Shares to the subscribers and shall guarantee to the Issuer the payment of the Issue Price.

The Sole Lead Manager and Bookrunner shall have no obligation to underwrite prior to the execution of the Underwriting Agreement (and then only in accordance with the terms and subject to the conditions set forth therein). In case the Underwriting Agreement is not entered into, one of

	<p>the condition precedents to the decision by the extraordinary Shareholders' Meeting will not be fulfilled, and to the extent the Ad Hoc Committee has not waived this condition precedent, the capital increase will not take place (see Section 8.1).</p> <p>The Underwriting Agreement will provide that the Sole Lead Manager and Bookrunner shall have the right to terminate the Underwriting Agreement before the realisation of the Share Capital increase, if in its reasonable opinion any of the condition precedents in the Underwriting Agreement shall not have been satisfied or arisen prior to or on the Closing Date of the Offering. The Underwriting Agreement will provide the following condition precedents: (i) the representations and warranties shall have been true, accurate and correct when given or made and on the Closing Date of the Offering, (ii) the Issuer shall have performed all of its obligations to be performed under the Underwriting Agreement on or before the Closing Date of the Offering, (iii) Verbrugge NV, and respectively Symphony Mills NV shall have performed all of their obligations under the Commitment and Lock-up Letters, (iv) the Sole Lead Manager and Bookrunner shall have received confirmation that the aggregate subscription price in relation to the New Shares less those underwritten is in the account of the Issuer, (v) no material adverse effect having occurred in the reasonable opinion of the Sole Lead Manager and Bookrunner, or been announced between the date of the Underwriting Agreement and the Closing Date of the Offering, (vi) the New Shares have been admitted to listing on Euronext Brussels, and (vii) the Sole Lead Manager and Bookrunner shall have received all closing documents.</p> <p>If the Underwriting Agreement is terminated in accordance with its terms, the Sole Lead Manager and Bookrunner shall be released from the obligation to subscribe for any underwritten Shares. If the Underwriting Agreement is terminated, the Issuer shall publish a supplement to the Prospectus that will be subject to approval by the FSMA. After publication of such supplement investors who have already agreed to subscribe for the New Shares in the Rights Offering or the Scrips Private Placement before the supplement is published shall have the right to withdraw their subscriptions in accordance with Section 9.1(g).</p> <p>In the Underwriting Agreement, the Issuer will make certain representations, warranties and undertakings to the Sole Lead Manager and Bookrunner and the Issuer will agree to indemnify the Sole Lead Manager and Bookrunner against certain liabilities in connection with the Offering.]</p> <p><u>Financial services</u></p> <p>The financial services in relation to the Offering are performed by the Sole Lead Manager and Bookrunner. The costs of these services are borne by the Issuer.</p>
<u>E.4</u>	<p><u>Material interest to the Offering (including conflicting interests)</u></p> <p>The Sole Lead Manager and Bookrunner is expected to enter into the Underwriting Agreement with the Issuer on or about 16 December 2014. In addition, the Sole Lead Manager and Bookrunner provides financial services to the Issuer in connection with the Offering.</p>

	<p>An affiliate of the Sole Lead Manager and Bookrunner entered into a EUR 400,000,000 back-up syndicated credit facility with the Issuer.</p> <p>Furthermore, the Sole Lead Manager and Bookrunner has provided, and may in the future provide, various financial services to the Issuer.</p>
<p><u>E.5</u></p>	<p><u>Standstill and commitment and lock-up undertakings</u></p> <p><i>The Issuer</i></p> <p>In the Underwriting Agreement, the Issuer will agree on a standstill undertaking from the execution of the Underwriting Agreement (the “Lock-up Date”) until and including one hundred and eighty (180) days thereafter (the “Lock-up Period”).</p> <p><i>Verbrugge NV and Symphony Mills NV</i></p> <p>The Issuer received a letter dated 17 November 2014 from Verbrugge NV and a letter dated 17 November 2014 from Symphony Mills NV (each, a “Commitment and Lock-up Letter”), which are affiliated entities, pursuant to which they have separately and independently (i) informed the Issuer that they will exercise all the Preferential Rights allocated to them, and to subscribe for the corresponding number of New Shares in accordance with the Ratio, as set out in more detail and as subject to the conditions set out in Section 9.7(a), and (ii) agreed to a Lock-up Undertaking during the Lock-Up Period, as set out in more detail and subject to the conditions set out in Section 9.4(b)</p>
<p><u>E.6</u></p>	<p><u>Dilution</u></p> <p>(a) <i>Consequences in terms of participation in the Share Capital</i></p> <p>The Offering will not cause any dilution for the Shareholders of the Issuer provided and to the extent that they exercise all their Preferential Rights.</p> <p>The dilution for the Shareholders who do not exercise any of their Preferential Rights will be 25.0% and can be calculated as follows:</p> $\frac{(S-s)}{S}$ <p>S= total number of Shares after the Share Capital increase pursuant to the Offering, <i>i.e.</i> maximum 42,369,061</p> <p>s= total number of Shares before the Share Capital increase pursuant to the Offering, <i>i.e.</i> 31,776,796.</p> <p>Assuming that a Shareholder holding 1% of the Issuer’s Share Capital prior to the Offering does not subscribe for the New Shares, such Shareholder’s participation in the Issuer’s Share Capital would</p>

decrease to 0.75% as a result of the Offering.

(b) ***Financial consequences***

Shareholders who decide not to exercise all of the Preferential Rights should take into account the risk of a financial dilution of their portfolio. The table below sets out the extent of such dilution. Theoretically, the value of the Preferential Rights should compensate for the reduction in the financial value of their portfolio resulting from such a dilution.

The following table shows that there is no financial dilution in case the Preferential Rights (or Scrips in the Scrips Private Placement) trade (or are sold) at or above this theoretical right value, as well as to the extent of financial dilution if the Preferential Rights (or Scrips in the Scrips Private Placement) trade (or are sold) at 50% of their theoretical right value or if they have no value.

	Price before Offering*	Theoretical ex-rights price	Theoretical right value + 50%	Theoretical right value – 50%	Theoretical right value – 100%
After the issue of 10,592,265 New Shares.....	EUR 21.40	EUR 20.17	EUR 1.83	EUR 0.61	—
% of financial dilution.....			—	2.87%	5.73%

Note:

* Price of the Shares as at 25 November 2014.

E.7

Estimated expenses charged to the investor by the Issuer

Not applicable. The Issuer shall not charge investors any costs for subscribing to the Offering.

2 DEFINITION OF THE MAIN TERMS USED IN THE SUMMARY AND ELSEWHERE IN THE PROSPECTUS

- Ad Hoc Committee** : The *ad hoc* committee, comprised of Mr. Karel Vinck, Ms. Véronique Bolland and Mr. Philippe Coens, which was mandated by the extraordinary Shareholders' Meeting of 18 November 2014, with the power to determine, amongst others, the Issue Price per New Share, the Ratio, the effective amount of the Offering, the number of New Shares, the start and duration of the Rights Subscription Period and the modalities of the Scrips Private Placement, in consultation with the Sole Lead Manager and Bookrunner.
- Agro** : Agro is the segment of the Group's business as referred to in Section 12.3(a)
- Appointment and Remuneration Committee** : The appointment and remuneration committee of the Issuer, as referred to in Section 11.2(b)(v)(C).
- Articles of Association** : The articles of association of the Issuer.
- Audit Committee** : The audit committee of the Issuer, as referred to in Section 11.2(b)(v)(B).
- Belgian Financial Press** : De Tijd / L'Echo.
- Belgian Official Gazette** : Belgisch Staatsblad – Moniteur Belge.
- Bio-valorization** : Bio-valorization is the segment of the Group's business as referred to in Section 12.3(b).
- BITC** : The Belgian Income Tax Code 1992.
- Board of Directors** : The board of directors of the Issuer.
- Closing Date of the Offering** : The business day on which the Share Capital increase in cash pursuant to the Offering is realised before the notary. This date is expected to be 19 December 2014.
- Closing Date of the Rights Offering** : Last business day on which the holders of Preferential Rights may subscribe to the New Shares by exercising their Preferential Rights in accordance with the Ratio at the Issue Price. This date is expected to be 12 December 2014.
- Commitment and Lock-** : The letter dated 17 November 2014 from Verbrugge NV and the letter dated 17 November 2014 from Symphony Mills NV,

up Letter		pursuant to which they, subject to the condition that the Issuer and the Sole Lead Manager and Bookrunner enter into the Underwriting Agreement and subject to the conditions as set forth in Section 9.7(a): (i) committed to exercise all the Preferential Rights allocated to them, and to subscribe for the corresponding number of New Shares in accordance with the Ratio, and (ii) entered into the Lock-Up Undertaking.
Corporate Governance Charter		The Issuer’s corporate governance charter, available on its website www.tessengerlo.com .
Corporate Governance Code		The Belgian Corporate Governance Code of 12 March 2009, published by the Corporate Governance Committee (also known as the “ <i>Code Lippens</i> ”).
Company Code		The Belgian Company Code of 7 May 1999, as amended.
EEA		European Economic Area
Euronext Brussels		NYSE Euronext Brussels.
Financial Transaction Tax / FTT		The financial transaction tax as described in Section 3.2(r) and 8.7(d).
FSMA		Financial Services and Markets Authority in Belgium (<i>Autoriteit financiële diensten en markten / Autorité des services et marchés financiers</i>).
Group		The Issuer and all its direct and indirect subsidiaries.
Group Management Committee / GMC		The Group’s executive management committee, as referred to in Section 11.1(b).
Industrial Solutions		Industrial Solutions is the segment of the Group’s business as referred to in Section 12.3(c).
Issue Price		The subscription price in Euro for each New Share, <i>i.e.</i> EUR 16.50 per New Share.
Issuer		Tessengerlo Chemie NV/SA, a public company with limited liability (“ <i>naamloze vennootschap/société anonyme</i> ”), incorporated and existing under the laws of Belgium, having its registered office at Troonstraat 130, 1050 Brussels, Belgium, and registered with the Register of Legal Entities (<i>rechtspersonenregister – RPR / registre des personnes morales-RPM</i>) (Brussels) under enterprise number 0412.101.728. It has the status of a corporation making or having made a public call on

savings (*naamloze vennootschap – NV die een openbaar beroep op het spaarwezen doet of heeft gedaan / société anonyme – SA faisant ou ayant fait appel public à l'épargne*).

- Locked Shares** : Any Shares or any interests in any of the Shares Verbrugge NV, respectively Symphony Mills NV, holds at the execution of the Underwriting Agreement, as well as the New Shares subscribed for in the context of the Offering, which are subject to the Lock-Up Undertaking.
- Lock-up Date** : The date of the execution of the Underwriting Agreement.
- Lock-up Period** : The period starting from the Lock-up Date until and including one hundred and eighty (180) days thereafter.
- Lock-up Undertaking** : The undertaking by Verbrugge NV, respectively Symphony Mills NV, in accordance with the terms of, and subject to the conditions in, the Commitment and Lock-Up Letter pursuant to which they shall not (i) offer, sell, transfer, contract to sell, mortgage, charge, pledge, lend, assign, issue warrants with respect to, issue securities convertible into, issue securities exchangeable for, grant any option to purchase, or otherwise dispose of, directly or indirectly, any of the Locked Shares, (ii) enter into any transaction (including a derivative transaction) similar to that of a sale having an effect on the trading of the Shares, and (iii) publicly announce any intention to do any of such things referred to in subclauses (i) or (ii) above.
- Member State** : A member state of the EEA.
- Net Scrips Proceeds** : The net proceeds from the sale of the Scrips (rounded down to a whole eurocent per unexercised Preferential Right), after deducting all expenses, charges and all forms of expenditure which the Issuer has incurred for the sale of the Scrips.
- Net Scrips Proceeds Payment** : The Net Scrips Proceeds divided proportionally between all entitled holders of unexercised Preferential Rights.
- New Shares** : The Shares offered in the framework of the Offering.
- Offering** : The Rights Offering and the Scrips Private Placement.
- Opening Date of the Rights Offering** : The date as from which the holders of Preferential Rights may submit their subscription orders for the New Shares. This date is expected to be 28 November 2014.

- Preferential Right** : The right entitling its holders to subscribe to New Shares in accordance with the Ratio at the Issue Price, represented by coupon no. 77 of the Shares, which will be detached from the underlying Shares on the Record Date after the closing of the regulated market of Euronext Brussels and will be negotiable during the entire Rights Subscription Period on Euronext Brussels under the ISIN code BE0970135381 and symbol TES77.
- Prospectus Directive** : Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading, as amended by Directive 2010/73/EU.
- Prospectus Law** : The Belgian Law of 16 June 2006 on public offering of securities and on the admission of securities to trading on a regulated market (*‘Wet van 16 juni 2006 op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereguleerde markt / Loi du 16 juin 2006 relative aux offres publiques d’instruments de placement et aux admissions d’instruments de placement à la négociation sur des marchés réglementés’*).
- Prospectus Regulation** : Regulation (EC) 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.
- PWC** : PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d’Entreprises BCVBA/SCCRL, having its registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium and its administrative office at Generaal Lemanstraat 67, 2018 Antwerpen, Belgium, represented by Peter Van den Eynde BVBA, having its registered office at Gentstraat 65C, 9170 Sint-Gillis-Waas (Sint-Pauwels), permanently represented by Mr. Peter Van den Eynde and currently the Statutory Auditor.
- Ratio** : The ratio of 1 New Share for 3 Preferential Rights or Scrips.
- Record Date** : The date on which coupon no. 77 will be detached after closing of the regulated market on Euronext Brussels;
- Relevant Member State** : Each Member State that has implemented the Prospectus Directive.
- Rights Offering** : The public offering by the Issuer of 10,592,265 New Shares in a Share Capital increase in cash for subscription by exercising

Preferential Rights in accordance with the Ratio.

- Rights Subscription Period** : The period during which the holders of Preferential Rights may subscribe to New Shares, which is expected to start on 28 November 2014 and to close on 12 December (4.00 pm CET) 2014.
- Royal Decree of 23 September 1992** : the Royal Decree of 23 September 1992 on the annual accounts of credit institutions, investment firms and management companies of collective investment institutions (*koninklijk besluit op de jaarrekening van de kredietinstellingen, de beleggingsondernemingen en de beheervennootschappen van instellingen voor collectieve belegging / arrêté royal relative aux comptes annuels des établissements de crédit, des entreprises d'investissement et des sociétés de gestion d'organismes de placement collectif*)
- Royal Decree of 14 November 2007** : Belgian Royal Decree of 14 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market, as amended (*Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een Belgische gereguleerde markt / Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis aux négociations sur un marché réglementé belge*).
- Scripts** : the instruments resulting from the automatic conversion, in a one-on-one ratio, of the unexercised Preferential Rights at the end of the Closing Date of the Rights Offering.
- Scripts Private Placement** : The private placement of the Scripts by the Sole Lead Manager and Bookrunner in an accelerated book built private placement addressed solely to qualified investors in the EEA in accordance with an exemption to the obligation to publish a prospectus in Article 3.2 (a) of the Prospectus Directive. The Scripts Private Placement is expected not to last longer than one business day and is expected to be on 16 December 2014.
- SEC** : The US Securities and Exchange Commission.
- Securities Act** : The US Securities Act of 1933, as amended.
- Share Capital** : The share capital of the Issuer, as amended from time to time.
- Shares** : The shares that represent the Share Capital, with voting rights and without designation of nominal value, issued by the Issuer from

	time to time.
Shareholder	: A shareholder of the Issuer.
Shareholders' Meeting	: The annual, special or extraordinary general meeting of shareholders of the Issuer.
SME	: A small and medium sized enterprise within the meaning of Article 15 Company Code
Sole Lead Manager and Bookrunner	: KBC Securities NV, having its registered office at Havenlaan 12, 1080 Brussels, Belgium.
Statutory Auditor	: The past, current and future statutory auditor of the Issuer, currently PWC, as appointed by the Shareholders' Meeting of June 2013 and prior to that date, KPMG.
Takeover Royal Decree	: The Belgian Royal Decree of 27 April 2007 on public takeover bids.
Transparency Law	: The Belgian Law of 2 May 2007 on the disclosure of major shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions.
TERP	: The theoretical <i>ex-rights</i> price.
Underwriting Agreement	: The underwriting agreement relating to the Offering that the Issuer and the Sole Lead Manager and Bookrunner expect (but have no obligation) to enter into before the Closing Date of the Offering.

3 RISK FACTORS

Prospective investors should carefully consider the risk factors set out below, together with other information contained in this Prospectus, before making an investment decision with respect to investing in the New Shares, the Preferential Rights or the Scrips. All of these factors are contingencies which may or may not occur. 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. The Issuer believes that the risks and uncertainties described below are all material risks and uncertainties relating to the Issuer or the Group, the Offering, the New Shares, the Preferential Rights or the Scrips. If additional risks and uncertainties not presently known to the Issuer or that are currently deemed to be immaterial occur, this may also have a material adverse effect on the Issuer's or the Group's business, prospects, results of operation or financial condition. If any of those risks or uncertainties occurs, the market price of the Preferential Rights or the New Shares or both may decline and investors may lose all or part of their investment.

In addition to considering carefully the risk factors set out below and in this entire Prospectus, prospective investors should also consult, before making an investment decision with respect to the New Shares, the Preferential Rights or the Scrips, their own financial, legal and tax advisers to review the risks associated with an investment and consider such an investment decision in light of their personal circumstances.

3.1 Risk related to the Group and its business

- (a) *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. Costs of raw materials are typically driven by supply and demand. Fluctuating raw material prices and failure to obtain the raw materials on a timely basis, in the required volumes and with the required specifications, may adversely affect Group's business, results of operation or financial condition.

In some cases the Group's production processes are connected through a pipeline system with suppliers and customers or are part of a fence-to-fence operation in which the Group's plant is part of an integrated production platform that is shared with a third-party company (including, for instance in the US, where the Group removes sulphur from tail gases of refineries for the Group's use in liquid fertiliser manufacturing). In such cases, the Group's production processes are highly dependent on the ability of these partners to adequately maintain their own production process. If the Group's key suppliers are unable to provide the raw materials required for production, this may have a negative impact on the Group's business, results of operation or financial condition.

In addition, the Group's actual demand may be less than the committed quantity, entailing the risk that the inventory levels are too high, resulting in obsolete inventory items and a financial loss for the Group. The market price of raw materials in inventory may decline to less than the production cost of the finished products in inventory, resulting in a financial loss for the Group. Some of the Group's sourcing agreements stipulate minimum purchase prices for products. If the market prices fall below the agreed minimum prices, the Group may be required to purchase products at above-market prices. In these circumstances, the Group may not be in a position to pass on the full purchase price paid to its customers, which may adversely affect the Group's profitability. In addition, energy prices are an unpredictable factor which may also affect profitability.

Given the wide variety of products, services and systems that the Group offers, and sometimes the long lead times that are required to manufacture and deliver certain components and products, problems could arise in production planning and managing inventory levels that could seriously harm the Group. Other supplier problems that the Group could face include component shortages, product discontinuations and risks related to terms of its contracts with suppliers.

- (b) ***If the Group is unable to sell, store, re-utilise 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-utilise 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. The economics of many operations are thus reliant in part on the prices achievable or the disposal costs payable for certain components produced and on the reutilisation levels thereof.

There can be no assurance that the Group will be able to sell, store, re-utilise or dispose of these components in the future. In the event that the Group is unable to sell, store, re-utilise or dispose of substantially all of these components, it may be required to reduce its overall production levels or invest in new treatment processes. Should the Group be required to reduce its overall production levels, this may have a material adverse effect on its business, results of operation or financial condition.

- (c) ***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, including but not limited to, the supply of fertilisers. These activities, which are developed within the Group's Agro operating segment, are dependent on weather conditions whereby it is crucial to provide these products to the customers during the planting season. Bad weather conditions and limited logistical capacity during the planting season can disrupt this process and may result in a decrease of sales volumes and hence impact the results of operation. Adverse weather conditions can in general also reduce the possibility to apply product and/or reduce the need for product.

The Group has activities which are also subject to seasonality, whereby products are sold within a short timeframe. The Group has to proactively manage its inventory and logistical capacities, which may lead to additional costs or loss of profits. The degree of seasonality at Group level is determined by sales to customers in several end markets, such as construction and agriculture markets. The Group sells into the construction markets in several countries in the northern hemisphere through its operating segment "Industrial Solutions". The construction markets 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. The seasonality causes fluctuations in the Group's financial results and working capital needs.

- (d) ***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 (e.g. a KTS® production facility in Hanford (US) and a Thio-Gold®-300 production facility at Barrick's Goldstrike site, Nevada (US)). In addition, the Group is implementing a number of major investment projects that are key to its strategy (e.g. the intended² Thio-Sul® production facility in East-Dubuque, Illinois (US), the intended² construction of a new calcium chloride production plant in Ham (Belgium), the intended² conversion to a membrane based electrolysis plant in Loos (France)), and the intended² acquisition of an additional portfolio of crop protection products). The Group also contemplates² to construct a new Thio-Sul® production facility in Europe, as well as to acquire logistics and distribution facilities.

These current and future projects may be delayed, exceed the budget or the utilised technology may prove to be inadequate or may fail to reach the expected return. These events may therefore have a material adverse effect on the Group's business, results of operation or financial condition.

- (e) ***The Group is exposed to an energy off-take agreement.***

In 2008, the Group signed a 15-year 50 MWh base load electricity purchase agreement for its PVC/Chlor-Alkali activity, which became effective in the second quarter of 2011. The Group sold the majority of its PVC/Chlor-Alkali activities to Ineos Chlorvinyls in the third quarter of 2011. The electricity purchase agreement was not part of the sale transaction and therefore, as of the sale, the Group is still under a purchase obligation. 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 optimisation as foreseen in the contract. The accounting valuation of the contract in the Group's financial statements uses forward prices which are only available for a three year period and for a base load product. This period may not be sufficient and the uncertainty beyond that period is high on different important parameters (including also the regulatory environment). Actual sales prices, which are spot prices, may differ from the forward prices and in general, the actual value of the contract over its lifetime may differ from the valuation in the balance sheet. 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 30 September 2014, amounting to EUR 14.5 million. Deviations from

² "Contemplated" means that it has been discussed at the level of the Board of Directors but further negotiations are ongoing. "Intended" means that the Board of Directors has approved the principal agreement or its intent.

the estimated value of the contract may affect the Group's business, results of operation or financial condition.

(f) ***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. This may have a negative impact on the Group's business, results of operation or financial condition.

(g) ***The Group may be exposed to product liability and warranty claims, including but not limited to liability relating to 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, in 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 and consequently suffer damages. For instance, any misuse of the Group's fertiliser or crop protection products may lead to impairment or loss of crop or other consequential damages. Also, the Group's brand image and reputation could suffer, which in turn may have a material impact on its business, results of operation or financial condition.

In relation to downstream food applications, the products manufactured by the Group may fall within the scope of legislation in respect of food safety or other product liability. There is a potential risk of food contamination in some steps of the production cycle and contaminations or other issues in respect of the quality of food may give rise to damages which may result in financial claims. Issues with regard to food safety in consumer end food markets, which may impact the consumers' buying behaviour and confidence in the quality and safety of food and/or reputation of the customers of the Group active in these consumer end food markets, may (indirectly) negatively impact the Group's reputation, business, results of operation or financial condition.

The Group may also be exposed to potential product liability and professional indemnity risks which are inherent in the research, development, manufacturing, marketing and use of cosmetics and medical applications. It is impossible to predict the potential adverse effects the Group's products may have on humans. The Group faces the risk that the use of its products in food, cosmetics, nutraceuticals or pharmaceuticals may result in adverse effects, or that long-term adverse effects may only be identified in later stages. In addition, there can be no assurance that users apply the products of the Issuer or end-products in a safe manner or that they will comply with any warnings that identify any known potential adverse effects or that persons who should not receive end-products, in which the Group's products are used, effectively refrain from using them. If the market perceives end-products, in which the Group's products are used, to be unsafe or ineffective due to unforeseen side effects, this may limit or prevent the further development or commercialisation of the end-products and future products in which the Group's products are used and may have a negative impact on the Group's reputation, business, results of operation or financial condition.

To mitigate product liability and warranty risks, the Group has implemented several product quality policies and controls and has concluded a general liability insurance policy on Group level. Although the Group has never suffered significant losses with respect to product liability and warranties, there can be no assurance that this will not occur in the future nor is there any guarantee that the present insurance coverage will be sufficient to meet potential product liability and warranty claims or that the Group will be able to obtain or maintain insurance on acceptable terms or at appropriate levels in the future. Moreover, even if a claim has been judged unfounded by a court or is prematurely withdrawn, any procedure conducted may have a negative impact on the Group's reputation, business, results of operation or financial condition.

- (h) ***The Group must comply with environmental and health and safety laws and regulations and may be subject to changing or more restricting legislation and may incur significant compliance costs.***

The Group is subject to stringent environmental and health and safety laws and regulations imposed by national, regional and/or local authorities, in the various countries in which it operates and/or delivers products. For example, the Group's site in Loos (France) is categorised as Seveso plant under the Seveso II Directive (as amended by the Seveso III Directive), as (to be) implemented in each Member State of the European Union. In general, these laws and regulations address, amongst others, air emissions, discharges to surface water, soil and groundwater contamination, solid and hazardous waste treatment, storage and disposal, noise control, slope stability, integrity of containment structures, occupational health and safety and surveys and remediation.

There is a risk that the past, present or future operations of the Group did not, do not or will not meet environmental, health or safety requirements. Some of the Group's production sites have been operating for relatively long periods of time, including during periods when (then applicable)

environmental, health and safety laws and regulations were not as stringent as they are today. Therefore, the Group may incur relatively high compliance costs. Soil or groundwater contamination presently exists in the Group's production sites and, in some instances, in areas surrounding its sites. The Group has made provisions (mainly for Ham (Belgium), Vilvoorde (Belgium), Tessenderlo (Belgium) and Loos (France)) in relation to these known contaminations in the aggregate amount of EUR 110 million as per 30 September 2014. In the future, new contamination may be discovered at levels that require remediation or other actions. Closure of any of the Group's facilities may impose remediation liabilities or other measures on the Group. In addition, the Group has been confronted with some asbestos liability claims in the past and some of these are still ongoing. The Group cannot exclude that new asbestos liability claims may be initiated.

The Group is involved in activities which entail the handling, storage and transportation by the Group or its subcontractors of numerous dangerous substances, including but not limited to hazardous, corrosive, toxic and oxidising products. The transportation of these substances is crucial to the business of the Group, but may inflict significant material and immaterial damages, as well cause bodily injuries in case of accidents by the Group or its subcontractors.

In some of the Group's facilities, employees are subject to increased health and safety risks compared to other facilities due to the nature of the activity. The Group mitigates to a certain extent this risk by implementing strict operational safety rules and by entering into insurance contracts, but these may not be sufficient to cover all risk.

Violations of such laws and regulations may result in civil and/or criminal penalties and/or fines, the curtailment or cessation of operations, orders to pay compensation to government, orders to remedy the effects of violations and/or orders to take preventive measures, which have not been previously planned, to avoid future violations. In some jurisdictions, third parties and members of the public may also initiate damage claims, on the basis of tort or contract as the case may be, in case they have suffered damages from the violations. The Group will generally be solely liable for its environmental liabilities and obligations *vis-à-vis* third parties. The Group has established insurance and/or provisions to cover certain risks, however, no guarantee can be given that these will be sufficient and/or complete, as these are only estimates and may thus not fully reflect the complete risk or potential liabilities.

Moreover, if these laws and regulations, such as on the transportation of hazardous substances, change and/or become more stringent, the Group may have to change its current policies or may incur increased costs, which may further adversely affect the business, results of operation or financial condition of the Group. All segments of the Group are subject to the risk of changes in legislation or the application thereof. The Group regularly discusses and follows up with the industry, any new legislation or potential changes in legislation, but is not aware of any concrete proposals.

Changes to, or more stringent, legal requirements may eventually result in a decision by the Group to close certain of its installations or facilities. The closure of an installation or a facility may trigger environmental closure costs, rehabilitation expenses, restoration costs and/or other costs for which no provisions may have been made. These costs may adversely affect the Group's business, results of operation or financial condition.

In addition, competitors, distributors, suppliers and customers may not be able to comply with applicable environmental and health and safety laws and regulations and the changes thereto. This may adversely impact the reputation of the Group and its products and hence the Group's business.

- (i) ***The Group may fail to obtain, maintain or renew compulsory licenses and permits, or fail to comply with their terms.***

In many of the jurisdictions where the Group operates its production facilities and other installations and/or sells its products, it is required to have licenses or permits covering several of its activities, including renewals for existing facilities and requests for capacity extension. Regulatory authorities may exercise considerable discretion in the timing and/or granting of the licenses or permits, their renewal and the monitoring of the Group's compliance with its terms.

In the third quarter of 2014, the Group was informed by the local Chinese authorities of their intention to expropriate the gelatin plant in Wenzhou (China) in order to build a new public infrastructure. The Group has entered into negotiations with the government for obtaining compensation for such expropriation.

The Group is held to comply with numerous industrial standards, recruit qualified personnel, maintain necessary equipment and quality control systems, monitor its operations, make appropriate filings and, upon request, submit appropriate information to regulatory authorities. Such compliance may be costly and time-consuming and may result in delays in the commencement or continuation of production operations.

The applicable requirements may be amended and new or more stringent requirements may be imposed, which may require the Group to modify its working practices and may restrict the Group's ability to conduct its business as it sees fit. Moreover, the Group's compliance with the terms of its licenses or permits may be challenged by regulatory authorities, competitors, or in some cases, members of the public. The Group's licenses or permits may be delayed, invalidated, revoked or suspended, may not be issued or renewed, or if issued or renewed, may not be issued or renewed in a timely fashion or with terms acceptable to the Group. The occurrence of any of these events may adversely affect the Group's operations and businesses, including its ability to grow, expand or react to changing customer demands or may require extra costs and/or additional investments, which may adversely affect the Group's business, results of operation or financial condition.

In addition, competitors, distributors, suppliers and customers may not be able to maintain, obtain, renew or comply with their licences or permits. This may adversely impact the reputation of the Group and its products and hence the Group's business.

(j) ***Changes in legislation may have an adverse impact on the Group's business.***

In general, changes in laws and regulations can significantly affect the Group's ability to efficiently conduct business. The Group has no impact on decisions of supra-national, national and/or local governments which may negatively impact its business.

In addition, competitors, distributors, suppliers and customers may not be able to comply with any changes in legislation. This may adversely impact the reputation of the Group and its products and hence the Group's business.

(k) ***The Group may be subject to misconduct by its employees, contractors and/or joint venture partners.***

The Group may be subject to misconduct by its employees, contractors and/or joint venture partners, such as theft, bribery, sabotage, insider trading, violation of laws and regulations, slander or other illegal actions and may be exposed to the risk of stoppages by third parties. Any misconduct may lead to fines or other penalties, slow-downs in production, harm to reputation, increased costs, loss of revenues, increased liabilities to third parties or impairment of assets, any of which may have a material adverse effect on the Group's business, results of operation or financial condition.

(l) ***The Group's business may suffer from trading sanctions and embargoes.***

In the past few years the US, the EU and the UN have increased their imposition of various sanctions and embargoes on trading with countries such as Iran, Syria, Sudan and others. Recently similar sanctions were taken by the US and EU against the Russian Federation and subsequently by the Russian Federation against the US and the EU. As the activities and operations of the Group are worldwide, such sanctions and embargoes may have a negative impact on the Group's business, results of operation or financial condition.

In addition, competitors, distributors, suppliers and customers may not be able to comply with or suffer from trading sanctions and embargoes. This may adversely impact the reputation of the Group and its products and hence the Group's business.

- (m) *The Group operates in competitive markets and failure to innovate may have an adverse impact on its business.*

The Group competes worldwide with numerous competitors in the markets in which it operates. The Group's ability to compete effectively with other companies depends, amongst other things, on the exploitation of its technologies. However, there can be no assurance that competitors have not developed or will not develop substantially equivalent or better technologies or otherwise gain access to the Group's technologies.

As an international specialty group, the Group continuously invests in existing and new technologies so as to provide solutions for global needs in food, agriculture, water management and efficient use and re-use of natural resources. The technologies used and developed by the Group are used over a long lifespan. The value of these investments cannot always be properly assessed and there is no assurance that the technologies used and developed by the Group will continuously prove to be efficient or that no errors, which will impact that efficiency, are made in the process. The Group also invests in innovative sustainable solutions allowing for reduction in energy and materials consumption along the value chain. The Group cannot exclude major disruptions of production, which may significantly impact its results. Although the Group takes all possible measures to ensure the continuous operation of its processes, a major disruption of production can never be excluded and could have a significant impact on the Group's results and its ability to compete in the market.

Certain of the Group's products (or the end-use of certain products) may be subject to substitution by other products. Substitution can be technology-induced when technological improvements render alternative products more attractive for first-use or end-use than the Group's products or allow for reduced application of the Group's products. More significantly, price-induced substitution could also occur when a sustained increase in a product's price leads to partial substitution of that product by a less expensive product or reduced application of that product. Substitution may also occur when end-products that use the Group's products are substituted for different end-products. Any such substitution would negatively affect the Group's financial performance and results of operation.

The Group is dependent on independent intermediaries for the distribution of its products. There can be no assurance that intermediaries, who act both for the Group and its competitors, will not give the Group's competitors' products higher priority, thereby reducing their efforts to sell the Group's products. In addition, contractual restrictions and the regulatory environment of many markets may make it difficult to replace intermediaries in a number of markets. The inability of the Group to replace unproductive or inefficient intermediaries may adversely impact its business, results of operation or financial condition.

- (n) ***The Group may be at risk of breakdowns, inefficiencies or technical failures, which may cause interruption of operations***

The Group operates complex and multiple technical processes, which may be subject to breakdowns, inefficiencies and technical failures. Adequate spare parts and maintenance services may not be available in a timely manner to secure the continuation of the operations. These events may therefore have a material adverse effect on the Group's business, results of operation or financial condition.

- (o) ***The Group's improvement programmes are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns.***

The Group currently has several operational and commercial improvement programmes that are being rolled out.

These projects may be delayed, exceed the budget or may fail to reach the expected return. These events may therefore have a material adverse effect on the Group's business, results of operation or financial condition.

To the extent the Issuer is not able to achieve said operational and commercial improvement programmes, the Issuer may not be able to sustain its competitive position.

- (p) ***The Group may be subject to events of Force Majeure***

Events of an exceptional nature (such as a fire) or events on a larger scale (such as flooding, earthquake, extreme weather conditions, external power blackouts, terrorist attacks or disease epidemics) may affect the Group itself, its component suppliers and/or customers. These kinds of events can destabilise part or all of the world's economy. Especially in the case of a manufacturing site, those events may seriously affect the Group's competitive position, as they may disrupt deliveries to customers or postpone new product releases.

- (q) ***Major accidents may result in substantial claims, fines or significant damage to the Group's reputation and financial position.***

Major accidents at the Group's sites, whether due to human error, system failures, power outages, deliberate sabotage, extreme weather or other natural disasters or other causes, may result in severe physical injuries, loss of life or extensive damage to the environment or to nearby communities. Such events may result in major claims, fines, penalties or significant damage to the Group's reputation and may have a material adverse effect on the Group's business, results of operation or financial condition.

(r) ***The Group may be exposed to labour actions and employee claims or litigation.***

Various segments of the Group entered into collective labour bargaining agreements in respect to their employees. The collective labour bargaining agreements establish and set the terms and conditions of employment of the employees covered by the collective labour bargaining agreements. Although the Group, in general, has good relationships with its employees and unions, the transformation of the Group resulting in the closure and restructuring of certain of its sites have led to business interruptions and other forms of labour disruptions, on the one hand, and to the installation of a number of benefits and early-leave programmes, on the other hand. The collective labour bargaining agreement in respect to the social restructuring of the Ham site (Belgium), has been approved by the competent Flemish authority but is also still subject to the approval by the competent Federal authority. There can be no guarantee that the Group's operations will not be affected by labour disruptions in the future or by employee claims or litigation. Litigations and/or strikes and social unrests at any operations of the Group, its suppliers or its customers could materially adversely affect the Group's business, results of operation or financial condition.

The Group's collective labour bargaining agreements are negotiated with unions and other employee representative organisations from time to time. The Group's collective labour bargaining agreements have differing terms and expiry dates. Prior to the expiry of a collective labour bargaining agreement, negotiation of conditions for renewal occurs between the relevant employing entities within the Group and the relevant unions or other employee representative organisations. There can be no assurance that collective labour bargaining agreements will be renewed when due without business interruptions or other forms of industrial action, or without additional or unforeseen costs being incurred by the Group.

(s) ***The Group's insurance coverage may not be sufficient.***

The cost of some of the Group's insurance policies may increase in the future. In addition, some types of losses, such as losses resulting from wars, acts of terrorism or some natural disasters, generally are not or only partially insured because they are either uninsurable or it is not economically practical to obtain insurance. Moreover, insurers recently have become more reluctant to insure against these types of events. Should an uninsured loss or a loss in excess of insured limits occur, this may adversely impact the Group's business, results of operation or financial condition.

(t) ***The Group may not be able to successfully carry out current business integrations, joint ventures and/or future acquisitions.***

The Group's failure to timely and effectively integrate and develop existing and future acquisitions and joint ventures may adversely affect its results. Future adequate acquisitions are part of the Group's growth strategy. The Offering may allow the Group to investigate external growth opportunities via acquisitions. Despite the fact that the Group has well-defined parameters for potential adequate acquisitions (including but not limited to strategic and cultural fit and pricing)

and carries out due-diligence processes, acquisitions do entail risks. If cultures do not match, expected synergies do not fully realise, commitments are imposed or restructurings or integrations are more costly than initially anticipated, this may result in lower than expected results of operation and impaired goodwill.

- (u) ***The Group has incurred important losses in recent years as a result of the transformation of the Group, which was completed in 2014. In addition the Group may, in respect of the divestment program part of the general transformation, be exposed to residual liabilities and be subject to a range of non-compete provisions.***

The Group has incurred significant operating losses in recent years. Under IFRS, net loss was amounted to EUR 155.4 million, EUR 238 million and EUR 64 million for the period ending 31 December 2011, 2012 and 2013, respectively. These losses resulted in essence from non-recurring expense items (such as, losses on disposals and restructuring) associated with the transformation process, which started in 2010 and which included the divestment of multiple businesses as well as the closure of certain of its sites and simplification of the business unit structure. There can be no assurances that the Group will be able to establish recurring profits in the short term.

The transformation process included the following divestments:

- the sale of its UK based esters and aromas activities (Tessendero Fine Chemicals LTD) in February 2011;
- the sale of its US profile activities (Chelsea Building Products Inc.) in July 2011;
- the sale of its PVC/ Chlor-Alkali activities, including part of its organic chlorine derivatives, in August 2011;
- the sale of its subsidiary Dynaplast-Extruco Inc., which produces and markets PVC profiles in Canada, in September 2011;
- the sale of its Chinese organic chlorine derivatives activities in August 2012;
- the sale of its pharmaceutical ingredients activities in France and Italy in December 2012;
- the sale of its European profile activities, known under the brand Profialis in February 2013;
- the sale of its organic chlorine derivatives business (Tessenderlo Partecipazioni S.p.A) in May 2013;
- the sale of its compounds activities in June 2013;
- the sale of its UK profile activity Eurocell in September 2013; and

- the sale of its feed phosphates Aliphos business in February 2014.

There are inherent risks and uncertainties linked to the above listed transactions, taking into account various indemnification covenants in which the Group has agreed to customary coverage of a range of historical risks relating to the divested business, including corporate, tax and environmental matters, zoning and adequate permitting matters (*e.g.*, zoning, building), health and safety matters and certain litigations. Various provisions have been made by the Group as a result of these divestments and closures (*e.g.*, the social restructuring plans and dismissals). While the Group regularly assesses any potential need for provisions for items which could lead to indemnification payable to the acquirer, new events might require to recognise additional provisions or to pay such indemnifications. The Issuer is, to the best of its knowledge, currently not aware of any material pending or threatening litigation in relation to indemnification covenants, which have not sufficiently been provided for in the accounts in accordance with IFRS or which, in accordance with IFRS, need to be disclosed. In addition, in most of the divestment agreements, the Group has agreed to customary non-compete undertakings in respect of the divested businesses.

(v) ***The Group is exposed to litigation risks.***

Taking into account the nature of its business, the Group is, in the ordinary course of its business, subject to litigation, other legal claims and proceedings and regulatory enforcement actions. The results of legal proceedings cannot be predicted with certainty and additional claims, based on the same facts, may arise. The Group cannot guarantee that the results of current or future legal proceedings will not materially harm its business, reputation or brands, nor can it guarantee that it will not incur losses in connection with current or future legal proceedings that exceed any provisions it has made with respect to such proceedings or that exceed any applicable insurance coverage. The outcome of legal proceedings in which the Group is involved or potential future litigation is uncertain and this may adversely affect the Group's reputation, business, results of operation or financial condition.

(w) ***Failure to protect trade secrets, know-how or other proprietary information may adversely affect the Group's business.***

As the Group depends, to a certain extent, on proprietary technologies, it seeks to protect its intellectual property rights. In close cooperation with the Group's research and development departments, the Group's intellectual property department evaluates the potential protection of specific technologies, and determines the appropriate countries in which to apply for such protection.

The Group has developed and acquired and currently maintains a portfolio of registered patents and trademarks in a number of jurisdictions. In addition to these registrations, the Group maintains its trade secrets and proprietary information through confidentiality agreements with its contractors, developers and customers.

Despite these precautions, the Group cannot exclude certain of its intellectual property and know how being expropriated and copied in the required jurisdictions. No assurance can be given that the Group will develop technologies which can be protected by intellectual property rights or that its current or future intellectual property rights will be sufficiently broad in their scope or protected in the required jurisdictions to provide commercially meaningful protection against competition from third parties.

The commercial success of the Group also depends upon its non-infringement of existing or future patents granted to, and other existing or future intellectual property rights of, third parties. To avoid infringing third-party intellectual property rights, the Group may need to use alternative technologies or obtain licenses of other parties' intellectual property rights. There can be no assurance that the Group will be able to obtain or maintain the right to use such technologies or, where licenses are required, that the Group will be able to obtain or maintain any such license on commercially favourable terms, if at all.

To the extent that the Group's intellectual property rights are infringed, or the Group is alleged to infringe third-party intellectual property rights, litigation may be necessary to protect the Group's intellectual property rights or to defend the Group against infringement actions, which could result in substantial costs to, and diversion of efforts by, the Group. The Group's attempts to obtain patent or other protection for its technologies may also be subject to opposition, which may require substantial costs to overcome. The Group may also consider it necessary to engage in costly opposition or interference proceedings to prevent third parties from obtaining relevant patent or other protection.

(x) ***A change in underlying economic conditions or adverse business performance may result in impairment charges.***

The Group regularly undertakes impairment tests to the economic value of its assets in order to evaluate the need to adjust their carrying value. A yearly impairment assessment is done by the Group on goodwill and for all assets whenever an indication of impairment would exist. Impairment charges may have a significant negative impact on the Group's business, results of operation or financial condition.

(y) ***The Group is exposed to tax risks.***

As an international group operating in multiple jurisdictions, the Group is subject to laws and regulations on tax levies and other charges or contributions in many countries throughout the world, which often do not provide clear-cut or definitive guidance. The tax charge included in the financial statements is the Group's best estimate of the due tax. There is a degree of uncertainty regarding the final tax liability for the period until completion of tax audits by the authorities. The Group's policy underlines to submit tax returns within the statutory time limits and engage with the tax authorities to ensure that the Group's tax affairs are as current as possible and that any differences in the interpretation of tax legislation and regulation are resolved as quickly as possible.

Through the implementation of internal procedures and systems, capitalisation and transfer pricing policies and internal controls, and in some cases through the use of external tax consultants and specialists, the Group structures and conducts its business globally in accordance with diverse regulatory requirements and the Group's commercial, financial and tax objectives. The Group can however not guarantee that its interpretation will not be questioned by the relevant tax authorities or that the relevant tax laws and regulations or the interpretation thereof by the relevant tax authorities will not be subject to change, thereby impacting the deductibility of interests, certain costs and others. Any of such differences in interpretation or changes in tax laws and regulation could adversely affect the Group's effective tax rate, results of operation or financial condition.

In addition, the Group may not be able to use, or changes in tax regulations may affect the use of, certain tax assets or credits that it has built over the years (including tax losses). For instance, some of the Group's companies have significant tax loss carry forwards, aggregating to EUR 398,800,000 on 31 December 2013. Some of these tax loss carry forwards may have been or may be forfeited in whole or in part in the past or future, as a result of previous and/or future transactions, or their utilisation might be restricted by statutory law in the relevant jurisdiction. Any past or future corporate reorganisation within the Group or relating to the Issuer's shareholding structure may result in partial or complete forfeiture of tax loss carry forwards. The tax burden in past or future periods would increase if profits could not be set off against tax loss carry forwards.

(z) ***The Group is exposed to risks relating to its worldwide presence.***

The Group conducts its business to a significant extent on an international level. On 31 December 2013, the Group's current segments generated revenues in various regions of the world, *i.e.*:

- Europe: 57.3%;
- North America: 29.6%;
- Latin America: 4.8%; and

- Asia/Oceania/Africa: 8.3%

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. Risks inherent to international operations include, amongst others, the following:

- changes in a specific country's or region's political or economic conditions and changes in diplomatic and trade relationships may occur;
- agreements may be difficult to enforce and receivables difficult to collect through a foreign country's legal system. Furthermore such foreign legal system may provide for less effective protection of intellectual property and general exposure to different legal processes, standards and expectations;
- unexpected adverse changes in foreign laws or regulatory requirements may be adopted, (including those regarding export duties and quotas) which may affect the Group's ability to conduct business;
- foreign countries may impose additional withholding taxes or otherwise tax the Group's foreign income, impose tariffs or adopt other restrictions on foreign trade or investment, including currency exchange controls;
- the continued transfer of dividends and other income from the Group's subsidiaries may be limited by various tax regulations or repatriation constraints;
- the Group may face difficulties in managing sales, research and development operations and post-sales logistics and support across continents;
- the Group may face inefficiencies, inconsistent application of Group-wide management and compliance standards and inadequate or late information to the parent company; and
- trade protection measures and import or export licensing requirements may affect the Group's ability to do business.

Any disruption in its ability to conduct international operations and sales may have a material adverse effect on the Group's business, results of operation or financial condition.

(aa) ***The Group may be affected by macroeconomic trends.***

The Group's activities and results are affected by international, national and regional economic conditions. Economic downturns may negatively affect the Group's customers, suppliers or partners. Certain product ranges of the Group may also be vulnerable to the specific economic

conditions of a sector. For example, the construction and building markets in the Netherlands and France have been depressed for a long period and it is uncertain if and when these markets will recover. A deterioration of the macroeconomic conditions may significantly adversely affect the Group's business, results of operation or financial condition.

(bb) ***Information technology failures may disrupt the Group's operations.***

The Group increasingly makes use of information technology systems to process, transmit, and store electronic information and as such, to operate efficiently and interface with customers. A significant portion of the communication between the Group's personnel, customers, and suppliers depends on information technology. The Group is dependent on information systems to manage inventory, accounting, purchasing and sales applications and to maintain cost efficient operations. As with all large systems, the Group's information systems may be vulnerable to a variety of interruptions due to events beyond its control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers or other security issues. These or other similar interruptions may disrupt the Group's business, results of operation or financial condition.

(cc) ***The Group is exposed to pension plan obligations.***

The Group has certain defined benefit pension plans, through which the Group is exposed to changes in inflation, interest rates and life expectancy. As per 30 September 2014, the Group's net pension obligations in respect of the defined benefit pension plans amount to EUR 33.1 million. In addition, the Group, on a regular basis, performs asset-liability studies for the trustee administered pension funds to ensure an accurate match between plan assets and liabilities. The plans hold significant investments in investment funds and are thus exposed to equity, bond and property market risks.

The Group has made provisions in respect of various pension plans, which may prove to be insufficient.

If the Group is required to make increased contributions to its pension plans either because of underfunding or because of more stringent regulations and increased regulatory involvement or if the Group needs to increase its provisions, this may adversely affect the Group's business, results of operation or financial condition.

(dd) ***The Group's business is exposed to exchange rate fluctuation.***

The Group is exposed to fluctuations in exchange rates which may lead to profit or loss in currency transactions. The Group's assets, earnings and cash flows are influenced by movements in foreign exchange rates. More in particular, the Group incurs foreign currency risks on, amongst others, sales, purchases, investments and borrowings that are denominated in a currency other than the

Group's functional currency. The currencies giving rise to this risk are primarily USD (US dollar), GBP (British pound), PLN (Polish zloty), CNY (Chinese yuan), ARS (Argentine peso) and BRL (Brazilian real). Movements in foreign currency therefore may adversely affect the Group's business, results of operation or financial condition.

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

The main management tools are the spot purchases and sales of currencies followed by currency swaps. Group borrowings are generally carried out by the Group's holding and finance companies, which make the proceeds of these borrowings available to the operating entities.

In principle, operating entities are financed in their own local currency, this local currency being obtained, where appropriate, by currency swaps against the currency held by the Issuer. In that way, there is no exchange risk either in the financing companies or in the companies finally using the funds. The cost of these currency swaps is included in the finance costs.

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

The USD net exposure is mainly due to an intercompany loan of USD 200,000,000, which was not hedged. For example in relation to the results of 30 September 2014, if the euro had strengthened or weakened by 10% against USD, with all other variables being held constant, the impact on post-tax profit would have been EUR -18.2 million or EUR +22.3 million.

(ee) ***The Group's results may be negatively affected by fluctuating interest rates.***

Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. In addition, they may affect the market value of certain financial assets, liabilities and instruments.

The Group uses different interest rate hedging instruments after Board of Directors approval:

- cross currency interest rate swaps (CCIRS) for USD debt hedging; and
- interest rate swaps (IRS) for the interest rate risk on the USD debt hedging.

The interest rate of the bond of EUR 150,000,000, which matures in October 2015, is fixed at 5.25%.

An increase (decrease) of 100 basis points in interest rates would have a negative (positive) impact on profit and loss of EUR 1,200,000 (2012: EUR 800,000). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. As such, movements in interest rates could have material adverse effects on the Group's cash flows or financial condition.

(ff) ***The Group is subject to various covenants in its financing agreements, which may restrict its operational and financial flexibility.***

Some of the Group's financing agreements, entered into with banks, other financial institutions or other creditors, contain restrictions, undertakings, warranties, limitations as to further financing, covenants and definitions of events of default, which may reduce the Group's financial and operational flexibility and may adversely affect the Group's business, results of operation or financial condition.

The Group has issued a corporate bond for EUR 150,000,000. The terms and conditions of the prospectus regarding this programme contain a negative pledge covenant and restricted actions linked to financial ratio tests (e.g., gearing, leverage ratio and interest cover ratio). Such clauses impose operational and financing restrictions on the Group and in some respect limit or prohibit, among other things, the Group's ability to incur additional indebtedness or grant security. The Group's EUR 400,000,000 back-up syndicated credit facility contains financial covenants (e.g., leverage ratio and interest cover ratio) as well as general undertakings (e.g., a negative pledge clause). In addition, the Group has entered into securitisation programmes and has borrowed BRL 55,800,000 in October 2010 (of which BRL 49,580,668 remains outstanding as per 30 September 2014) under a Brazilian loan with a duration of 12 years. All of these agreements include, to a greater or lesser degree operational and financing restrictions on the Group and in some respects limit or prohibit, amongst others, the Group's ability to incur additional indebtedness or grant security.

At the date of the Prospectus, the Group is not in breach of any of the above covenants, nor does the Offering constitute a breach of the above covenants.

(gg) ***The Group may not be able to obtain the necessary funding for its future capital or refinancing needs.***

The Group's bond, with a nominal value of EUR 150,000,000, will mature in October 2015 and its EUR 400,000,000 back-up syndicated credit facility will mature in April 2016. Next to this back-up syndicated credit facility but within the limits set out in the back-up syndicated credit facility, a commercial paper programme of maximum EUR 100,000,000 and some short term credit lines are used. In addition, the Group has entered into factoring and securitisation programmes and has borrowed BRL 55,800,000 in October 2010 (of which BRL 51,130,064 remains outstanding as per 30 June 2014) under a Brazilian loan with a duration of 12 years.

If (i) on a covenant testing date, the Group breaches any of the financial covenants under its back-up syndicated credit facility, (ii) the Group breaches the negative pledge covenant under its corporate bond or if (iii) the Group is in default under any general undertaking or under any other indebtedness of its credit and debt agreements, the Group's lenders or the trustee respectively, may terminate or suspend the credit facility, accelerate the maturity of indebtedness or require immediate repayment of the respective outstanding amounts, if any.

The Group may be unable to obtain (re)financing or extension, when needed, or may be unable to obtain attractive conditions. Failure to obtain the necessary financing or failure to obtain financing at attractive terms may adversely affect the Group's business, results of operation or financial condition.

(hh) ***The Group entered into contracts subject to change of control clauses.***

Certain contracts, such as commercial and financial contracts, entered into by the Group contain change of control clauses.

This is for example the case in the terms and conditions of the prospectus regarding the Group's EUR 150,000,000 bond programme. The change of control clause stipulates that if an offer is made by any party to acquire all or a majority of the issued ordinary Share Capital of the Issuer and, as a result of such offer, the offeror has acquired or is entitled to acquire voting rights of the Issuer, so that it either has the direct or indirect ownership of more than 50% of the outstanding voting rights in the Issuer, the bonds may be redeemed at the option of the holders of the bonds at a price above the par value as defined in the bond prospectus.

Another example is the Group's EUR 400,000,000 back-up syndicated credit facility. The change of control clause stipulates that if any party gains control (*i.e.* the direct or indirect ownership of more than 50% of the outstanding voting rights) of the Issuer, the Group's lenders may accelerate the maturity of indebtedness and require immediate repayment of the outstanding amount under the credit facility.

If the Group is unable to obtain a waiver or refinancing, when a change of control clause is triggered, or is not able to replace certain financing agreements that are terminated as a result of the change of control, this may adversely affect the Group's business, results of operation or financial condition.

- (ii) ***The Group is exposed to credit risk in relation to its contractual and trading counterparties, as well as to hedging and derivative counterparty risk.***

The Group is subject to the risk that the counterparties with whom it conducts its business (in particular its customers) and who have to make payments to the Group, are unable to make such payment in a timely manner or at all. Part of the receivables is covered under a Group credit insurance programme. The Group cannot guarantee that the current level of credit insurance coverage can be sustained in the future.

The Group has no significant concentration of credit risk. However, there can be no assurance that the Group will be able to limit its potential loss of proceeds from counterparties who are unable to pay in a timely manner or at all. The liquidities available at the end of the year are deposited at very short term at highly rated international banks.

The maximum exposure to credit risk amounts to EUR 270.3 million as per 30 September 2014. This amount consists of current and non-current trade and other receivables (EUR 216.7 million), derivative financial instruments (EUR 2.6 million) and cash and cash equivalents (EUR 51.0 million).

- (jj) ***The Group may not be able to recruit and retain key personnel.***

The Group may not be able to recruit and retain competent personnel for key roles. The Group's success depends to a significant extent upon its ability to attract and retain qualified management, scientific, technical, marketing and sales personnel and upon the continued contributions of such personnel. The Group's employees may voluntarily terminate their employment at any time. There is no guarantee that the Group will be successful in attracting and/or retaining qualified employees to replace existing employees or to further support its growth strategy. The loss of the services of key personnel or the inability to attract additional qualified personnel may have a material adverse effect on the business and its expertise, results of operation or financial condition.

Potential impacts might include: loss of knowledge of key systems and specialised skills resulting in a skills and competency gap; high staff turnover; customer dissatisfaction; failure to meet business objectives; increased re-hiring costs; loss of customers because of the customer-employee relationships. Although the Group believes that it is well positioned to attract and retain skilled and experienced personnel, there can be no assurance that it will be able to do so. The inability to do so could have a material adverse effect on the Group's business, results of operation or financial condition.

3.2 Risks relating to the Offering

(a) *The market price of the New Shares may fluctuate and may fall below the Issue Price.*

From time to time, publicly traded securities experience significant price fluctuations that may be unrelated to the performance of the companies that have issued them. The market price of the New Shares may fluctuate as a result of various factors, many of which are beyond the Issuer's control and may, therefore, fall below the Issue Price. These factors include, but are not limited to, the following:

- market expectations for the Issuer's financial performance;
- actual or anticipated fluctuations in the Issuer's business, results of operation or financial condition;
- actual or anticipated changes in distributions to Shareholders by the Issuer;
- actual or anticipated fluctuations in the general economic, financial or business conditions in the countries in which the Issuer operates;
- changes in the estimates of the Issuer's financial results by securities analysts or the failure to meet the estimates of the securities analysts;
- investors' perception of the impact of the Offering on the Issuer and its Shareholders;
- actual or anticipated sales of blocks of Shares in the market or short selling of Shares;
- actual or anticipated speculative trading in the Shares;
- actual or anticipated future issuances of Shares;
- actual or anticipated changes in the Issuer's industry sectors, including but not limited to mergers and acquisitions, strategic alliances, entrance of new competitors, or the development or introduction of new products in the markets in which the Issuer operates;
- changes to the regulatory environment;
- volatility in the domestic or international stock markets;
- the general condition of the global economy or financial system; and
- the risk factors mentioned in section 3.1.

The market price of the New Shares may be adversely affected by any of the preceding or other factors, regardless of the Issuer's actual results of operation, financial condition or financial performance. Therefore, the Issuer cannot make any predictions about the market price of the New Shares.

- (b) ***There is no assurance that a trading market will develop for the Preferential Rights, and if a market does develop, the market price for the Preferential Rights may be subject to greater volatility than the market price for the Shares.***

The Preferential Rights are expected to be traded on the regulated market on Euronext Brussels from 28 November 2014 to 12 December 2014. No application for the Preferential Rights on any other exchange will be made. There is no assurance that an active trading market in the Preferential Rights will develop or will sustain during that period or, if a market does develop, there is no assurance regarding the nature of such trading market. If an active trading market does not develop or sustain, the liquidity and market price of the Preferential Rights may be adversely affected. The market price of the Preferential Rights will depend on a variety of factors, including but not limited to the performance of the market price of the Shares, but may also be subject to greater volatility than the Shares.

- (c) ***The market price of the Preferential Rights or the New Shares may be negatively affected by actual or anticipated sales of substantial numbers of Preferential Rights or Shares on Euronext Brussels.***

A sale of a significant number of Shares or Preferential Rights on the regulated market of Euronext Brussels, or the perception that such sale will occur, may adversely affect the market price of Preferential Rights or the New Shares or both. The Issuer cannot make any predictions as to the effect of such sale or perception on the market price of the Preferential Rights or the New Shares.

Furthermore, there is no commitment on the part of Verbrugge NV, controlled by Picanol NV, or its affiliated entity Symphony Mills NV, to remain Shareholder or to retain a minimum interest in the Issuer after the expiry of the respective Lock-up Period for the Shares held by Verbrugge NV and Symphony Mills NV. No other Shareholder has entered into a lock-up arrangement. As a result, no investment decision should be made on the basis that Verbrugge NV or Symphony Mills NV will retain any interest in the Issuer after the expiry of the Lock-up Period or that any other Shareholders will retain any interest in the Issuer.

- (d) ***The New Shares may not be traded actively, and there is no assurance that the Offering will improve the trading activity, which may lead the New Shares to trade at a discount to the Issue Price, making sales of the New Shares more difficult.***

Trading of the Shares on the regulated market of Euronext Brussels has in the past shown limited liquidity. The Issuer cannot make any predictions as to the effect of the Offering on the liquidity of the New Shares in the short or long term. Reduced liquidity may lead to difficulties to sell the New Shares and may lead to a discounted market price for the New Shares. The risk exists that the market price of the New Shares does not accurately reflect the Issuer's actual financial performance and investors may be hampered from selling their New Shares or selling them within the desired deadline.

- (e) ***If securities or industry analysts do not publish research reports about the Issuer, or if they change their recommendations regarding the Shares in an adverse way, the market price of the New Shares may fall and the trading volume may decline.***

The trading market for the New Shares may be influenced by the research reports that industry or securities analysts publish about the Issuer or its industry. If one or more of the analysts who cover the Issuer or its industry, downgrades its recommendation, the market price of the New Shares may fall. If one or more of the analysts ceases to cover the Issuer or fails to publish research reports about the Issuer on a regular basis, the Issuer may lose visibility in the financial markets, which in turn could cause the market price of the New Shares or trading volume to decline.

- (f) ***Failure by a Shareholder to exercise the allocated Preferential Rights in full, may lead to dilution of its proportionate shareholding and a reduction of the financial value of its portfolio.***

To the extent that a Shareholder fails to exercise the Preferential Rights allocated to it in full by the closing of the regulated market of Euronext Brussels on the last day of the Rights Subscription Period, its *pro rata* ownership and voting interest in the Issuer may dilute as a result of the increase of the Issuer's Share Capital. In addition, a Shareholder who fails to exercise the Preferential Rights allocated to it may be subject to financial dilution of its portfolio.

- (g) ***Failure to exercise Preferential Rights during the Rights Subscription Period will result in such Preferential Rights becoming null and void.***

Preferential Rights which are not exercised by the closing of the regulated market of Euronext Brussels on the last day of the Rights Subscription Period will become null and void and will automatically convert into an equal number of Scrips. Each holder of an unexercised Preferential Right at the closing of the Rights Subscription Period will be entitled to receive a proportional part of the Net Scrips Proceeds, unless the Net Scrips Proceeds divided by the number of unexercised Preferential Rights is less than EUR 0.01. There is, however, no assurance that any Scrips will be sold during the Scrips Private Placement or that there will be any such Net Scrips Proceeds.

- (h) ***Withdrawal of subscription in certain circumstances may not allow sharing in the Net Scrips Proceeds and may have other adverse financial consequences.***

Any Preferential Rights of which the subscription has been withdrawn, if and to the extent permitted, shall be deemed to have been unexercised for purposes of the Offering. Preferential Rights which are deemed to have been unexercised during the Rights Subscription Period will become null and void and will convert automatically into an equal number of Scrips. Subscribers withdrawing their subscription after the close of the Scrips Private Placement, will however not be entitled to share in the Net Scrips Proceeds and will not be compensated in any other way,

including for the purchase price (and any related costs or taxes) paid in order to acquire any Preferential Rights.

- (i) ***The revocation of the Offering pursuant to a decision of the Ad Hoc Committee will result in the Preferential Rights and Scrips becoming null and void.***

The Issuer reserves the right to revoke or suspend the Offering, if the *Ad Hoc* Committee determines that (i) the market conditions prevent the Offering from taking place under satisfying conditions, (ii) the FSMA has not approved the Prospectus prior to the start of the Rights Subscription Period, or (iii) the Underwriting Agreement has not been signed or has been terminated in accordance with its terms and conditions. The extraordinary Shareholders' Meeting of 18 November 2014 has nevertheless delegated to the *Ad Hoc* Committee the power to waive, at its discretion, the condition that the Underwriting Agreement is signed or is subsequently not terminated

If the *Ad Hoc* Committee decides to revoke the Offering, the Preferential Rights (and Scrips, as the case may be) will become null and void. Investors will not be compensated, including for the purchase price (and any related costs or taxes) paid in order to acquire any Preferential Rights on the secondary market. Investors who have acquired any such Preferential Rights on the secondary market will thus suffer a loss, as trades relating to such Preferential Rights will not be unwound once the Offering is revoked.

- (j) ***A substantial decline in the market price of the Shares may result in the Preferential Rights becoming worthless.***

If there is a substantial decline in the market price of the Shares, this may have a material adverse effect on the market price of the Preferential Rights. Any volatility in the market price of Shares may also adversely affect the market price of the Preferential Rights and the Preferential Rights may become worthless as a result thereof.

- (k) ***If the Offering is not fully subscribed, the Issuer may have to consider additional funding, reduce its level of investments or a combination of both.***

The Issuer has the right to proceed with the Share Capital increase for a lower amount in case the Offering is not fully subscribed. No minimum has been set for the Offering. The actual number of New Shares subscribed for will be confirmed in the Belgian Financial Press. If the Offering is not fully subscribed, a lower number of New Shares will be available for trading and hence the free float of the Shares may be smaller than expected. In addition, the Issuer may, in view of the Use of Proceeds (see Section 5), have to consider additional funding, reduce its level of investments or a combination of both.

- (l) ***Investors outside of Belgium may be restricted from participating in this Rights Offering, and may be subject to dilution or other financial adverse consequences.***

The Preferential Rights and New Shares are only publicly offered in Belgium through the publication of this Prospectus. The Issuer has not registered the Preferential Rights and New Shares under the securities laws of any other jurisdiction, including but not limited to the United States, Japan, Canada, Australia and South Africa, and does not expect to do so in the future. The Preferential Rights and New Shares may not be offered or sold in any jurisdiction in which the registration or qualification of the Preferential Rights and New Shares for sale or for subscription is required but has not taken place, including but not limited to the United States, Japan, Canada, Australia and South Africa, unless an exemption from the applicable registration or qualification requirements is available and the Rights Offering occurs in connection with a transaction that is not subject to such provisions. Investors may therefore not be entitled to purchase, sell, or otherwise transfer Preferential Rights, or purchase, sell, otherwise transfer or subscribe for New Shares and as a consequence may be subject to dilution or other financial adverse consequences in the Rights Offering.

- (m) ***Investors may not be entitled to participate in future equity offerings, and may be subject to dilution.***

The Issuer may decide in the future to increase its Share Capital by means of public offerings or private placements, with or without transfer and selling restrictions, and with or without preferential subscription rights. Belgian law and the Articles of Association grant preferential subscription rights to the Shareholders in case of a Share Capital increase by contribution of cash, unless such rights are disapplied by a resolution of the Shareholders' Meeting or the Board of Directors, if so authorised by a resolution of the Shareholders' Meeting. Additionally, certain investors residing outside of Belgium may also not be able to participate in future equity offerings unless the securities offered are registered or qualified for sale under the relevant securities laws. Therefore, a risk exists that investors may be subject to dilution to the extent they are not entitled to participate in future Share Capital increases.

- (n) ***The Issuer has no fixed dividend policy.***

The Issuer has not declared or paid dividends in respect of the financial year ended on 31 December 2013. The Issuer's dividend policy may be amended from time to time, and each dividend distribution remains subject to the Issuer's earnings, financial condition, Share Capital requirements and other important factors, subject to proposal and approval by the competent corporate body of the Issuer and subject to the availability of distributable reserves as required by the Company Code and the Articles of Association. Any distributable reserves of the Issuer have to be computed in respect of its statutory balance sheet prepared in accordance with Belgian GAAP, which may differ from the consolidated financial statements in IFRS reported by the Issuer.

The Issuer does not currently plan to implement a distribution pay-out policy in the near future.

- (o) *After the Offering, certain significant Shareholders may be able to influence the resolutions of the Shareholders' Meeting or control the Issuer, and may have different interests from the Issuer and the other Shareholders.*

On 6 November 2013, Verbrugge NV has informed the Issuer of its acquisition of 8,744,069 Shares, resulting in a shareholding of approximately 27.52% of the Issuer's Share Capital, which may be further diluted pursuant to the exercise of all warrants to 26.601% of the Share Capital.

Symphony Mills NV, a company affiliated with Verbrugge NV and a member of the Board of Directors, has informed the FSMA pursuant to Article 15 of the Royal Decree of 5 March 2006 on transactions of managers of several acquisitions of Shares, resulting in a shareholding of approximately 1.016% of the Share Capital, which may be further diluted pursuant to the exercise of all warrants to 0.982% of the Share Capital.

On the last Shareholders' Meeting of the Issuer on 18 November 2014 and on the penultimate Shareholders' Meeting of the Issuer on 3 June 2014, Verbrugge NV represented the majority of the voting rights casted. In accordance with Article 5, § 3 of the Company Code, Verbrugge NV is therefore considered, unless rebutted, to have factual control over the Issuer. Depending on the voting rights present or represented at the Shareholders' Meetings, Verbrugge NV and any affiliated party or parties in concert therewith, or any other significant Shareholder after the Offering may be able to cast the votes necessary to obtain a resolution of the Shareholders' Meeting on the proposals submitted to the Shareholders' Meeting, such as the appointment or dismissal of members of the Issuer's Board of Directors and changes to the Articles of Association. Alternatively, to the extent that Verbrugge NV and any affiliated party or parties in concert therewith, or any other significant Shareholder after the Offering cannot cast the necessary votes to impose certain resolutions of the Shareholders' Meeting, they may still have the ability to block the proposals that require 75% of the votes cast at the Shareholders' Meeting.

Verbrugge NV and Symphony Mills NV, have separately and independently committed in a Commitment and Lock-up Letter to exercise any Preferential Rights that will be allocated to them and to subscribe for the corresponding number of New Shares in accordance with the Ratio, as set out in more detail and as subject to the conditions set out in Section 9.7(a). Verbrugge NV may therefore increase its ability to influence the resolutions of the Shareholders' Meeting, and may even be able to control the Issuer and, consequently, the Issuer's management and strategy. The interest of any significant Shareholder(s) after the Offering may be different from the interests from the Issuer and the other Shareholders.

- (p) ***In the framework of the Offering, Shareholders may increase their shareholding above 30% without triggering the obligation to launch a mandatory public takeover bid to all Shareholders.***

If a Shareholder acquires voting shares in the framework of a Share Capital increase with preferential subscription rights, which has been approved by a Shareholders' Meeting, and as a result of which it crosses the threshold of 30% of the voting Shares of the Issuer on its own or together with the parties with whom it acts in concert, it is not required to extend a mandatory public takeover bid to all Shareholders, pursuant to Article 52, § 1, 5° of the Takeover Royal Decree.

The risk exists that a Shareholder increases its shareholding as a result of the Offering above this 30% threshold without triggering the obligation to launch a mandatory public takeover bid. The Issuer has received a separate letter by Verbrugge NV, respectively Symphony Mills NV, dated 17 November 2014, in which they have separately and independently informed the Issuer that they may, depending on market circumstances, acquire additional Preferential Rights or Scrips in respectively the Rights Subscription Period or the Scrips Private Placement. In addition, they have each informed the Issuer that Verbrugge NV may increase its shareholding as a result of the Offering above the 30% threshold on its own or together with an affiliated party, such as Symphony Mills NV (with whom it is deemed to be acting in concert under the Takeover Royal Decree), without triggering the obligation to launch a mandatory public takeover bid.

- (q) ***Investors in jurisdictions with currencies other than the Euro face additional investment risk from currency exchange rate fluctuations in connection with their investment in the Preferential Rights or the New Shares.***

The Preferential Rights and the New Shares are quoted only in Euro and any future payments of dividends on the New Shares will be denominated in Euro. An investment in the Preferential Rights or the New Shares by an investor whose principal currency is not Euro may expose the investor to currency exchange rate risk, which may adversely affect the value of its investment in the Preferential Rights or the New Shares.

- (r) ***Any sale, purchase or exchange of New Shares may become subject to the Financial Transaction Tax.***

On 14 February 2013, the EU Commission has adopted a proposal for a directive on a common financial transaction tax (the "**Financial Transaction Tax**"). The intention is for the Financial Transaction Tax to be implemented via an enhanced cooperation procedure in 11 participating EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia).

Pursuant to the proposed directive, the Financial Transaction Tax will be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a participating Member State and there is a financial institution established or deemed established in a participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The Financial Transaction Tax shall, however, not apply to (inter alia) primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the Financial Transaction Tax shall be fixed by each participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The Financial Transaction Tax shall be payable by each financial institution established or deemed established in a participating Member State if it is either a party to the financial transaction, or acting in the name of a party to the transaction or if the transaction has been carried out on its account. Where the Financial Transaction Tax due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the Financial Transaction Tax due.

Investors should therefore note, in particular, that any sale, purchase or exchange of Shares may be subject to the Financial Transaction Tax at a minimum rate of 0.1% provided the abovementioned prerequisites are met. The investor may be liable to pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Shares. The issuance of new Shares should not be subject to the Financial Transaction Tax.

A statement made by the participating Member States (other than Slovenia) indicates that a progressive implementation of the Financial Transaction Tax is being considered, and that the Financial Transaction Tax may initially apply only to transactions involving shares and certain derivatives, with implementation occurring by 1 January 2016. However, full details are not available.

The proposed directive is still subject to negotiation amongst the participating Member States and therefore may be changed at any time. A committee of the EU Parliament published a draft report on 19 March 2013, suggesting amendments to the proposed directive. If the amendments were included in the final directive, the Financial Transaction Tax would have an even broader reach. Moreover, once the proposed directive has been adopted, it will need to be implemented into the respective domestic laws of the participating Member States and the domestic provisions implementing the directive might deviate from the directive itself.

Investors should consult their own tax advisors in relation to the consequences of the Financial Transaction Tax associated with subscribing for, purchasing, holding and disposal of the New Shares.

- (s) ***Investors' rights as Shareholders will be governed by Belgian law and may differ in some respects from the rights granted to shareholders in other companies under the laws of other jurisdictions.***

The Issuer is a limited liability company (*naamloze vennootschap/société anonyme*) organised under the laws of Belgium. The rights of Shareholders are governed by Belgian law and by the Articles of Association. These rights may differ in material respects from the rights of shareholders in companies organised in jurisdictions other than Belgium. In addition, the Issuer's directors and executive officers may not be resident in the jurisdiction of certain investors and the Issuer's assets and the assets of its directors and executive officers may be located outside the jurisdiction of investors. As a result, it may be difficult for investors to prevail in a claim against the Issuer or to enforce claims based on the securities laws of jurisdictions outside of Belgium and, in general, for investors outside of Belgium to serve process on or enforce foreign judgments against the Issuer, its directors or its executive officers.

4 GENERAL INFORMATION AND CAUTIONARY STATEMENTS

4.1 Approval of the Prospectus

On 25 November 2014, the FSMA approved the English version of this Prospectus for the purposes of a public offering in Belgium and the listing and trading of the New Shares on the regulated market of Euronext Brussels in accordance with Article 23 of the Prospectus Law.

This Prospectus relates to a Share Capital increase with Preferential Rights and as a result, the level of disclosure of this Prospectus is proportionate to this type of issue in accordance with Article 26a and Annexes XXIII and XXIV of the Prospectus Regulation.

The FSMA's approval does neither imply any opinion by the FSMA on the merits, suitability and quality of the Offering, nor of the status of the Issuer.

No public offering is made outside of Belgium and the Prospectus has not been submitted for approval to any supervisory body or governmental authority outside of Belgium.

4.2 Person responsible for the Prospectus

The Issuer, represented by its Board of Directors, accepts responsibility for the information in this Prospectus in accordance with article 61, §§1-2 of the Prospectus Law and for the content of the French version of the summary, in accordance with Article 31 of the Prospectus Law.

The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Sole Lead Manager and Bookrunner, or any of its affiliates, makes no representation or warranty, express or implied, as to, and does not assume any responsibility for, the accuracy or completeness or verification of the information in this Prospectus, and nothing in this Prospectus is, or shall be relied upon as, a statement or representation by the Sole Lead Manager and Bookrunner, or any of its affiliates, whether as to the past or the future. Accordingly, the Sole Lead Manager and Bookrunner, or any of its affiliates disclaims, to the fullest extent permitted by applicable law, any and all liability, whether arising in tort, contract or otherwise, in respect of this Prospectus or any such statement or representation. The Sole Lead Manager is acting exclusively for the Issuer and not for any other person in connection with the Offering and it will not be responsible to any other person for providing the services offered to the Issuer.

This Prospectus is intended to provide information to potential investors in the context of and for the sole purpose of evaluating a possible investment in the New Shares, Preferential Rights and Scrips. It contains selected and summarised information, does not express any commitment or acknowledgment or waiver and does not create any right, express or implied, towards anyone other than a potential investor.

4.3 Statutory Auditor

The Issuer's current statutory auditor is PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d'Entreprises BCVBA/SCCRL ("**PWC**"), having its registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium and its administrative office at Generaal Lemanstraat 67, 2018 Antwerpen, Belgium, represented by Peter Van den Eynde BVBA, having its registered office at Gentstraat 65C, 9170 Sint-Gillis-Waas (Sint-Pauwels), permanently represented by Mr. Peter Van den Eynde.

PWC is a member of the Institute of Certified Auditors (*Instituut van de Bedrijfsrevisoren / Institut des Réviseurs d'Entreprises*) (membership number N00016).

PWC has been appointed for a term of three years by the Issuer's annual general Shareholders' Meeting held on 4 June 2013, following an auditor rotation procedure organised by the Audit Committee. Prior to this annual general Shareholders' Meeting, Klynveld Peat Marwick Goerdeler Bedrijfsrevisoren/Reviseurs d'Entreprises BCVBA/SCCRL ("**KPMG**"), having its registered office at Prins Boudewijnlaan 24d, 2550 Kontich, Belgium acted as statutory auditor of the Issuer. In years past, the Issuer has not had any disputes or material disagreements with PWC or KPMG (together and together with any other past or future statutory auditor of the Issuer, the "**Statutory Auditor**").

The consolidated financial statements of the Group for the financial year ended on 31 December 2013 have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and audited by the Statutory Auditor, which rendered an unqualified audit report on these financial statements. Said financial statements reflect the segments of the Group, in accordance with IFRS (see Section 12).

The consolidated interim financial statements of the Group for the first half of the financial year 2014 (starting on 1 January 2014 and ending on 30 June 2014) have been prepared in accordance with IFRS and reviewed by the Statutory Auditor, which rendered an unqualified review report in their respect.

The consolidated interim financial statements of the Group for the first nine months of the financial year 2014 (starting on 1 January 2014 and ending on 30 September 2014) have been prepared in accordance with IFRS and reviewed by the Statutory Auditor, which rendered an unqualified review report in their respect.

Belgian law limits an auditor's liability to the Issuer or third parties to EUR 12,000,000 for tasks reserved to auditors by Belgian law or in accordance with Belgian law, such as auditing financial statements such as those described above, other than liability due to fraud or other deliberate breach of duty.

4.4 Decision to invest

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Offering, including the merits and risks involved as described in the Prospectus. Investors should rely only on the information contained in the Prospectus. Neither the Issuer nor the Sole Lead Manager and Bookrunner has authorised any other person to provide investors with different information. If anyone provides different or inconsistent information, it should not be relied upon.

Any summary or description set forth in this Prospectus of legal provisions, corporate structuring or contractual relationships is for information purposes only and should not be construed as investment, legal or tax advice as to the interpretation or enforceability of such provisions or relationships. In general, none of the information of this Prospectus should be considered investment, legal or tax advice. Investors should consult their own counsel, accountant and other advisors for investment, legal, tax, business, financial and related advice regarding purchasing the New Shares or any other Shares, Preferential Rights and Scrips. The Shares have not been recommended by any federal or state securities commission or regulatory authority in Belgium or elsewhere. Neither the Issuer nor the Sole Lead Manager and Bookrunner makes any representation to any offeree or purchaser regarding the legality of an investment in the New Shares or any other Shares, Preferential Rights and Scrips by such offeree or purchaser under applicable investment or similar laws.

The information in this Prospectus is as of the date printed on the cover, unless expressly stated otherwise. The delivery of the Prospectus at any time does not imply that there has been no change in the Issuer's business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof. The information contained herein is up to date as of the date hereof, and may be subject to subsequent change, completion and amendment without notice. The publication of this Prospectus shall not, under any circumstances, imply that there will be no changes in the information set forth herein or in the affairs of the Issuer subsequent to the date of this Prospectus. In accordance with Article 34 of the Prospectus Law, a supplement to the Prospectus will be published in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the New Shares and which arises or is noted between the time when this Prospectus is approved and the trading of the New Shares on the regulated market of Euronext Brussels begins. Investors who have already agreed to subscribe for the New Shares in the Rights Offering or the Scrips Private Placement, before the supplement is published, shall have the right, exercisable within the time limit set forth in the supplement which shall not be shorter than two business days after publication of the supplement, to withdraw their subscriptions in accordance with Article 34, § 3 of the Prospectus Law. (see Section 9.1(g)).

The Sole Lead Manager and Bookrunner and any of its affiliates is acting exclusively for the Issuer and for no other person in connection with the Offering and will not be responsible to any other person for providing the protections afforded to their client or for providing advice in relation to the Offering. Certain restrictions on the distribution of this Prospectus are applicable.

4.5 Notices to prospective investors

(a) *General*

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, purchase, subscription for, resale, pledge or other transfer of the New Shares, the Preferential Rights or Scrips.

The Offering is conducted as a public offering in Belgium with respect to the Preferential Rights and as a private placement with respect to the Scrips, addressed solely to qualified investors in the EEA in accordance with an exemption to the obligation to publish a prospectus in Article 3.2 (a) of the Prospectus Directive.

Subject to certain exceptions, the Offering described in this Prospectus is not being made to Shareholders or investors in the United States, Japan, Canada, Australia or South Africa. Accordingly, this Prospectus should not be forwarded or transmitted in or into the United States, Japan, Canada, Australia or South Africa.

The Offering and this Prospectus have not been and will not be submitted for approval to any supervisory authority outside Belgium. Therefore, no steps may be taken that would constitute or result in a public offering of the New Shares, the Preferential Rights or the Scrips outside Belgium. The distribution of this Prospectus, the exercise of the Preferential Rights and the Offering may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Accordingly, the New Shares, the Preferential Rights or the Scrips may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other documents related to the Offering may be distributed or published in any jurisdiction, except in circumstances that will result in the compliance with all applicable laws and regulations. Persons into whose possession the Prospectus (or any document related to the Offering) comes, are required by the Issuer and the Sole Lead Manager and Bookrunner to inform themselves about, and to observe, any such restrictions. Neither the Issuer nor the Sole Lead Manager and Bookrunner assume any responsibility in respect thereof.

Investors must comply with all applicable laws and regulations in force in any jurisdiction in which they offer, purchase, subscribe for, re-sell, pledge or otherwise transfer the New Shares, the Preferential Rights or the Scrips or possess or distribute this Prospectus and must obtain any consent, approval or permission required for the offer, purchase, subscription for, resale, pledge or other transfer of the New Shares, the Preferential Rights or the Scrips under the laws and regulations in force in any jurisdiction in which any offer, purchase, subscription for, resale, pledge or other transfer is made. Neither the Issuer nor the Sole Lead Manager and Bookrunner is making an offer to sell the New Shares, the Preferential Rights or the Scrips or soliciting an offer to purchase any of the New Shares, the Preferential Rights or the Scrips to any person in any jurisdiction where such an offer or solicitation is not permitted.

Without prejudice to any of the foregoing, the Issuer and the Sole Lead Manager and Bookrunner reserve the right to reject any offer to purchase or subscription for the New Shares, the Preferential Rights and the Scrips which the Issuer or Sole Lead Manager and Bookrunner believe may give rise to a breach of any laws, rules or regulations.

(b) *Notice to New Hampshire residents*

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (RSA 421-B) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

(c) *Notice to prospective investors in the United States*

The New Shares, the Preferential Rights and the Scrips have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or under any securities law of any state or other jurisdiction of the United States. Accordingly, none of the New Shares, Preferential Rights or Scrips may be offered, issued, sold, pledged, taken up, delivered, renounced, or otherwise transferred in or into the United States, except pursuant to an applicable exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of the New Shares, Preferential Rights or the Scrips in the United States. In addition, until forty (40) days after commencement of the Offering, an offer or sale of the New Shares, Preferential Rights or Scrips within the United States by a dealer whether or not participating in the Offering may violate the registration requirements of the Securities Act.

The New Shares, Preferential Rights and Scrips have not been approved or disapproved by the United States Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other regulatory authority of or in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Preferential Rights, New Shares or Scrips or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This Prospectus does not discuss the tax treatment of the New Shares, Preferential Rights or Scrips in the United States. Potential investors should consult their own tax advisers regarding the tax treatment of the New Shares, Preferential Rights or Scrips in light of their own circumstances.

None of the financial information used or incorporated by reference in this Prospectus has been prepared in accordance with generally accepted auditing or accounting standards of the United States. The financial information included or incorporated by reference in this Prospectus is not intended to comply with the reporting requirements of the SEC.

(d) *Notice to prospective investors in the EEA*

The Issuer has not authorised any offer to the public of New Shares, Preferential Rights or Scrips in any Member State, other than Belgium. With respect to each Relevant Member State other than Belgium, no action has been undertaken or will be undertaken to make an offer to the public of New Shares, the Preferential Rights or Scrips requiring a publication of a prospectus in that Relevant Member State, or a passporting of this Prospectus. As a result, the New Shares, the Preferential Rights or Scrips may only be offered in a Relevant Member State under the following exemptions of the Prospectus Directive, if they have been implemented or have direct effect in that Relevant Member State:

- to qualified investors as defined in Article 2(1)(e) of the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of Directive 2010/73/EU amending the Prospectus Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Sole Lead Manager and Bookrunner and the Issuer for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of New Shares, Preferential Rights or Scrips shall result in a requirement for the publication by the Issuer of a prospectus in that Relevant Member State pursuant to Article 3 of the Prospectus Directive.

For the purposes of this paragraph, the expression an “offer to the public” of New Shares, Preferential Rights or Scrips in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the New Shares to be offered so as to enable an investor to decide to purchase or subscribe to any such securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “**Prospectus Directive**” includes any relevant implementing measure in each Relevant Member State.

(e) ***Notice to prospective investors in the United Kingdom***

This Prospectus is being distributed only to and is directed solely at (i) persons outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments or who fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (iii) high net worth entities and other persons to whom it may otherwise lawfully be communicated falling within Article 49(2)(A) to (D) of the Order (all such persons together being referred under the Order as “*relevant persons*”). Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

(f) ***Notice to prospective investors in Japan***

None of the New Shares, the Preferential Rights or Scrips have been, and will not be registered under the Financial Instruments and Exchange Law, as amended. This Prospectus is not an offer of securities for sale or subscription, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for re-offer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the Financial Instruments and Exchange Law and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

(g) ***Notice to prospective investors in Canada, Australia and South Africa***

This Prospectus may not be circulated or otherwise be made available in Canada, Australia or South Africa and the New Shares, Preferential Rights and Scrips may not be offered, sold, or exercised, directly or indirectly, by any person in Canada, Australia or South Africa unless such circulation, offering, sale or exercise is allowed under applicable securities laws of the relevant jurisdiction.

4.6 Forward-looking statements

The Prospectus may include forward-looking statements. By their nature, forward-looking statements are subject to inherent risks and uncertainties, both general and specific, and the predictions, forecasts, projections and other forward-looking statements contained in the Prospectus could be materially different from what actually occurs in the future.

In addition, the Prospectus may contain estimates of growth for the markets in which the Issuer operates that have been obtained from independent, third party studies and reports. These estimates assume that certain events, trends and activities will occur or that opportunities will arise. Although the Issuer believes that these estimates are generally indicative of the matters reflected in those studies and reports, these estimates are also subject to risks and uncertainties and investors are cautioned to read these estimates in conjunction with the rest of the disclosure in the Prospectus, particularly Section 3 “*Risk Factors*”.

Although the Issuer believes that its expectations with respect to forward-looking statements are based on reasonable assumptions within the bounds of its knowledge of its business and operations at the date of the Prospectus, investors are cautioned that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. Some of these factors are discussed in Section 3 “*Risk Factors*” and elsewhere in the Prospectus.

The forward-looking statements contained in the Prospectus speak only at the date of the Prospectus or, if obtained from third party studies or reports, the date of the corresponding study or report and are expressly qualified in their entirety by the cautionary statements included in the Prospectus. Without prejudice to the Issuer’s obligations under Belgian law in relation to disclosure and ongoing information, the Issuer does not undertake any obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in the Prospectus might not occur.

4.7 Industry data and other statistical information

Unless otherwise mentioned in the Prospectus, industry data and market size/share data provided in the Prospectus are derived from independent publications by leading organisations, from reports by market research firms and from other independent sources or from own estimates by the Issuer’s management, which the latter believes to be reasonable. When information has been derived from third parties, the Prospectus refers to such third parties.

The information provided by third parties has been accurately reproduced and as far as the Issuer is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Issuer and its advisors have not independently verified any of the abovementioned information.

Certain market share information and other statements in the Prospectus regarding the industry and the Issuer's position relative to its competitors may not be based on published statistical data or information obtained from independent third parties. Rather, such information and statements reflect the Issuer's best estimates based upon information obtained from trade and business organisations and associations and other contacts within the industry. This information from the Issuer's internal estimates and surveys has not been verified by any independent sources.

Market information is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of primary data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent to any statistical survey of market information. As a result, investors should be aware that market share, ranking and other similar data in the Prospectus, and estimates and beliefs based on such data, may not be reliable.

4.8 **Rounding**

Certain monetary amounts and other numeric figures that appear in this Prospectus have been subject to rounding adjustments and currency conversion adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregations of the figures that precede them. Any discrepancies in any tables between the totals and the sums of amounts listed are due to rounding.

4.9 **Available Information**

The Issuer files its Articles of Association and all other deeds that are to be published in the annexes to the Belgian Official Gazette with the clerk's office of the Commercial Court of Brussels (Belgium), where they are available to the public. A copy of the most recently restated Articles of Association and the corporate governance charter (the "**Corporate Governance Charter**") is also available on the Issuer's website (www.tessenderlo.com).

In accordance with Belgian law, the Issuer prepares annual audited statutory and consolidated financial statements. The annual statutory and consolidated financial statements and the reports of the Board of Directors and Statutory Auditor relating thereto are filed with the Belgian National Bank, where they are available to the public (www.nbb.be).

Furthermore, as an Issuer of which the Shares are listed on the regulated market of Euronext Brussels, the Issuer publishes an annual report (which includes its statutory and consolidated financial statements, the annual report of the Board of Directors and the report of the Statutory Auditor) and an annual announcement preceding the publication of the annual financial report, as well as a half-yearly financial report on the first six months of its financial year (which includes a condensed set of financial statements and an interim management report). Copies of these documents are available on the Issuer's website (www.tessenderlo.com) and on STORI, the Belgian central storage mechanism, which is operated by the FSMA and can be accessed via (www.fsma.be).

The Issuer is under a legal obligation to disclose inside information, information about its Shareholders' structure, and certain other information to the public. In accordance with the Belgian Royal Decree of 14 November 2007, such information and documentation will be made available through press releases, the financial press in Belgium, the Issuer's website, the communication channels of Euronext Brussels or a combination of these media.

Except as stated in Section 14 "*Information Incorporated by Reference*", no information on any website is part of this Prospectus.

The Issuer's website can be found at www.tessenderlo.com.

4.10 Availability of the Prospectus

This Prospectus is available in Dutch and English and the summary is available in French. The FSMA has approved the English version of the Prospectus. The Issuer is responsible for the consistency between the Dutch and English versions of the Prospectus and for the consistency between the French summary and the Dutch version of the summary included in the Prospectus. In case of inconsistencies between the language versions, the English version shall prevail.

Subject to the restrictions in this Prospectus, this Prospectus will be made available to investors free of charge, as from 26 November 2014, in Belgium, at the registered office of the Issuer, Troonstraat 130, 1050 Brussels, Belgium and will also be made available to investors free of charge upon request to the Sole Lead Manager and Bookrunner, on the phone number +32 (0) 3 283 29 70.

Subject to certain restrictions, the Prospectus as well as the translation in French of the summary may be accessed on the following websites: www.tessenderlo.com, www.kbc.be, www.kbcsecurities.be.

The fact that the Issuer has made the Prospectus available, or allowed the Prospectus to be available, on these websites subject to certain restrictions, does not constitute an offer by the Issuer to purchase or subscribe for or a solicitation of an offer to sell or subscribe for, and there shall not be any offer, solicitation or sale of any of the New Shares, Preferential Rights or Scrips in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to its registration or qualification under the laws of such jurisdiction or to or for the benefit of any person to whom it is unlawful to make such offer, solicitation or sale. The electronic version of the Prospectus may not be copied, made available or printed for distribution. Other information on the website of the Issuer or any other website does not form part of this Prospectus.

5 REASONS FOR THE OFFERING AND USE OF PROCEEDS

If the Offering is fully subscribed, the gross proceeds from the issue of New Shares are estimated to be approximately EUR 174.8 million. The Issuer estimates to receive net proceeds of approximately EUR 172.7 million.

Taken into account the current market circumstances and the needs identified by the Issuer, the net proceeds of the Offering shall primarily serve to realise two objectives.

1. Fund announced or identified investments and historical non-recurring cash outs

The first objective is to use the net proceeds of the New Shares to fund announced or identified investments, ranging from growth investments to operational investments and investments linked to compliance with new regulation, which the Group aims to make in the short to mid-term (see Section 12.2(c)) and historical non-recurring cash-outs.

- (i) Currently identified and announced **growth investments** that will require expenditures in the mid-term, include:
- the completion of a new KTS® production facility in Hanford (US) currently under construction and which is expected to be commissioned in the course of 2015, and the intended³ construction of a new Thio-Sul® production facility in East-Dubuque (US), which is expected to become operational in the second half of 2016. Both investments aim to maintain the Group's market position in the US;
 - the intended³ construction of a new calcium chloride production plant in Ham (Belgium), which will allow the Group to strengthen its position in potassium sulphate. The production facility is expected to become operational in the third quarter of 2015;
 - the intended³ acquisition of a portfolio of crop protection products by NovaSource®, including herbicide products, in order to expand its existing portfolio of crop protection products. The Group expects to execute a final agreement in either the fourth quarter of 2014 or the first quarter of 2015; and
 - the contemplated³ construction of a new Thio-Sul® production facility in Europe, possibly complemented with logistics and distribution facilities, in order to expand the Kerley business internationally.

³ "Contemplated" means that it has been discussed at the level of the Board of Directors but further negotiations are ongoing. "Intended" means that the Board of Directors has approved the principal agreement or its intent.

- (ii) Secondly, the Group faces **operational investments and investments linked to compliance with new regulation**. As such, the Group wishes to secure funding for required operational investments in each of its operating segments and for the intended³ electrolysis conversion in Loos (France) which is driven by new regulation prohibiting the use of mercury-based technology, as announced in October 2012. The project planning is ongoing, and actual investments are expected to be spread over 2015, 2016 and 2017. Moreover, the Group is currently implementing several operational and commercial improvement programmes within its various operating segments.
- (iii) Finally, the net proceeds may be used to fund **certain historical non-recurring cash-outs** in respect of existing restructuring and environmental obligations, which are currently provided for in the balance sheet (such as, for instance, in respect to the employee restructuring plan in Ham (Belgium) following the closure of the Phosphates division).

The Issuer estimates that the above currently announced or identified investments and historical non-recurring cash outs are scheduled to occur in the short to mid-term and represent approximately 75% of the estimated amount of the net proceeds of the Offering. The above constitutes a fair estimate based on the Issuer's current understanding of the current circumstances, but may be subject to further future changes.

The opportunity and timing of these announced or identified investments and historical non-recurring cash outs are regularly evaluated by the Group depending on the then applicable market circumstances. To the extent the above announced or identified investments or historical non-recurring cash-outs would be delayed or other opportunities would arise, the Issuer will use the net proceeds in line with the strategy in Section 12.2(c).

The Group is continually looking for and evaluating other opportunities which the Group expects to arise at different time intervals.

2. Strengthen the Group's balance sheet

As a second objective, the net proceeds of the New Shares will serve to strengthen the Group's balance sheet in view of the anticipated refinancing of the EUR 150,000,000 bond, maturing in October 2015 and the EUR 400,000,000 (originally EUR 450,000,000) back-up syndicated credit facility, maturing in April 2016.

The net proceeds of the Offering will in principle not be used to early repay the bond. However, to the extent certain investments would be delayed, the outstanding part of the net proceeds may be used to refinance in part the remaining financial debt when it becomes due. This is irrespective of the back-up syndicated credit facility, under which the Group may still (on occasion) draw.

The Group seeks the optionality, when investments arise, to use own funds or third-party financing.

The Issuer is currently not aware that the anticipated net proceeds would not be sufficient to fund the above proposed uses. However, as of the date of this Prospectus, the Issuer cannot predict the actual amounts spent or allocated and the timing of the uses set forth above. The Issuer will have to act with discretion, with actual allocation and timing of the Issuer's investments depending, amongst other matters, on market conditions, on the timing of certain opportunities arising and coinciding existing business investment needs, on the Issuer's business development and on the amount of proceeds actually raised in the Offering.

6 CAPITALISATION, INDEBTEDNESS AND WORKING CAPITAL

6.1 Capitalisation and indebtedness

The table below sets out the Group's capitalisation and indebtedness as at 30 September 2014.

The capitalisation information has been extracted without material adjustment from the Group's financial information included in Section 13 as at 30 September 2014. The indebtedness information has been sourced from the Group's limited reviewed accounting records as at 30 September 2014, which is the latest practicable date prior to the publication of this Prospectus.

	30 September 2014
	EUR m
Total current debt	83.7
Secured	2.0
Unguaranteed/unsecured	81.6
Bank overdrafts	1.5
Total non-current debt (excluding current portion of long-term debt)	176.1
Secured	14.1
Unguaranteed/unsecured	164.8
Transaction costs	-2.8
Shareholder's equity	277.2
Share capital	159.2
Share premium	102.0
Retained earnings	71.7
Other reserves	-55.6
Current Financial Receivable (liquidity)	-51.0
Current Financial Indebtedness	85.2
Net Current Financial Indebtedness	34.2
Non-Current Financial Indebtedness	176.1
Net Financial Indebtedness (cash)	210.3

As per 30 September 2014 an amount of EUR 86.9 million has been received in cash under various non-recourse factoring and securitisation agreements, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. The net amount of the sold trade receivables is derecognised from the balance sheet.

6.2 Working capital statement

On the date of this Prospectus, the Issuer is of the opinion that, taking into account its available cash and equivalents, it has sufficient working capital to meet its present requirements and cover the working capital needs for a period of at least 12 months as of the date of the Prospectus.

7 SELECTED FINANCIAL INFORMATION

7.1 General

The selected financial information set forth below should be read in conjunction with the financial statements incorporated by reference or referred to elsewhere in this Prospectus. The selected financial information set forth below as of the year ended 31 December 2013 has been extracted from the Group's audited, consolidated financial statements, prepared in accordance with IFRS, as adopted by the EU, incorporated by reference in this Prospectus. This section also includes selected unaudited financial information for the nine months ended 30 September 2013 and 30 September 2014, prepared in accordance with IFRS, as adopted by the EU, referred to elsewhere in this Prospectus. The selected unaudited financial information for the nine months ended 30 September 2013, has been derived from the financial records of the Issuer and was published on 14 November 2013. The selected unaudited financial information for the nine months ended 30 September 2014 has been reviewed by the Statutory Auditor by way of a limited review. See also Section 13 and Section 14.

7.2 Consolidated income statement data:

EUR m	Year ended 31 December	Nine months ended 30 September	
	2013	2013	2014
	(audited)	(unaudited)	(limited review)
Revenue	1,790.1	1,444.0	1,114.4
Cost of sales	-1,430.8	-1,145.9	-851.2
Gross profit	359.3	298.1	263.1
Distribution expenses	-91.4	-70.9	-64.9
Sales and marketing expenses	-69.0	-53.2	-31.7
Administrative expenses	-134.0	-107.4	-84.6
Other operating income and expenses	-19.1	-14.6	-14.4
Profit (+) / loss (-) from operations before non recurring items (REBIT)	45.8	52.1	67.5
Gains and losses on disposals	4.9	5.0	-
Restructuring	-37.6	-38.0	0.2
Losses on disposal groups	-15.8	-12.6	-1.6
Impairment losses	-5.6	-4.8	-0.5
Provisions and claims	5.7	-1.5	-4.9
Other income and expenses	-16.1	-8.1	-3.9
Profit (+) / loss (-) from operations (EBIT)	-18.7	-7.9	56.8
Finance costs	-62.9	-39.4	-58.2
Finance income	35.7	18.8	56.1
Financial result	-27.3	-20.6	-2.1

Share of result of equity accounted investees, net of income tax	4.2	3.6	2.9
Profit (+) / loss (-) before tax	-41.7	-25.0	57.6
Income tax expense	-23.4	-22.3	-4.1
Profit (+) / loss (-) for the period	-65.1	-47.3	53.5

7.3 Consolidated balance sheet data

EUR m	Year ended 31 December	Nine months ended 30 September	
	2013	2013	2014
	(audited)	(unaudited)	(limited review)
Assets			
Total non-current assets	595.0	590.1	604.3
Property, plant and equipment	436.7	434.3	454.9
Goodwill	37.1	37.1	38.4
Other intangible assets	49.9	51.1	46.6
Investments accounted for using the equity method	24.0	24.0	18.0
Other investments	4.3	4.7	3.5
Deferred tax assets	5.1	5.6	14.5
Trade and other receivables	34.2	33.2	27.2
Derivative financial instruments	3.7	0.0	1.2
Total current assets	486.2	489.0	467.0
Inventories	255.7	262.3	225.1
Trade and other receivables	177.0	189.8	189.5
Derivative financial instruments	4.6	1.7	1.4
Cash and cash equivalents	48.9	35.1	51.0
Non-current assets classified as held for sale	8.8	13.6	2.2
Total assets	1,089.9	1,092.7	1,073.4
Equity and liabilities			
Total equity	239.9	271.9	281.0
Equity attributable to equity holders of the Issuer	236.6	267.9	277.2
Issued Share Capital	159.2	159.2	159.2
Share premium	102.0	102.0	102.0
Reserves and retained earnings	-24.6	6.7	16.1
Non-controlling interest	3.3	4.0	3.7
Total liabilities	850.0	820.8	792.5
Total non-current liabilities	432.4	387.7	418.9
Loans and borrowings	199.8	166.3	176.1
Employee benefits	41.6	50.7	42.0
Provisions	147.1	138.3	144.6
Trade and other payables	0.5	1.4	4.1
Derivative financial instruments	10.9	0.6	18.2
Deferred tax liabilities	32.4	30.4	33.8
Total current liabilities	409.4	420.2	373.6

Bank overdrafts	4.1	1.9	1.5
Loans and borrowings	103.8	99.6	83.7
Trade and other payables	257.3	269.7	246.8
Derivative financial instruments	7.6	0.0	14.5
Current tax liabilities	8.9	11.6	3.0
Employee benefits	1.4	0.0	1.5
Provisions	26.2	37.4	22.7
Liabilities associated with assets classified as held for sale	8.3	12.8	0.0
Total equity and liabilities	1,089.9	1,092.7	1,073.4

7.4 Consolidated cash flow statement data

EUR m	Year ended 31 December	Nine months ended 30 September	
	2013	2013	2014
	(audited)	(unaudited)	(limited review)
Cash flow from operating activities	109.8	96.9	99.9
Cash flow from investing activities	-10.5	19.1	-41.3
Cash flow from financing activities	-81.8	-111.6	-55.7
Net increase / (decrease) in cash and cash equivalents	17.4	4.4	3.0
Effect of exchange rate differences	-2.1	-0.7	1.7
Cash and cash equivalents less bank overdrafts at the beginning of the period	29.5	29.5	44.8
Cash and cash equivalents less bank overdrafts at the end of the period	44.8	33.2	49.4

7.5 Principal changes within the Group structure in 2013

In 2013, the Group saw the end of several divestments that were launched as part of the transformation started in 2010. In 2013, the Group exited the profiles, compounds, phosphates and organic chlorine derivatives businesses. The revenues and REBIT still generated in 2013 by the currently divested or stopped entities represented a total of respectively EUR 375.3 million and EUR 16.2 million⁴ (or EUR 333.8 million and EUR 15.5 million⁴ at 30 September 2013). The sale of the Aliphos feed phosphate business, of which the Belgian production was stopped at the end of 2013, was concluded in February 2014. This business still generated EUR 29.1 million revenues and EUR 1.7 million⁴ REBIT in 2014.

⁴ In the segmentation reporting, the REBIT figures of the divested or stopped activities are included in the "other" line (see also Section 12.1). For the segmentation reporting corporate costs are allocated to each operating segment. The REBIT figures of the divested or stopped activities included in this section do not include the allocated corporate costs.

The principal changes undertaken by the Group in 2013 can be summarised as follows:

- In February 2013, the Group completed the sale of its continental European Profiles activities, known under the brand name Profialis. The business generated EUR 5.8 million revenues and EUR 0.0 million⁴ REBIT in 2013.
- In May 2013, the Group sold Tessenderlo Partecipazioni S.p.A, including its subsidiary Tessenderlo Italia Srl. The sale concerned one production site in Pieve Vergonte (Italy), with an electrolysis and chloro-aromatics plant and two hydro-electric power stations. The business generated EUR 9.3 million revenues and EUR -1.3 million⁴ REBIT in 2013.
- In June 2013, the sale of the compounds activities was completed. The sale comprised four production sites in France, Poland and China and one R&D site in Belgium, employing three hundred and sixty (360) employees. The compounds activities generated EUR 54.8 million revenues and EUR 2.4 million⁴ REBIT in 2013.
- In September 2013, the Group continued with the divestment of its UK Profiles activities (trading under the Eurocell name). The sale comprised three production sites, a warehousing site, and one hundred and twenty-four (124) sales branches, employing nine hundred and seventy-eight (978)- people. The Eurocell business generated EUR 125.7 million revenues and EUR 7.3 million⁴ REBIT in 2013.
- Finally, at the end of 2013, the Group signed an agreement to sell its Aliphos feed phosphate business. The sale was concluded in February 2014 and comprised one production site in Rotterdam (the Netherlands), three sales offices (Germany, Spain and Poland) and a number of commercial functions. The Aliphos feed phosphate business, including the phosphate production at the Ham site (Belgium), which was closed down end of 2013 for environmental reasons, generated EUR 179.6 million revenues and EUR 7.9 million⁴ REBIT in 2013 and EUR 29.1 million revenues and EUR 1.7 million⁴ REBIT in 2014.

7.6 Significant changes in the Issuer's financial or trading position since 30 September 2014.

There have been no significant changes in the Issuer's financial or trading position since 30 September 2014.

8 INFORMATION CONCERNING THE NEW SHARES

8.1 Decision of the Issuer regarding the Offering

The extraordinary Shareholders' Meeting of the Issuer of 18 November 2014 has resolved to increase the Issuer's Share Capital, subject to certain conditions precedent, with a maximum amount of up to EUR 200 million (including issue premium) in cash, to be subscribed for by shareholders having exercised Preferential Rights in accordance with the Ratio. The extraordinary Shareholders' Meeting of 18 November 2014 has also delegated the power to determine, amongst others, the Issue Price per New Share, the Ratio, the effective amount of the Offering, the number of New Shares, the start and duration of the Rights Subscription Period and the modalities of the Scrips Private Placement to an *ad hoc* committee composed of the independent directors of the Board of Directors named below acting in consultation with the Sole Lead Manager and Bookrunner (the "**Ad Hoc Committee**").

The extraordinary Shareholders' Meeting of 18 November 2014 subjected the Share Capital increase to the following conditions precedent: (i) the *Ad Hoc* Committee has not decided that market conditions prevent the Offering from taking place under satisfying conditions, (ii) the FSMA has approved the Prospectus prior to the start of the Rights Subscription Period, and (iii) the Underwriting Agreement has been signed and has not been terminated in accordance with its terms and conditions (see Section 9.3).

The extraordinary Shareholders' Meeting of 18 November 2014 has delegated the *Ad Hoc* Committee with the power to waive, at its discretion, the condition precedent that the Underwriting Agreement has been signed and has not been terminated in accordance with its terms and conditions.

The *Ad Hoc* Committee consists out of three independent directors in the meaning of Article 526ter of the Company Code, who are members of the Board of Directors, being (i) Mr. Karel Vinck; (ii) Ms. Véronique Bolland; and (iii) Mr. Philippe Coens.

On 25 November 2014 the *Ad Hoc* Committee, in consultation with the Sole Lead Manager and Bookrunner, determined the Issue Price, the Ratio, the effective amount of the Offering, the number of New Shares and the Rights Subscription Period as set forth in this Prospectus.

8.2 Type and class of New Shares

All New Shares are ordinary Shares in the Share Capital of the Issuer.

The New Shares will be traded under the same trading symbol "TESB" and the same ISIN code BE0003555639 as the existing Shares.

8.3 Applicable law and jurisdiction

The New Shares will be issued exclusively in accordance with Belgian law and the Offering is exclusively governed by Belgian law.

In the event of litigation initiated in Belgium, the Belgian courts which will have jurisdiction will, in principle, be those where the registered office of the Issuer is located if the Issuer is defendant in such litigation, and will be designated according to the nature of the litigation, unless otherwise provided by Belgian law, applicable treaties or contractual jurisdiction or arbitration clauses.

8.4 Form

The New Shares will be delivered in the form of dematerialised Shares, booked in the securities account of the subscriber, or as registered Shares recorded in the Issuer's Share register for registered Shareholders.

8.5 Currency of the Offering

The currency of the Offering is Euro.

8.6 Rights attached to the New Shares and dividend entitlement

As from their issue date, the New Shares will be subject to all provisions of the Articles of Association. The New Shares shall be of the same class and have the same rights as the existing Shares, as described below.

(a) Dividend rights

All New Shares participate in equal amounts in case the Issuer distributes a dividend in respect of the financial year ending on 31 December 2014 and every subsequent financial year.

(b) Voting rights

Each Shareholder is entitled to one vote per Share at the Shareholders' Meeting. Voting rights may be suspended in relation to Shares:

- which were not fully paid up, notwithstanding the request thereto of the Board of Directors;
- to which more than one person is entitled, except in the event a single representative is appointed for the exercise of the voting right;

- which entitle their holder to voting rights above the threshold of 5%, or any multiple of 5%⁵, of the total number of voting rights attached to the outstanding financial instruments of the Issuer on the date of the relevant Shareholders' Meeting, except in the event where the relevant Shareholder has notified the Issuer and the FSMA at least 20 days prior to the date of the Shareholders' Meeting on which it wishes to vote of its shareholding reaching or exceeding the thresholds above; and
- of which the voting right was suspended by a competent court or the FSMA.

Generally, the Shareholders' Meeting has sole authority with respect to:

- the approval of the annual accounts and the remuneration report of the Issuer;
- the appointment and resignation of the Issuer's directors and Statutory Auditor;
- the granting of release from liability to the Issuer's directors and Statutory Auditor towards the Issuer;
- the determination of the remuneration of the directors and of the Statutory Auditor for the exercise of their mandate including inter alia, as relevant:
 - in relation to the remuneration of executive and non-executive directors, the approval of an exemption from the rule that share-based awards can only vest during a period of at least three years as of the grant of the awards;
 - in relation to the remuneration of executive directors, the approval of an exemption from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years; and
 - in relation to the remuneration of non-executive directors, the approval of any variable part of the remuneration;
- the distribution of profits and available reserves (it being understood that the Articles of Association authorise the Board of Directors to distribute interim dividends);

⁵ The Issuer does not deviate in its Articles of Association from the thresholds set forth in the Transparency Law.

- the filing of a claim for liability against directors;
- the decisions relating to the dissolution, merger and certain other reorganisations of the Issuer; and
- the approval of amendments to the Articles of Association.

(c) ***Right to attend and vote at the Shareholders' Meetings***

Annual Shareholders' Meeting

The annual Shareholders' Meeting is held at the place specified in the notice convening the annual Shareholders' Meeting. It is held every year on the first Tuesday of the month of June at 11am (Central European Time, GMT+1). If this date is a public holiday in Belgium, the annual Shareholders' Meeting is held the next business day at the same time.

The Board of Directors and the Issuer's Statutory Auditor submit their respective annual report at the annual Shareholders' Meeting, which then discusses the annual accounts. After approving the annual accounts and the proposed allocation of the Issuer's net profit or loss, the Shareholders' Meeting is called to vote on the release from liability of the directors and the Statutory Auditor towards the Issuer. When applicable, the annual Shareholders' Meeting also votes on the (re-) appointment or dismissal of the Statutory Auditor and/or of all or certain directors and on all remuneration issues falling within its remit. The annual Shareholders' Meeting is also called to approve by a separate vote the remuneration report to be included in the annual report.

Ad hoc general Shareholders' Meetings

The Board of Directors or the Statutory Auditor may, whenever the interest of the Issuer so requires, convene an *ad hoc* Shareholders' Meeting. Such Shareholders' Meeting must also be convened every time one or more Shareholders holding Shares representing at least 20% of the Issuer's Share Capital so request.

Right to add items on the agenda of the Shareholders' Meeting and to table draft resolutions

Shareholders holding at least 3% of the Issuer's Share Capital are entitled to request that one or more items be added on the agenda of a Shareholders' Meeting already convened and to make proposal of resolutions with respect to items already existing or added to the agenda.

Notices convening the Shareholders' Meetings

The notice convening the Shareholders' Meeting must state the place, date and hour of the Shareholders' Meeting and must include an agenda indicating the items to be discussed as well as

any motions for resolutions. The notice must be published at least 30 days prior to the Shareholders' Meeting in the Belgian Official Gazette, in a nation-wide newspaper as well as in media that can reasonably be relied upon for the dissemination of information within the EEA. The convening notice must in addition be sent by ordinary mail to the holders of registered shares, registered bonds, or registered warrants. The annual financial statements, the annual report of the Board of Directors and the annual report of the Statutory Auditor must be made available to the public at the Issuer's registered office from the date of the convening notice. The Issuer must also publish on its website various informational documents, including the convening notice and all documents to be submitted to the Shareholders' Meeting.

Formalities to attend the Shareholders' Meetings

All holders of Shares, warrants and bonds issued by the Issuer are entitled to attend Shareholders' Meetings. Only Shareholders may vote. The right for a Shareholder to participate in and vote at a Shareholders' Meeting is subject to such Shareholder being recorded on the fourteenth day preceding the Shareholders' Meeting (the **Registration Date**) either in the Share register (in the case of registered Shares), or on the books of a recognised account holder or settlement institution (in the case of dematerialised Shares). The actual holding on the date of the Shareholders' Meeting is not relevant. Holders of dematerialised Shares wishing to participate in and vote at a Shareholders' Meeting must submit, in accordance with Article 536, § 2 of the Company Code, at least six days prior to the Shareholders' Meeting, to the Issuer a certificate issued by the recognised account holder, settlement institution or financial intermediary establishing their holding on the Registration Date. Holders of registered Shares must notify the Issuer of their wish to participate in and vote at a Shareholders' Meeting at least six days prior to the Shareholders' Meeting.

Voting by proxy or remote voting

Each Shareholder has the right to participate in and to vote at a Shareholders' Meeting in person or by proxy. In accordance with the Articles of Association, proxies must be delivered to the Issuer at least six days prior to the Shareholders' Meeting. The Board of Directors may request Shareholders to use a standard form of proxy.

Quorum and majorities

In general, there is no attendance quorum requirement for a Shareholders' Meeting and decisions are passed with a simple majority of the votes of the Shares present or represented. However, Share Capital increases (other than those decided by the Board of Directors pursuant to the authorised capital), decisions with respect to the Issuer's dissolution, mergers, de-mergers and certain other reorganisations of the Issuer, amendments to the Articles of Association and certain other matters referred to in the Company Code require that at least 50% of the Share Capital of the Issuer be present or represented and that at least 75% of the votes cast be in favour of the resolution. When an attendance quorum requirement exists and is not met at the first Shareholders' Meeting, a second

Shareholders' Meeting must be convened, which may then validly deliberate and vote on the items of the agenda irrespective of the Shares present or represented.

In accordance with Article 560 of the Company Code, any decision to modify the rights of a class of Shares or to replace a class of Shares with another class of Shares require compliance in each class of Shares with the quorum and majority requirements applicable to amendments to the Articles of Association.

Right to ask questions

During any Shareholders' Meeting, Shareholders have the right to ask questions to the members of the Board of Directors in connection with any item on the agenda. They are also entitled to ask questions to the directors or the Statutory Auditor in connection with their respective reports presented during the Shareholders' Meeting.

(d) ***Rights to dividends***

All Shares participate in equal amounts in the dividends paid by the Issuer (if any).

The distribution of a dividend is decided by the Shareholders' Meeting. Pursuant to the Company Code, the Shareholders can decide on the allocation of profits and on the distribution of a dividend by a simple majority of votes cast at the Shareholders' Meeting on the basis of the most recently audited annual accounts that were drawn up in accordance with the generally accepted accounting principles in Belgium and on the basis of a (non-binding) proposal from the Board of Directors.

The Articles of Association also authorise the Board of Directors to pay out interim dividends on the profit of the current financial year in accordance with the conditions and provisions of the Company Code.

Dividends can only be distributed if following the payment of the dividends the amount of the Issuer's net assets on the date of the closing of the last financial year, does not fall below the amount of the paid-up Share Capital (or, if higher, the called for Share Capital), increased with the amount of non-distributable reserves as of that date.

Furthermore, prior to the dividend payment, 5% of the net profit must be allocated to the legal reserve until this legal reserve amounts to 10% of the Share Capital.

The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future revenue, Share Capital requirements, financial conditions, general economic and business conditions, and future prospects and such other factors as the Board of Directors may deem relevant and will in any case be subject to the approval of the Shareholders' Meeting, with the possibility for the Board of Directors to declare an interim dividend.

(e) ***Rights in case of dissolution and liquidation***

The Issuer can only be dissolved by a resolution of the Shareholders' Meeting, passed with a majority of at least 75 % of the votes cast at a Shareholders' Meeting where at least 50 % of the Share Capital is present or represented. If this quorum requirement would not be met at the first Shareholders' Meeting, a second Shareholders' Meeting will be convened which will be entitled to deliberate and resolve regardless of the number of voting rights present or represented.

If, as a result of losses incurred, the ratio of the Issuer's net assets to Share Capital is less than 50 %, the Board of Directors must convene a Shareholders' Meeting within two months as of the date upon which the Board of Directors became aware or should have become aware of this situation. At this Shareholders' Meeting, the Board of Directors is legally required to propose either the dissolution or the continuation of the Issuer. In the latter case, the Board of Directors must propose measures to redress the financial situation.

If, as a result of losses incurred, the ratio of the Issuer's net assets to Share Capital is less than 25 %, the same procedure must be followed. However, in that case, Shareholders representing 25 % of the votes validly cast at the Shareholders' Meeting are entitled to decide to dissolve the Issuer. If the amount of the Issuer's net assets drops below EUR 61,500 (*i.e.* the minimum amount of Share Capital of a *société anonyme / naamloze vennootschap*), any interested party may request the competent court to dissolve the Issuer. The court can order the dissolution of the Issuer or grant a grace period within which the Issuer is to remedy the situation.

(f) ***Modification of Share Capital***

(i) ***Share capital increase or decrease***

As a matter of principle, changes to the Share Capital are decided by the Shareholders' Meeting. The Shareholders' Meeting may at any time decide to increase or decrease the Share Capital. Such resolution must satisfy the quorum and majority requirements that apply to amendments of the Articles of Association (see Section 8.6 (c) "*Right to attend and vote at the General Shareholders' Meetings*").

(ii) ***Authorised Share Capital***

Subject to the same quorum and majority requirements that apply to amendments of the Articles of Association (see Section 8.6 (c) "*Right to attend and vote at the General Shareholders' Meetings*"), the Shareholders' Meeting may authorise the Board of Directors, within certain limits, to increase the Share Capital without any further approval of the Shareholders. This authorisation needs to be limited in time (*i.e.*, it can only be granted for a renewable period of maximum five years) and in scope (*i.e.*, the authorised Share Capital may not exceed the amount of the registered Share Capital at the time of the authorisation).

By decision of the Shareholders' Meeting of 7 June 2011, the Board of Directors was granted the authority to increase the Share Capital in one or more times, during a five year period, up to a maximum amount of EUR 40,000,000, exclusively for (i) Share Capital increases reserved for the personnel of the Issuer or of its affiliates, (ii) Share Capital increases in the framework of the issue of warrants in favour of certain members of the personnel of the Issuer or of its affiliates and, possibly, in favour of certain persons who are not part of the personnel of the Issuer or of its affiliates, (iii) Share Capital increases in the framework of an optional dividend, whether in this respect the dividend is directly distributed in the form of shares or is directly distributed in cash and afterwards the paid cash can be used to subscribe to shares, the case being by means of a surcharge and (iv) Share Capital increases carried out by conversion of reserves or other entries of equity capital, so as to enable to round the amount of the Share Capital to a convenient rounded amount. This authorisation of the Board of Directors is also valid for incorporation of reserves. The Board of Directors may remove or limit the preferential subscription rights of the Shareholders, also to the benefit of one or more determined persons, if such removal or limitation occurs in the interest of the Issuer.

(iii) *Preferential subscription rights*

In the event of an increase of Share Capital in cash through the issue of new Shares, or in the case of the issue of convertible bonds or warrants, the Shareholders shall have a preferential subscription right with regard to such new Shares, convertible bonds or warrants, *pro rata* their existing shareholding. This preferential subscription right is transferable during the period of subscription and within the limits of transferability of the securities to which they relate.

The Shareholders' Meeting may resolve to limit or cancel the preferential subscription right. The same quorum and majority requirements apply to such a resolution as to a resolution for any amendment to the Articles of Association and is subject to an *ad hoc* reporting requirement. The Shareholders' Meeting may also decide to authorise the Board of Directors to restrict or cancel the preferential subscription right in the context of the authorised Share Capital (see Section 8.6(f)(ii)).

(g) *Transferability of Shares*

All of the Shares are fully paid up and freely transferable, subject, however, to the standstill and lock-up undertakings, as described further in Section 9.4.

(h) *Share buy-back*

(i) *General – prior approval of the Shareholders' Meeting*

In accordance with the Company Code, an offer by the Issuer to any Shareholder to purchase its own Shares must be extended to all Shareholders under the same conditions. This does not apply to an acquisition of Shares by the Issuer on a regulated market (or on a non-regulated market or OTC

at a price below the then highest independent bid on the regulated market) or to an acquisition of Shares, which has been unanimously approved by the Shareholders at a Shareholders' Meeting where all Shareholders were present or represented. Shares can only be acquired by the Issuer to the extent it has sufficient distributable reserves or profits, computed in accordance with Belgian GAAP on the Issuer's non-consolidate statutory balance sheet. The total amount of Shares held by the Issuer may at no time be more than 20% of its Share Capital (or 10% in the aggregate, in case one of the Issuer's subsidiaries holds Shares of the Issuer).

In accordance with the Articles of Association and the Company Code, the Issuer is only entitled to purchase and sell its own Shares by virtue of a resolution approved by at least 80% of the votes validly cast at a Shareholders' Meeting where at least 50% of the Share Capital and at least 50% of the profit certificates, if any, are present or represented (*i.e.* in accordance with the provisions in Article 559 of the Company Code concerning quorum and majority). In the event the required quorum is not present or represented at the first Shareholders' Meeting, a second Shareholders' Meeting needs to be convened by a new notice. The second Shareholders' Meeting can validly deliberate and resolve regardless of the number of Shares and profit certificates present or represented. The prior approval by the Shareholders is not required if the Issuer purchases the Shares to offer them to the Issuer's personnel.

The Shareholders' Meeting of 5 June 2012 has approved the Issuer acquiring its own Shares, subject to the following conditions: (i) a maximum of 150,000 Shares may be acquired; (ii) the approval is only valid for a period of maximum five years with effect as from the decision of the Shareholders' Meeting of 5 June 2012; (iii) the acquisition may only occur at a price which cannot be lower than EUR 6 nor higher than EUR 50 per Share; (iv) the above conditions and limits are also applicable to Shares acquired by a direct subsidiary in the meaning of Article 627 of the Company Code as well as to a person acting in its own name but for the account of such direct subsidiary or for the account of the Issuer. In accordance with Article 622, §1 of the Company Code, the voting rights of the Shares held by the Issuer will be suspended and, if so decided by the Board of Directors and Shareholders' Meeting, the dividend rights will be suspended.

On 10 January 2014, the Issuer terminated the liquidity contract with Exane BNP Paribas it entered into on 12 July 2012. The liquidity contract provided the trade of Shares by Exane BNP Paribas on behalf and on account for the Issuer.

In accordance with Article 622, §1 of the Company Code, the voting rights of the shares held by the Issuer were suspended and the dividends on the Shares held by the Issuer were cancelled.

The Issuer currently does not hold any Shares.

(ii) *Exemption – No prior resolution of the Shareholders’ Meeting required*

Further to the Company Code, the articles of association of a company may determine that a resolution of the Shareholders’ Meeting is not required to allow a share buy-back when the acquisition is necessary to prevent serious and imminent harm to the Issuer. However, at the date of this Prospectus, there is no such covenant applicable.

8.7 **Taxation in Belgium**

This Section presents a summary of certain material Belgian income tax consequences of the ownership and disposal of Shares (including the New Shares). This summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Prospectus, all of which are subject to change, including changes that could have retroactive effect. This Section does not purport to address all tax consequences of the purchase, the ownership and the disposal of the New Shares, Preferential Rights or Scrips, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium.

For purposes of this Section, a Belgian resident is either (i) a Belgian resident individual, being an individual subject to Belgian personal income tax (that is, an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), (ii) a Belgian resident company, being a company (as defined under Belgian tax law) subject to Belgian corporate income tax (that is, a corporate entity that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium), (iii) an Organisation for Financing Pensions subject to Belgian corporate income tax (i.e., a Belgian pension fund incorporated under the form of an Organisation for Financing Pensions), or (iv) a Belgian resident legal entity, being a legal entity (as defined under Belgian tax law) subject to Belgian income tax on legal entities (that is, a legal entity other than a company subject to Belgian corporate income tax, that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium). A Belgian non-resident is any person that is not a Belgian resident.

This Section does not address the tax regime applicable to Shares held by Belgian tax residents through a fixed basis or a permanent establishment situated outside Belgium.

Investors should consult their own advisors regarding the tax consequences of an investment in the New Shares, Preferential Rights or Scrips, in the light of their particular circumstances, including the effect of any state, local or other national laws.

(a) *Dividends*

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to the Shares is generally treated as a dividend distribution. By way of exception, the repayment of Share Capital carried out in accordance with the Company Code is not treated as a dividend distribution to the extent that such repayment is imputed to fiscal Share Capital. In principle, fiscal Share Capital includes the paid-up statutory Share Capital, and, subject to certain circumstances, paid-up share premiums and the amounts subscribed to at the time of the issue of profit-sharing certificates, if treated in the same way as Share Capital according to the Articles of Association.

Belgian withholding tax of 25% is normally levied on dividends, subject to such relief as may be available under applicable domestic or tax treaty provisions.

In case of a redemption of the Shares, the redemption distribution (after deduction of the part of the fiscal Share Capital represented by the redeemed shares) will be treated as a dividend subject to a Belgian withholding tax of 25%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if this redemption is carried out on a stock exchange and meets certain conditions.

In case of liquidation of the Issuer, any amounts distributed in excess of the fiscal Share Capital will in principle be subject to the 25% withholding tax.

(i) *Belgian resident individuals*

For Belgian resident individuals who acquire and hold the Shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability. They may nevertheless elect to report the dividends in their personal income tax return. Where the beneficiary opts to report them, dividends will normally be taxable at the lower of the generally applicable 25% withholding tax rate on dividends or at the progressive personal income tax rates applicable to the taxpayer's overall declared income, whichever is more beneficial. If the beneficiary reports the dividends, the income tax due on such dividends will not be increased by local surcharges. In addition, if the dividends are reported, the dividend withholding tax levied at source may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on the Shares. This condition is not applicable if the individual can demonstrate that he has held the Shares in full legal ownership for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

For Belgian resident individuals who acquire and hold the Shares for professional purposes, the Belgian withholding tax does not fully discharge their income tax liability. Dividends received must be reported by the investor and will, in such a case, be taxable at the applicable personal income tax rates increased with local surcharges. Withholding tax levied at source may be credited against the

personal income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own the Shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if the investor can demonstrate that he has held the full legal ownership of the Shares for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

(ii) *Belgian resident companies*

Dividends distributed to a Belgian resident company will be exempt from Belgian withholding tax provided that the Belgian resident company holds, upon payment or attribution of the dividends, at least 10% of the Issuer's Share Capital and such minimum participation is held or will be held during an uninterrupted period of at least one year. In order to benefit from this exemption, the investor must provide the Issuer or its paying agent with a certificate confirming its qualifying status and the fact that it meets the two required conditions. If the investor holds a minimum participation for less than one year, at the time the dividends are paid on or attributed, the Issuer will levy the withholding tax but will not transfer it to the Belgian Treasury provided that the investor certifies its qualifying status, the date from which the investor has held such minimum participation, and the investor's commitment to hold the minimum participation for an uninterrupted period of at least one year. The investor must also inform the Issuer or its paying agent if the one-year period has expired or if its shareholding will drop below 10% of the Issuer's Share Capital before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the levied dividend withholding tax will be refunded to the investor.

Belgian resident companies must in principle declare the gross dividend income (including the withholding tax) in the corporate income tax return and such amount will be subject to a corporate income tax rate of 33.99%. In certain circumstances, reduced corporate income tax rates may apply.

However, Belgian resident companies can generally (although subject to certain limitations) deduct up to 95% of the gross dividend received from the taxable income (the "**Dividend Received Deduction**"), provided that at the time of a dividend payment or attribution: (i) the Belgian resident company holds the Shares representing at least 10% of the Share Capital of the Issuer or a participation in the Issuer with an acquisition value of at least EUR 2,500,000; (ii) the Shares have been held or will be held in full ownership for an uninterrupted period of at least one year; and (iii) the conditions relating to the taxation of the underlying distributed income (the "**Taxation Condition**"), as described in Article 203 of the Belgian Income Tax Code (the "**BITC**") are met (together, the "**Dividend Received Deduction Conditions**"). The Dividend Received Deduction Conditions depend on a factual analysis and for this reason the availability of this regime should be verified upon each dividend distribution.

Any Belgian dividend withholding tax levied at source may be credited against the corporate income tax due and is reimbursable to the extent that it exceeds the corporate income tax due, subject to two conditions: (i) the taxpayer must own the Shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable: (i) if the company can demonstrate that it has held the Shares in full legal ownership for an uninterrupted period of 12 months prior to the payment of or attribution on the dividends or (ii) if, during that period, the Shares never belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a permanent establishment in Belgium.

(iii) *Organisations for Financing Pensions*

For organisations for financing of pensions (*OFPs*), *i.e.* Belgian pension funds incorporated under the form of an OFP (*organismen voor de financiering van pensioenen / organismes de financement de pensions*) within the meaning of Article 8 et seq. of the Belgian Law of 27 October 2006, dividend income is generally not subject to income tax. Subject to certain limitations, any Belgian withholding tax levied at source may be credited against the final income tax due and is reimbursable to the extent that it exceeds the investor's income tax due.

(iv) *Belgian resident legal entities*

For resident legal entities, the Belgian withholding tax levied at source generally constitutes their final tax liability.

(v) *Belgian non-residents*

For non-resident individuals, corporations or other legal entities, the dividend withholding tax (if any) will be the only tax on dividends in Belgium, unless the non-resident holds the Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a permanent establishment in Belgium.

If the Shares are acquired or held by a non-resident in connection with a business conducted in Belgium through a fixed base in Belgium or a permanent establishment in Belgium, the investor must report any dividends received in a tax return, which will be taxable at the applicable non-resident individual or corporate income tax rate, as appropriate. Withholding tax levied at source may then be credited against non-resident individual or corporate income tax and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own the Shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if (i) the non-resident individual or the non-resident company can demonstrate that the Shares were held in full legal ownership for an uninterrupted period of 12

months prior to the payment or attribution of the dividends or (ii) with regard to non-resident companies only, if, during the said period, the Shares have not belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a permanent establishment in Belgium.

Non-resident companies investing their Shares in a permanent establishment may deduct up to 95% of the gross dividends included in their taxable profits if, at the date dividends are paid or attributed, the Dividend Received Deduction Conditions are met. Application of the Dividend Received Deduction regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

Dividends distributed to non-resident companies established in a Member State of the EU or in a country with which Belgium has concluded a double tax treaty that includes a qualifying exchange of information clause and qualifying as a parent company, will be exempt from Belgian withholding tax provided that the Shares held by the non-resident company, upon payment or attribution of the dividends, amount to at least 10% of the Issuer's Share Capital and such minimum participation is held or will be held during an uninterrupted period of at least one year. A company qualifies as a parent company provided that (i) for companies established in a Member State of the EU, it has a legal form as listed in the annex to the EU Parent-Subsidiary Directive of July 23, 1990 (90/435/EC), as amended from time to time, or, for companies established in a country with which Belgium has concluded a qualifying double tax treaty it has a legal form similar to the ones listed in such annex; (ii) it is considered to be a tax resident according to the tax laws of the country where it is established and the double tax treaties concluded between such country and third countries; and (iii) it is subject to corporate income tax or a similar tax without benefiting from a tax regime that derogates from the ordinary tax regime.

In order to benefit from this exemption, the investor must provide the Issuer or its paying agent with a certificate confirming its qualifying status and the fact that it meets the three abovementioned conditions. If the investor holds a minimum participation for less than one year, at the time the dividends are paid on or attributed, the Issuer will levy the withholding tax but will not transfer it to the Belgian Treasury provided that the investor certifies its qualifying status, the date from which the investor has held such minimum participation, and the investor's commitment to hold the minimum participation for an uninterrupted period of at least one year. The investor must also inform the Issuer or its paying agent if the one-year period has expired or if its shareholding drops below 10% of the Issuer's Share Capital before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the levied dividend withholding tax will be refunded to the investor.

Under Belgian tax law, withholding tax is not due on dividends paid to a foreign pension fund which satisfies the following conditions: (i) to be a legal entity with fiscal residence outside of Belgium; (ii) whose corporate purpose consists solely in managing and investing funds collected in

order to serve legal or complementary pension schemes; (iii) whose activity is limited to the investment of funds collected in the exercise of its statutory mission, without any profit making aim; (iv) which is exempt from income tax in its country of residence; and (v) provided that it is not contractually obligated to remit or transfer the dividends received to any ultimate beneficiary of such dividends for whom it would manage the Shares, nor obligated to pay a manufactured dividend with respect to the Shares under a securities borrowing transaction. The exemption will only apply if the non-resident pension fund provides a certificate confirming that it is the full legal owner or usufruct holder of the Shares and that the above conditions are satisfied. Belgium has concluded tax treaties with over ninety-five countries, reducing the dividend withholding tax rate to 20%, 15%, 10%, 5% or 0% for residents of those countries, depending on conditions, among others, related to the size of the shareholding and certain identification formalities.

Prospective investors should consult their own tax advisors as to whether they qualify for reduction of withholding tax upon payment or attribution of dividends, and as to the procedural requirements for obtaining a reduced withholding tax upon the payment of dividends or for making claims for reimbursement.

(b) ***Capital gains and losses***

(i) *Belgian resident individuals*

As far as capital gains on the disposal of Shares are concerned, Belgian resident individuals acquiring and holding the Shares as a private investment should in principle not be subject to Belgian capital gains tax. Capital gains realised by a private individual however are taxable at 33% (plus local surcharges) if the capital gain is deemed to be realised outside the scope of the normal wealth management of a private estate. Moreover, capital gains realised by Belgian resident individuals on the disposal of the Shares for consideration, outside the exercise of a professional activity, to a non-resident company (or a body constituted in a similar legal form), to a foreign state (or one of its political subdivisions or local authorities) or to a non-resident legal entity, are in principle taxable at a rate of 16.5% (plus local surcharges) if, at any time during the five years preceding the sale, the Belgian resident individual has owned directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in the Issuer (*i.e.*, a shareholding of more than 25% in the Issuer). This capital gains tax does not apply if the Shares are transferred to the abovementioned persons provided that they are established in the EEA. Capital losses on such transactions are, however, not tax deductible.

Belgian resident individuals who hold the Shares for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realised upon the disposal of the Shares, except for the Shares held for more than five years, which are taxable at a separate rate of 16.5% (plus local surcharges). Capital losses on the Shares incurred by

Belgian resident individuals who hold the Shares for professional purposes are in principle tax deductible.

Capital gains realised by Belgian resident individuals upon the redemption of the Shares or upon the liquidation of the Issuer will generally be taxable as a dividend (see *supra*).

(ii) *Belgian resident companies*

Belgian resident companies (not being a small and medium sized enterprise within the meaning of Article 15 Company Code, hereinafter referred to as “SME”) are subject to Belgian capital gains taxation at a separate rate of 0.412% on such gains realised provided that: (i) the Article 203 BITC Taxation Condition is met and (ii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year. The 0.412% separate capital gains tax rate cannot be off-set by any tax assets (such as *e.g.* tax losses) and can moreover not be off-set by any tax credits. Belgian resident companies qualifying as SMEs are normally not subject to Belgian capital gains taxation on gains realised upon the disposal of the Shares provided that (i) the Article 203 ITC Taxation Condition is met and (ii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year. If the one-year minimum holding period condition referred to above would not be met (but the Article 203 BITC Taxation Condition is met) then the capital gains realised upon the disposal of the Shares by Belgian resident companies (both non-SMEs and SMEs) are taxable at a separate corporate income tax rate of 25.75%.

Capital losses on the Shares incurred by resident companies (both non-SMEs and SMEs) are as a general rule not tax deductible.

Capital gains realised by Belgian resident companies upon the redemption of the Shares or upon the liquidation of the Issuer will in principle be taxed as dividends (see *supra*).

If the Shares form part of the trading portfolio (*handelsportefeuille / portefeuille commercial*) of companies which are subject to the Royal Decree of 23 September 1992 on the annual accounts of credit institutions, investment firms and management companies of collective investment institutions (*koninklijk besluit op de jaarrekening van de kredietinstellingen, de beleggingsondernemingen en de beheervenootschappen van instellingen voor collectieve belegging / arrêté royal relative aux comptes annuels des établissements de crédit, des entreprises d’investissement et des sociétés de gestion d’organismes de placement collectif*) (the “**Royal Decree of 23 September 1992**”), the capital gains realised upon the disposal of shares will be subject to corporate income tax at the standard rates, and capital losses will be tax deductible.

(iii) *Organisations for Financing Pensions (OFPs)*

OFPs are, in principle, not subject to Belgian capital gains taxation realised upon the disposal of the Shares, and capital losses are not tax deductible.

(iv) *Belgian resident legal entities*

Capital gains realised with respect to the Shares are as a rule not subject to income tax, save in case of a sale of shares which are directly or indirectly part of a stake representing more than 25% of the Share Capital in the Issuer which may, under certain conditions, give rise to a 16.5% tax (plus local surcharges).

Capital losses on the Shares incurred by Belgian resident legal entities are not tax deductible.

Capital gains realised by Belgian resident legal entities upon the redemption of the Shares or upon the liquidation of the Issuer will in principle be taxed as dividends (see *supra*).

(v) *Belgian non-residents*

Non-resident individuals

Capital gains realised on the Shares by a non-resident individual that has not acquired the Shares in connection with a business conducted in Belgium through a fixed base in Belgium are in principle not subject to taxation, unless the gain is deemed to be realised outside the scope of the normal management of the individual's private estate (Article 90, 1° of the BITC or Article 90, 9°, first indent of the BITC). In such case, if the gain is taxable under Article 90, 1° of the BITC and Article 228, §2, 9°, a) of the BITC, it is subject to a final professional withholding tax of 30.28% (to the extent that Article 248 of the BITC is applicable). If the gain is taxable under Article 90, 9°, first indent of the BITC and Article 228, § 2, 9°, h) of the BITC, it must be reported in a non-resident tax return for the income year during which the gain has been realised, in which case the capital gain will be taxable at the rate of 35.31% (33% plus local surcharges of currently 7%). Moreover, non-resident individuals may be subject to the 16.5% income tax described above (resulting in a tax rate of 17.66%, *i.e.* 16.5% plus local surcharges of currently 7%) if they held a participation of more than 25% in the Share Capital of the Issuer (see Section 8.7(b)(i) "*Belgian resident individuals*" above). However, Belgium has concluded tax treaties with more than ninety-five countries which generally provide for a full exemption from Belgian capital gains taxation on such gains realised by residents of those countries. Capital losses are generally not tax deductible.

Capital gains will be taxable at the ordinary progressive income tax rates and capital losses will be tax deductible, if those gains or losses are realised on Shares by a non-resident individual that holds the Shares in connection with a business conducted in Belgium through a fixed base in Belgium.

Capital gains realised by Belgian non-resident individuals upon the redemption of Shares or upon the liquidation of the Issuer will generally be taxable as a dividend (see above).

Non-resident companies

Non-resident companies that have not acquired the Shares in connection with a business conducted in Belgium through a Belgian establishment are generally not subject to taxation in Belgium on capital gains on those Shares.

Non-resident companies that hold the Shares in connection with a business conducted in Belgium through a Belgian establishment will generally be taxable in the same way as resident companies (see section 8.7(b)(ii) "*Belgian resident companies*").

Capital gains realised by non-resident companies upon redemption of the Shares or upon liquidation of the Issuer will in principle be taxed as dividend income (see *supra*).

(c) *Tax on stock exchange transactions*

No tax on stock exchange transactions is due upon subscription to New Shares (primary market transactions). Secondary market trades in respect of the Shares will give rise to a tax on stock exchange transactions of 0.25% (due on each sale and acquisition separately) if they are carried out in Belgium through a professional intermediary. The amount of the tax is, however, capped at EUR 740 per transaction per party. This rate and this cap will normally be reduced to 0.22% and EUR 650, respectively, for transactions occurring as from 1 January 2015.

In any event, no tax on stock exchange transactions is payable by (i) professional intermediaries referred to in Articles 2, 9° and 10° of the Act of 2 August 2002 on the supervision of the financial sector and financial services; (ii) insurance companies referred to in Article 2, §1 of the Insurance Supervision Act of 9 July 1975, (iii) institutions for occupational retirement provision funds referred to in Article 2, 1° of the Act of 27 October 2007 on the supervision of institutions for occupational retirement provision; (iv) collective investment undertakings; or (v) non-residents (upon delivery of a certificate of non-residency in Belgium); (vi) regulated real estate investment companies, all acting for their own account.

(d) *The proposed financial transactions tax (the "FTT")*

As stated under Section 3.2(r), on 14 February 2013, the EU Commission has adopted a proposal for a directive on a common financial transaction tax in eleven participating EU Member States (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). The proposed directive currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions (see Section 8.7(c) "*Tax on stock exchange transactions*") should thus be abolished once the FTT enters

into force. The proposed directive is still subject to negotiation amongst the participating Member States and may therefore be changed at any time.

(e) ***Net Scrips Proceeds Payment and sale of the Preferential Rights prior to the closing of the Rights Subscription Period***

The Net Scrips Proceeds Payment should not be subject to Belgian withholding tax. The Net Scrips Proceeds Payment will, in principle, not be taxable in the hands of Belgian resident or non-resident individuals except for resident individuals who hold the Preferential Rights for professional purposes or for non-resident individuals who hold the Preferential Rights for a business conducted in Belgium through a fixed base. In these cases, the gains realised upon the receipt of the Net Scrips Proceeds Payment will be taxed at the progressive income tax rates, increased by local surcharges. The gain realised upon the receipt of the Net Scrips Proceeds Payment will be taxable at the ordinary corporate tax rate for Belgian resident companies. Non-resident companies holding the Preferential Rights through a Belgian permanent establishment will also be taxed at the ordinary non-resident income tax rate on the gain realised upon the receipt of the Net Scrips Proceeds Payment.

Legal entities subject to Belgian tax on legal entities are, as a rule, not subject to tax on the Net Scrips Proceeds Payment. The same Belgian tax analysis applies to gains realised upon the sale of the Preferential Rights prior to the closing of the Rights Subscription Period. For professional investors, losses realised on the Preferential Rights are, in principle, deductible.

The rules regarding the tax on stock exchange transactions equally apply to the Net Scrips Proceeds Payment and to the sale of the Preferential Rights prior to the closing of the Rights Subscription Period.

9 INFORMATION ON THE OFFERING

9.1 Terms and conditions of the Offering

(a) *Maximum amount of the Offering*

The Issuer has resolved to increase its Share Capital in cash by an amount of up to EUR 174.8 million (including issue premium), with Preferential Rights granted to the Shareholders on the closing of the regulated market of Euronext Brussels on the Record Date, in accordance with Articles 592 and 593 of the Company Code. The Issuer reserves the right to proceed with a Share Capital increase for a lower amount. No minimum has been set for the Offering.

(b) *Maximum number of New Shares*

A maximum of 10,592,265 New Shares are offered for subscription by exercise of the Preferential Rights in accordance with the Ratio.

(c) *Allocation of the Preferential Rights*

Each Share will entitle its holder on the closing of the regulated market of Euronext Brussels on the Record Date to receive one Preferential Right.

The holders of dematerialised Shares booked on a securities account in their name on the Record Date will automatically receive the number of Preferential Rights they are entitled to, by book-entry into their securities account, subject to the restrictions in this Prospectus and subject to applicable securities laws (see Section 4.5). Their financial intermediary will, in principle, inform them on the procedures that must be followed to exercise or trade their Preferential Rights.

The holders of registered Shares recorded in the Issuer's Share register on the Record Date, will receive at the address indicated in said Share register, a letter from the Issuer informing them of the aggregate number of Preferential Rights to which they are entitled in respect of their registered Shares, and of the procedures that they must follow in order to exercise or trade their Preferential Rights (see Section 9.1(e) and 9.1(f)), subject to the restrictions in this Prospectus and subject to applicable securities laws (see Section 4.5).

(d) *Issue Price and Ratio*

The Issue Price is EUR 16.50 per New Share, which is below the closing price of EUR 21.395 per Share quoted on the regulated market of Euronext Brussels on 25 November 2014. Based on the closing price on such date, the theoretical *ex*-rights price ("TERP") is EUR 20.17, the theoretical value of one Preferential Right is EUR 1.22, and the discount of the Issue Price to TERP is 18.20%.

A portion of the Issue Price per New Share that is equal to the fractional value of the Shares on the date preceding the Closing Date of the Offering (*i.e.* 18 December 2014), will be allocated to the Issuer's Share Capital. The portion of the Issue Price in excess of the fractional value of such Shares will be allocated to the undistributable reserves as issue premium.

The holders of Preferential Rights may subscribe for New Shares in the proportion of 3 Preferential Rights for 1 New Share.

(e) ***Rules for subscription***

Holders of Preferential Rights may only exercise their right to subscribe for New Shares in accordance with the Ratio during the Rights Subscription Period, to the extent permissible under the restrictions in this Prospectus and subject to applicable securities laws (see Section 4.5).

There is no minimum or maximum number of New Shares that an investor may subscribe for, in accordance with the Ratio, pursuant to the Rights Offering. Investors, however, must be aware that all New Shares subscribed for will be fully allocated to them. The subscriptions made are binding and irrevocable, except as described in Sections 9.1(g) and 9.1(h).

Holders of dematerialised Preferential Rights wishing to exercise and subscribe for New Shares should instruct their financial intermediary accordingly (see Section 9.1(f)). The financial intermediary is responsible for obtaining the subscription request and for duly transmitting the subscription request to the Sole Lead Manager and Bookrunner. Holders of registered Preferential Rights wishing to exercise and subscribe for New Shares, should comply with the instructions delivered to them in the letter received from the Issuer (see Section 9.1(f)).

Investors purchasing Scrips shall irrevocably commit to exercise the Scrips, and hence, will subscribe for the corresponding number of New Shares at the Issue Price in accordance with the Ratio.

(f) ***Procedure of the Offering***

(i) ***Rights Offering***

The Rights Offering will be open during the Rights Subscription Period from 28 November 2014 (the "**Opening Date of the Rights Offering**") until and including 12 December 2014 (4.00 pm CET) (the "**Closing Date of the Rights Offering**"). Subject to restrictions under this Prospectus and subject to applicable securities laws (see Section 4.5) the holders of Preferential Rights may subscribe for New Shares by exercising their Preferential Rights in accordance with the Ratio or trade their Preferential Rights.

Depending on the financial intermediary, investors may be required to provide their subscription request prior to 12 December 2014. Investors wishing to sell part or all of their dematerialised Preferential Rights should instruct their financial intermediary accordingly. Holders of registered Preferential Rights wishing to sell their Preferential Rights should comply with the instructions delivered to them in the letter received from the Issuer. After the Rights Subscription Period, the Preferential Rights may no longer be exercised or traded and as a result subscription requests received thereafter will become void.

During the Rights Subscription Period, investors who do not hold the exact number of Preferential Rights to subscribe for a round number of New Shares, may elect either to (i) purchase the missing Preferential Rights in order to subscribe for an additional New Share or (ii) sell their Preferential Rights, or (iii) elect not to take any action but await for the Net Scrips Proceeds Payment, if any.

The results of the Rights Offering will be announced by a press release on or about 15 December 2014.

(ii) *Scrips Private Placement*

At the closing of the Rights Offering, the unexercised Preferential Rights will convert automatically into an equal number of Scrips and the offer of the Scrips will be made solely to qualified investors in the EEA in accordance with an exemption to the obligation to publish a prospectus further to Article 3.2 (a) of the Prospectus Directive, as implemented in Member States of the EEA.

If all Preferential Rights are exercised during the Rights Subscription Period, the Scrips Private Placement will not take place.

The Scrips Private Placement will be organised by way of an accelerated book-building procedure, in order to determine a single market price per Scrip and is expected not to last longer than one business day and to take place on 16 December 2014.

The extraordinary Shareholders' Meeting dated 18 November 2014 delegated the power to determine the modalities of the Scrip Private Placement, such as criteria for admissibility of investors and the power to set criteria for allocation in case of oversubscription, to the *Ad Hoc* Committee in consultation with the Sole Lead Manager and Bookrunner.

The investors who acquire Scrips enter into an irrevocable commitment to exercise the Scrips and thus to subscribe to the corresponding number of New Shares at the Issue Price and in accordance with the Ratio.

The net proceeds from the sale of Scrips (rounded down to a whole Eurocent per unexercised Preferential Right) after deducting all expenses, charges and all forms of expenditure which the

Issuer has to incur for the sale of the Scrips, if any, will be distributed proportionally between all holders of unexercised Preferential Rights (the “**Net Scrips Proceeds**”).

The Net Scrips Proceeds will be announced in the Belgian Financial Press and will be paid to the holders of such unexercised Preferential Rights upon presentation of coupon no 77. Please consult your financial intermediary if you have any questions concerning the Net Scrips Proceeds Payment, except for registered Shareholders who should consult the Issuer. There is, however, no assurance that any Scrips will be sold during the Scrips Private Placement, or that there will be any Net Scrips Proceeds (see Section 3.2(g)). Neither the Issuer nor the Sole Lead Manager and Bookrunner nor any other person procuring a sale of the Scrips will be responsible for any lack of Net Scrips Proceeds arising from the sale of the Scrips in the Scrips Private Placement. If the Net Scrips Proceeds are less than EUR 0.01 per unexercised Preferential Right, the holders of such unexercised Preferential Rights are not entitled to receive any payment and, instead, the Net Scrips Proceeds will be transferred to the Issuer. In case insufficient proceeds are raised to cover the costs of the Scrips Private Placement, the uncovered costs will be borne by the Issuer.

If the Issuer announced that the Net Scrips Proceeds are available for distribution to holders of unexercised Preferential Rights and such holders have not received payment thereof within a reasonable time since the closing of the Scrips Private Placement, such holders are advised to contact their financial intermediary, except for registered Shareholders who are advised to contact the Issuer.

The results of the Scrips Private Placement will be announced by a press release on or about 16 December 2014.

(g) ***Supplement to the Prospectus***

Every significant new factor, material mistake or any inaccuracy relating to the information included in the Prospectus, which is capable of affecting the assessment of the New Shares, and which arises or is noted between the time when the Prospectus is approved and the time when trading of the New Shares on the regulated market of Euronext Brussels begins, shall be set forth by the Issuer in a supplement to the Prospectus. Such supplement shall be approved by the FSMA and shall be published by the Issuer in accordance with at least the same communication methods as were applied when the Prospectus was published. The summary of this Prospectus, and any translations thereof, shall also be supplemented, if necessary to take into account the new information included in the supplement.

Investors who have already agreed to subscribe for the New Shares in the Rights Offering or the Scrips Private Placement, before the supplement is published, shall have the right, exercisable within the time limit set forth in the supplement which shall not be shorter than two business days after publication of the supplement, to withdraw their subscriptions in accordance with Article 34, § 3 of the Prospectus Law. Any Preferential Rights of which the subscription has been withdrawn, in

accordance with the above, shall be deemed to have been unexercised for purposes of the Offering. Preferential Rights which are deemed to have been unexercised during the Rights Subscription Period will become null and void and will convert automatically into an equal number of Scrips. Subscribers withdrawing their subscriptions after the end of the Scrips Private Placement, will however not be entitled to share in the Net Scrips Proceeds and will not be compensated in any other way, including the purchase price (and any related cost or taxes) paid in order to acquire any Preferential Rights.

(h) ***Suspension or revocation of the Offering***

The Issuer reserves the right to revoke or suspend the Offering, if the *Ad Hoc* Committee determines that (i) the market conditions prevent the Offering from taking place under satisfying conditions, (ii) the FSMA has not approved the Prospectus prior to the start of the Rights Subscription Period, or (iii) the Underwriting Agreement has not been signed or has been terminated in accordance with its terms and conditions (see Section 9.3).

If the *Ad Hoc* Committee decides to revoke or suspend the Offering, a press release will be published and, to the extent legally required, the Issuer will publish a supplement to the Prospectus (see Section 9.1(g)). As a result of the decision by the *Ad Hoc* Committee to revoke the Offering, the subscriptions for New Shares will automatically be withdrawn and the Preferential Rights (and Scrips, as the case may be) will become null and void. Investors will not be compensated, including for the purchase price (and any related costs or taxes) paid in order to acquire any Preferential Rights on the secondary market. Investors who have acquired any such Preferential Rights in the secondary market will thus suffer a loss, as trades relating to such Preferential Rights will not be unwound once the Offering is revoked (see Section 3.2(i)).

(i) ***Publication of the results of the Offering***

The results of the Offering, including the amount and the number of New Shares subscribed for and the Net Scrips Proceeds, will be published in the Belgian Financial Press before the market opening on or about 17 December 2014.

(j) ***Payment of funds and terms of delivery of the New Shares***

The payment for the New Shares subscribed for with Preferential Rights is expected to take place on 19 December 2014. The payment will be done by debiting the subscriber's account or for the registered Shareholders through a wire instruction.

The payment for the New Shares subscribed for in the Scrips Private Placement will be made by delivery against payment.

Delivery of the New Shares will take place on or around 19 December 2014. The New Shares will be delivered in the form of dematerialised Shares (booked in the securities account of the subscriber), or as registered Shares recorded in the Issuer's Share register for registered Shareholders.

(k) ***Reduction of the subscriptions and refunding excess amounts***

The Issuer does not have the possibility to reduce subscriptions. Therefore, there is no procedure organised to refund any excess amounts paid by subscribers.

(1) *Expected timetable of the Offering*

Publication in the Belgian Financial Press and in the Belgian State Gazette of the notice required by Article 593 of the Company Code	T-8	20	November 2014
Determination of the Issue Price and Ratio	T-2	25	November 2014
Publication of the Prospectus	T-1	26	November 2014
Publication in the Belgian Financial Press of the terms of the Rights Offering	T	27	November 2014
Detachment of coupon no. 77 after closing of the regulated market on Euronext Brussels	T	27	November 2014
Start trading of the Shares ex Preferential Rights	T+1	28	November 2014
Listing of the Preferential Rights on the regulated market of Euronext Brussels	T+1	28	November 2014
Start trading of the Preferential Rights on the regulated market of Euronext Brussels	T+1	28	November 2014
Opening date of the Rights Subscription Period	T+1	28	November 2014
End of trading of the Preferential Rights on the regulated market of Euronext Brussels	T+15	12	December 2014
End of listing of the Preferential Rights on the regulated market of Euronext Brussels	T+15	12	December 2014
Closing Date of the Rights Subscription Period	T+15	12	December 2014
Announcement of the results of the Rights Offering	T+18	15	December 2014
Scripts Private Placement	T+19	16	December 2014
Announcement of the results of the Scripts Private Placement	T+19	16	December 2014
Publication in the Belgian Financial Press of the results of the Offering and of the Net Scripts Proceeds	T+20	17	December 2014
Payment of the Issue Price by or on behalf of the subscribers	T+22	19	December 2014
Realisation of the Share Capital increase	T+22	19	December 2014
Delivery of the New Shares to the subscribers	T+22	19	December 2014
Listing of the New Shares on the regulated market of Euronext Brussels	T+22	19	December 2014
Start trading of the New Shares on the regulated market of Euronext Brussels	T+22	19	December 2014

Payment to holders of unexercised Preferential Rights	T+25	22 December 2014
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The Issuer may amend the dates and times of the Share Capital increase and periods indicated in the above timetable. In such event, the Issuer will notify Euronext Brussels and inform the investors through a publication in the Belgian Financial Press and on the Issuer's website (www.tessenderlo.com). In addition, to the extent required by law, the Issuer will publish a supplement to the Prospectus in accordance with Section 9.1(g), including but not limited to in the event of a change to the Start or Closing Date of the Rights Subscription Period.

9.2 Plan of distribution and allocation of the New Shares

(a) *Categories of potential investors*

The Rights Offering is carried out with Preferential Rights for Shareholders on the closing of the regulated market of Euronext Brussels on the Record Date. The allocation of Preferential Rights is described in Section 9.1(c). The Preferential Rights will be tradable during the Rights Subscription Period (see Section 9.1(f)(i)). The unexercised Preferential Rights at the closing of the Rights Offering will automatically convert in an equal number of Scrips and will be offered in the Scrips Private Placement taking place in an accelerated book built private placement addressed solely to qualified investors in the EEA in accordance with an exemption to the obligation to publish a prospectus as set forth in Article 3.2 (a) of Prospectus Directive, as implemented in Member States of the EEA.

Both the initial holders of the Preferential Rights and any subsequent purchaser of the Preferential Rights, as well as any purchasers of Scrips in the Scrips Private Placement, may subscribe for the New Shares, subject to the restrictions in this Prospectus and subject to applicable securities laws (see Section 4.5).

(b) *Jurisdictions in which the Rights Offering will be open*

The Rights Offering will only be open to the public in Belgium. The holders of Preferential Rights may only exercise the Preferential Rights and subscribe for New Shares, to the extent they can lawfully do so under any applicable securities laws (see Section 4.5). The Issuer has taken all necessary actions to ensure that the Preferential Rights may lawfully be exercised, and New Shares may be subscribed for upon exercise of the Preferential Rights in accordance with the Ratio, by the public in Belgium. The Issuer has not taken any action to permit any public Rights Offering in any other jurisdiction other than Belgium.

The distribution of this Prospectus, the acceptance, sale, purchase or exercise of Preferential Rights, the purchase and the exercise of Scrips and the subscription for and the acquisition of New Shares may, under the laws of certain jurisdictions other than Belgium, be governed by applicable

securities laws. Persons in the possession of this Prospectus, or considering the acceptance, sale, purchase or exercise of Preferential Rights or the subscription for, or acquisition of, New Shares, must read Section 4.5 and must inquire about the applicable securities laws and the possible restrictions resulting from them and comply with those restrictions. Financial intermediaries cannot permit the acceptance, sale or exercise of Preferential Rights or the subscription for, or acquisition of, New Shares, for clients whose addresses are in a jurisdiction where such restrictions apply. No person receiving this Prospectus may distribute it in, or send it to, such jurisdictions, except in conformity with applicable securities laws. The Issuer expressly disclaims for any non-compliance by investors disregarding these aforementioned restrictions.

(c) ***Jurisdictions in which the Scrips Private Placement may take place***

The Scrips and the New Shares to be issued upon the exercise of the Scrips are being offered only in an accelerated book built private placement solely in the EEA to qualified investors in accordance with an exemption to the obligation to publish a Prospectus as set forth in Article 3.2 (a) of the Prospectus Directive, as implemented in Member States of the EEA. The Scrips and the New Shares to be issued upon exercise of the Scrips are not being offered to any other persons or in any other jurisdiction.

(d) ***Allocation of the New Shares***

Investors will be allocated the New Shares subscribed for, in accordance with the terms and subject to the conditions in this Prospectus, in full. The results of the Offering will be publicly disclosed as set forth in Section 9.1(i).

9.3 **Placing and underwriting**

(a) ***Underwriting agreement***

The Sole Lead Manager and Bookrunner in respect of the Offering is KBC Securities, having its registered office at Havenlaan 12, 1080, Brussels, Belgium.

The Sole Lead Manager and Bookrunner and the Issuer expect (but have no obligation) to enter into a placement and soft underwriting agreement (the “**Underwriting Agreement**”), which is expected to take place immediately after the closing of the Scrips Private Placement and prior to the delivery of the New Shares.

The Sole Lead Manager and Bookrunner expects, in accordance with the terms and subject to the conditions to be set forth in the Underwriting Agreement, to underwrite and procure payment for those New Shares as will be agreed in the Underwriting Agreement. The Sole Lead Manager and Bookrunner shall underwrite these Shares and immediately after receipt of the Shares deliver such underwritten Shares to the subscribers and shall guarantee to the Issuer the payment of the Issue Price.

The Sole Lead Manager and Bookrunner shall have no obligation to underwrite prior to the execution of the Underwriting Agreement (and then only in accordance with the terms and subject to the conditions set forth therein). In case the Underwriting Agreement is not entered into, one of the condition precedents to the decision by the extraordinary Shareholders' Meeting will not be fulfilled, and to the extent the Ad Hoc Committee has not waived this condition precedent, the capital increase will not take place (see Section 8.1).

The Underwriting Agreement will provide that the Sole Lead Manager and Bookrunner shall have the right to terminate the Underwriting Agreement before the realisation of the Share Capital increase, if in its reasonable opinion any of the condition precedents in the Underwriting Agreement shall not have been satisfied or arisen prior to or on the Closing Date of the Offering. The Underwriting Agreement will provide the following condition precedents: (i) the representations and warranties shall have been true, accurate and correct when given or made and on the Closing Date of the Offering, (ii) the Issuer shall have performed all of its obligations to be performed under the Underwriting Agreement on or before the Closing Date of the Offering, (iii) Verbrugge NV, and respectively Symphony Mills NV shall have performed all of their obligations under the Commitment and Lock-up Letters, (iv) the Sole Lead Manager and Bookrunner shall have received confirmation that the aggregate subscription price in relation to the New Shares less those underwritten is in the account of the Issuer, (v) no material adverse effect having occurred in the reasonable opinion of the Sole Lead Manager and Bookrunner, or been announced between the date of the Underwriting Agreement and the Closing Date of the Offering, (vi) the New Shares have been admitted to listing on Euronext Brussels, and (vii) the Sole Lead Manager and Bookrunner shall have received all closing documents.

If the Underwriting Agreement is terminated in accordance with its terms, the Sole Lead Manager and Bookrunner shall be released from the obligation to subscribe for any underwritten Shares. If the Underwriting Agreement is terminated, the Issuer shall publish a supplement to the Prospectus that will be subject to approval by the FSMA, after publication of such supplement the investors which have exercised the Preferential Rights in the Rights Offering or the Scrips in the Scrips Private Placement before the publication of a supplement of the prospectus shall have the right to withdraw their subscriptions in accordance with Section 9.1(g).

In the Underwriting Agreement, the Issuer will make certain representations, warranties and undertakings to the Sole Lead Manager and Bookrunner and the Issuer will agree to indemnify the Sole Lead Manager and Bookrunner against certain liabilities in connection with the Offering.

(b) ***Financial services***

The financial services in relation to the Offering are performed by the Sole Lead Manager and Bookrunner. The costs of these services are borne by the Issuer.

(c) ***Counters***

Subscription requests may be submitted directly and free of charge during the Rights Subscription Period at the counters of the Sole Lead Manager and Bookrunner, KBC Bank NV and CBC Banque SA. Subscription requests may also be submitted at the counters of any other financial intermediary in Belgium which shall then transmit such requests to the Sole Lead Manager and Bookrunner (see Section 9.1(f)(i)). Holders of Preferential Rights are advised to inform themselves about any costs that may be charged to them by other financial intermediaries. The Sole Lead Manager and Bookrunner shall not be responsible for the actions of other financial intermediaries in relation to the timely transmission of the subscription requests.

9.4 **Standstill and lock-up undertakings**

(a) ***The Issuer***

In the Underwriting Agreement, the Issuer will agree that, during a period starting from the execution of the Underwriting Agreement (the “**Lock-up Date**”) until and including one hundred and eighty (180) days thereafter (the “**Lock-up Period**”), it will not, except with the prior written consent of the Sole Lead Manager and Bookrunner, (i) issue or sell, or attempt to dispose of, or solicit any offer to buy any Shares, warrants or other securities or grant any options, convertible securities or other rights to subscribe for or purchase Shares or enter into any contract (including derivative transactions) or commitment with similar effect or (ii) purchase any of its securities or otherwise reduce its Share Capital, except within the framework of employee and director incentive plans in line with past practice.

(b) ***Verbrugge NV and Symphony Mills NV***

The Issuer received a letter dated 17 November 2014 from Verbrugge NV and a letter dated 17 November 2014 from Symphony Mills NV (each, a “**Commitment and Lock-up Letter**”), which are affiliated entities, pursuant to which they undertake during the Lock-Up Period, subject to the condition that the Issuer and the Sole Lead Manager and Bookrunner enter into the Underwriting Agreement, not to (i) offer, sell, transfer, contract to sell, mortgage, charge, pledge, lend, assign, issue warrants with respect to, issue securities convertible into, issue securities exchangeable for,

grant any option to purchase, or otherwise dispose of, directly or indirectly, any Shares or any interests in any of the Shares they hold at the execution of the underwriting agreement, as well as the New Shares subscribed for in the context of the Offering (together, the “**Locked Shares**”), (ii) enter into any transaction (including a derivative transaction) similar to that of a sale having an effect on the trading of the Shares, and (iii) publicly announce any intention to do any of such things referred to in subclauses (i) or (ii) above (the “**Lock-up Undertaking**”).

The Lock-up Undertaking does not prevent Verbrugge NV or Symphony Mills NV to (i) accept a public tender offer or squeeze-out in respect of all Shares, (ii) transfer any Locked Shares to a third party pursuant to a merger, de-merger or liquidation, provided that such third party enters into a lock-up undertaking identical to the Lock-up Undertaking, prior to such transfer, (iii) transfer any Locked Shares in the framework of a stock lending agreement that was or will be entered into with Belfius Bank to facilitate the exercise of warrants, (iv) transfer any Locked Shares to an affiliated person, provided that prior to the envisaged transfer any affiliated person adheres in writing to the present Lock-up Undertaking and undertakes in writing to transfer all the Locked Shares acquired by it back to Verbrugge NV, respectively Symphony Mills NV, as soon as it no longer qualifies as an affiliated person, (v) grant any pledge of any of the Locked Shares to a financial institution securing a mortgage or loan entered into by Verbrugge NV or its parent company Picanol NV, respectively Symphony Mills, subject to prior written consent of the Sole Lead Manager and Bookrunner, and (vi) transfer after prior written consent of the Sole Lead Manager and Bookrunner, any Locked Shares in a sale which is organised by the Sole Lead Manager and Bookrunner on behalf of Verbrugge NV, respectively Symphony Mills NV, in a manner appropriate in the given circumstances.

9.5 Admission to trading and listing

(a) *Preferential Rights*

Coupon no. 77, representing the Preferential Right, will be detached after market closing on Euronext Brussels on the Record Date. The application for the listing and admission to trading of the Preferential Rights on the regulated market of Euronext Brussels was submitted on 7 November 2014 and was granted on 10 November 2014. As a result, the Preferential Rights will be tradable on the regulated market of Euronext Brussels under ISIN code BE0970135381 during the Rights Subscription Period. As from 28 November 2014 the Shares will trade *ex* Preferential Rights on the regulated market of Euronext Brussels.

(b) *Scripts*

No application for the listing and admission to trading of the Scripts will be made.

(c) ***New Shares***

An application for the listing and admission to trading of the New Shares on the regulated market of Euronext Brussels was submitted on 7 November 2014 and was approved on 10 November 2014. The admission is expected to take place on 19 December 2014. The New Shares will be listed and traded under ISIN code BE0003555639 and trading symbol “TESB”.

9.6 **Paying agent and depository agent**

The Issuer’s paying agent is ING Belgium SA/NV, having its registered office at Marnixlaan 24, 1000 Brussels, Belgium and the depository agent in relation to the Offering is KBC Securities, having its registered office at Havenlaan 12, 1080, Brussels, Belgium.

9.7 **Intentions of Shareholders, the Board of Directors, management or others**

(a) ***Intentions of the Shareholders***

The Issuer received a Commitment and Lock-up Letter from Verbrugge NV, respectively Symphony Mills NV, which are affiliated entities, pursuant to which they have committed, subject to the condition that the Issuer and the Sole Lead Manager and Bookrunner enter into the Underwriting Agreement, to exercise all the Preferential Rights allocated to them, and to subscribe for the corresponding number of New Shares in accordance with the Ratio, subject to the following conditions (i) the final terms and conditions of the Offering may not materially alter from the press release dated 17 September 2014 (*i.e.*, a share capital increase for an amount ranging from EUR 150 million to EUR 200 million and a subscription price per share inferring a discount between 5% and 35% to the TERP); (ii) the Offering must be completed before 1 April 2015, and (iii) the absence of a material adverse change in the business or financial prospects of the Issuer or its affiliated companies.

The Issuer has received a separate letter by Verbrugge NV, respectively Symphony Mills NV, dated 17 November 2014 in which they have separately and independently informed the Issuer that they may, depending on market circumstances, acquire additional Preferential Rights or Scrips in respectively the Rights Subscription Period or the Scrips Private Placement. In addition, they have each informed the Issuer that Verbrugge NV may increase its shareholding as a result of the Offering above the 30% threshold on its own or together with an affiliated party, such as Symphony Mills (with whom it is deemed to be acting in concert under the Takeover Royal Decree), without triggering the obligation to launch a mandatory public takeover bid.

The Issuer has not received indications of any other Shareholder.

(b) ***Intentions of the Board of Directors, management or other persons***

Other than the statements made by Verbrugge NV, respectively Symphony Mills NV, which are affiliated entities, as set forth in Section 9.4(b), and 10.5(c), the Issuer has not received indications whether members of the Board of Directors or the management have the intention to subscribe to the Offering, or whether any person intends to subscribe for more than 5% of the Offering.

9.8 **Expenses and net proceeds of the Offering**

The Issuer estimates that the expenses in relation to the Offering will be approximately EUR 2.1 million and include, amongst other items, the fees due to the FSMA and Euronext Brussels, the costs of printing and translating the Prospectus, the remuneration of the Sole Lead Manager and Bookrunner, legal and administrative costs and publication costs. The Issuer shall bear those expenses. The net proceeds of the Offering may, therefore, be estimated at a maximum of EUR 172.7 million.

9.9 **Dilution**

(a) ***Consequences in terms of participation in the Share Capital***

The Shareholders will not be subject to dilution if they exercise all of their Preferential Rights. However, to the extent a Shareholder is granted a number of Preferential Rights that does not entitle him to a round number of New Shares in accordance with the Ratio, such Shareholder may slightly dilute if it does not purchase the missing Preferential Right(s) on the secondary market and exercises such Preferential Right(s) accordingly. The dilution (in percentage terms) of the Shareholders, who do not exercise any of their Preferential Rights, may be calculated as follows:

$$\frac{(S - s)}{S}$$

S = total number of Shares after the Share Capital increase pursuant to the Offering, *i.e.* maximum 42,369,061

s = total number of Shares before the Share Capital increase pursuant to the Offering, *i.e.* 31,776,796.

Assuming that a Shareholder holding 1% of the Issuer's Share Capital prior to the Offering does not subscribe for the New Shares, such Shareholder's participation in the Issuer's Share Capital would decrease to 0.75 % as a result of the Offering.

(b) **Financial consequences**

Shareholders who decide not to exercise all of the Preferential Rights should take into account the risk of a financial dilution of their portfolio. The table below sets out the extent of such dilution. Theoretically, the value of the Preferential Rights should compensate for the reduction in the financial value of their portfolio resulting from such a dilution.

The following table shows that there is no financial dilution in case the Preferential Rights (or Scrips at the closing of the Rights Offering) trade (or are sold) at or above this theoretical right value, as well as to the extent of financial dilution if the Preferential Rights (or Scrips at the closing of the Rights Offering) trade (or are sold) at 50% of their theoretical right value or if they have no value.

	<u>Price before Offering⁶</u>	<u>Theoretical ex-rights price</u>	<u>Theoretical right value + 50%</u>	<u>Theoretical right value – 50%</u>	<u>Theoretical right value – 100%</u>
After the issue of 10,592,265 New Shares	EUR 21.40	EUR 20.17	EUR 1.83	EUR 0.61	—
% of financial dilution			—	2.87%	5.73%

9.10 **Interest of natural and legal persons involved in the Offering**

The Sole Lead Manager and Bookrunner is expected to enter into the Underwriting Agreement with the Issuer on or about 16 December 2014. In addition, the Sole Lead Manager and Bookrunner provides financial services to the Issuer in connection with the Offering.

An affiliate of the Sole Lead Manager and Bookrunner entered into a EUR 400,000,000 back-up syndicated credit facility with the Issuer.

Furthermore, the Sole Lead Manager and Bookrunner has provided, and will in the future provide, various financial services to the Issuer.

⁶ Price of the Shares as at 25 November 2014.

10 INFORMATION ABOUT THE ISSUER AND ITS SHARE CAPITAL

10.1 Corporate profile

(a) *Legal and commercial name*

The Issuer's legal and commercial name is "Tessengerlo Chemie".

(b) *Registered office*

The Issuer's registered office is located at Troonstraat 130, 1050 Brussels, Belgium. The publicly available documents related to the Issuer and quoted in this Prospectus can be reviewed or obtained at its registered office.

The Board of Directors is authorised to move the registered office to any other location in Belgium by simple decision. The transfer of the registered office will be made public by the Board of Directors in the Annexes to the Belgian Official Gazette.

Further to a decision of the Board of Directors, the Issuer may set up administrative offices, subsidiaries, branches and agencies, both in Belgium and abroad.

(c) *Incorporation, amendment to the Articles of Association and term*

The Issuer was founded on 14 March 1972 under the name "P.B. Gelatines" for an indefinite period of time pursuant to a deed published in the Annexes to the Belgian Official Gazette of 8 April 1972, under number 746-3 (see Section 12.2 in respect of the history of the Issuer). The name of the Issuer was changed into "Tessengerlo Chemie", pursuant to a decision of the extraordinary Shareholders' Meeting *dd.* 22 June 1972 as published in the Annexes to the Belgian Official Gazette under number 2221-1.

The Articles of Association have been amended on numerous occasions and most recently on 28 October 2014.

The Articles of Association are available for inspection at the Issuer's registered office and the Issuer's website: www.tessengerlo.com.

(d) *Register of Legal Entities*

The Issuer is registered with the Register of Legal Entities (*rechtspersonenregister – RPR / registre des personnes morales- RPM*) (Brussels) under enterprise number 0412.101.728.

(e) **Legal form**

The Issuer is a “*naamloze vennootschap/société anonyme*”, a public company with limited liability organised and existing under the laws of Belgium. It has the status of a corporation making or having made a public call on savings (*naamloze vennootschap – NV die een openbaar beroep op het spaarwezen doet of heeft gedaan / société anonyme – SA faisant ou ayant fait appel public à l'épargne*).

(f) **Financial year**

The financial year of the Issuer starts on 1 January and ends on 31 December.

(g) **Corporate purpose**

The corporate purpose of the Issuer is set forth in Article 3 of its Articles of Association and reads as follows:

“The purpose of the company consists of:

- *manufacturing and selling all kinds of products, and providing all kinds of services, in the sector of chemistry (including fertilizers and animal nutrition), gelatine, pharma, plastic pipe systems and water treatment, and all products related to the above (e.g. by-products)*
- *trading in and transporting of all kinds of raw materials*
- *acquiring, holding and transferring by means of purchase, contribution, sale, swap, merger, demerger, subscription, exercise of rights or in any other manner, of all participations in all enterprises, branches of activity and in all companies, associations, institutions, trusts, existing or to be constituted; concluding all cooperation, rationalisation, association or other agreements with said entities*
- *providing all services, including administrative, legal, technical, commercial, purchasing & procurement, risk management, internal control and financial work and studies or management assistance, to the entities in which it holds an interest, or to third parties*
- *coordinating, developing, centralizing, registering, acquiring, exploiting, conceding or transferring all processes, patents and licenses*
- *coordinating, developing and centralizing financial activities for the benefit of all or part of the companies of the group to which it belongs, a.o. hedging of all kinds of financial risks, including the management of intra-group accounts and centralised treasury management, by all financial means, including the attracting and centralizing of funding for and the*

providing of loans to affiliated companies using own funds or borrowed monies or making use of re-invoicing or factoring.

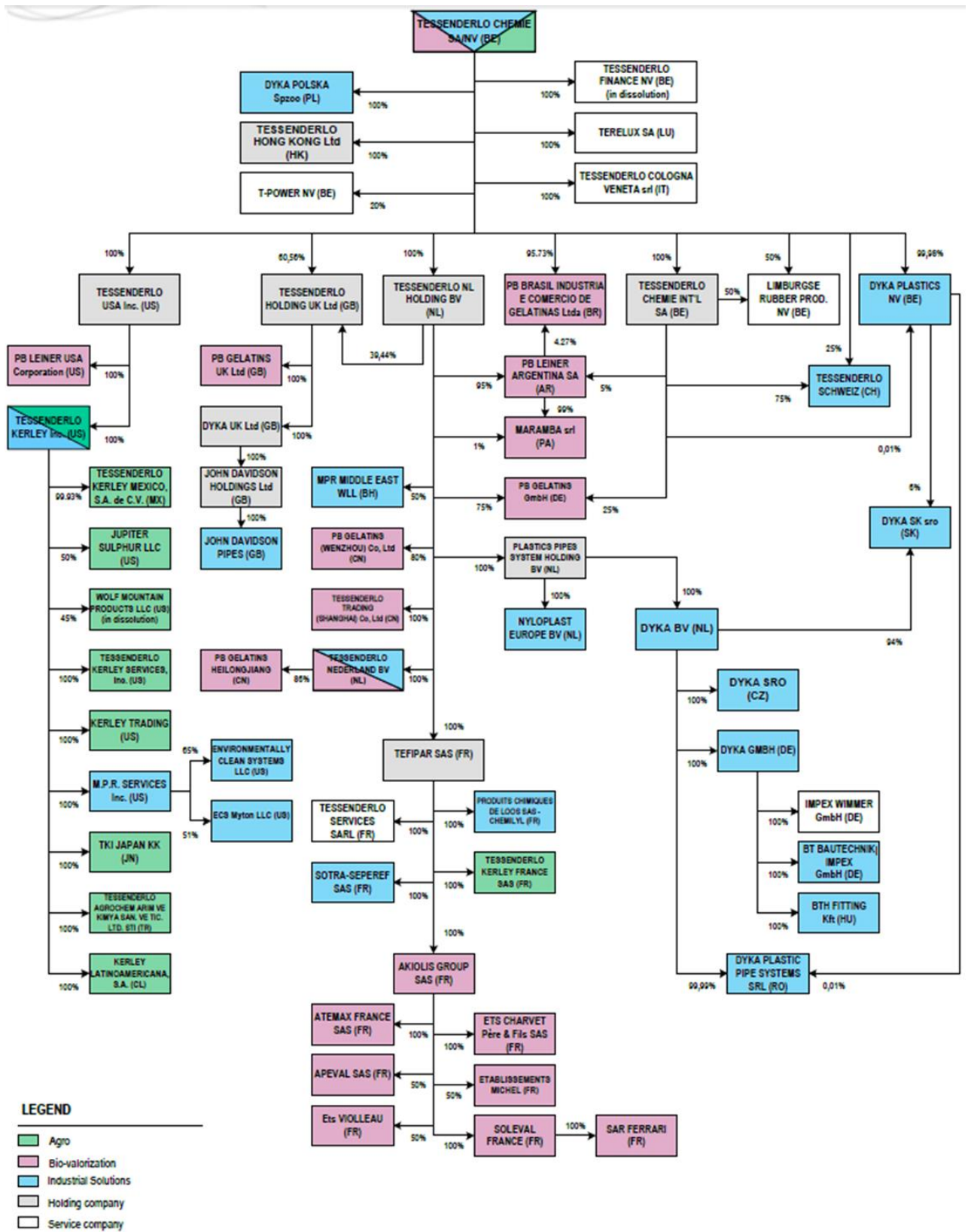
The company may in general carry out all civil or commercial, industrial or financial operations and operations involving movable and immovable property, which are directly or indirectly or wholly or partially connected with one or other part of its objectives, or which are of such a kind as to expand or promote the achievement of the company's purpose.

It can achieve its purpose both for its own account and for the account of third parties, among other things by renting or leasing its facilities, or in any other manner.

It can provide security, both by providing personal rights or rights in rem for the benefit of any physical or legal person, whether or not affiliated to it.”

10.2 Group structure

Following the completion of the portfolio transformation, the Group segmentation was adjusted to reflect its 3 focus areas: Agro, Bio-valORIZATION and Industrial Solutions. The chart below maps the 3 segments to the legal entity structure:



- LEGEND**
- Agro
 - Bio-valorization
 - Industrial Solutions
 - Holding company
 - Service company

10.3 Share capital

(a) *Share capital and Shares*

On the date of this Prospectus, the Share Capital of the Issuer amounts to EUR 159,226,718.33 and is fully paid-up. It is represented by 31,776,796 Shares, without nominal value and each Share entitled its holder to one vote.

(b) *Authorised Share Capital*

On 7 June 2011 a Shareholders' Meeting decided to renew the powers of the Board of Directors to increase the Share Capital up to an amount of EUR 40,000,000 for a period of five years as of the date of publication of the decision of the Shareholders' Meeting in the Annexes to the Belgian Official Gazette.

This authorisation and power are set out in greater detail in Section 8.6(f) (ii) "*Modification of Share Capital*".

(c) *Warrants*

The Issuer has created a number of warrants under various warrant schemes.

For the avoidance of doubt, only the warrant schemes under which warrants are still outstanding are listed below.

(i) *General*

By issuing the bond loan with warrants under the Plan 2002-2006 and the warrants under Plan 2007-2011, 2011 and 2012 the Issuer intended to increase the loyalty and motivation of its top managers, by enabling them to benefit financially from the Group's performance.

- ***Plan 2002-2006***

On 7 November 2002, the Board of Directors, acting within the framework of its authorised Share Capital, decided to offer to the top managers of the Issuer the possibility to subscribe to a five year bond loan with warrants (the "**Plan 2002-2006**"). Plan 2002-2006 concerned a bond offering of 6,250 bonds, each with a nominal value of EUR 25 and carrying a maximum of 230,000 warrants. The offering of the bond loan with warrants has taken place in five yearly allotments as from 2002-2006. The warrants have been granted free of charge.

Each warrant entitles its holder to subscribe to one Share of the Issuer at a subscription price determined by the Board of Directors, within the limits decided upon at the occasion of their issuance.

In accordance with the Economic Recovery Act (“*Economische Herstelwet*”) of 27 March 2009, as published in the Belgian Official Gazette of 7 April 2009, the duration of the warrants of the allocation period 2003-2007 was prolonged with five years. With regard to Plan 2002-2006, this means more specifically that the warrants issued under the allotments 2003-2006 (*cf. infra*) were prolonged with five years.

In light of the foregoing, the following allotments, were issued under Plan 2002-2006 by the Board of Directors acting within the framework of its authorised Share Capital:

Allotment under Plan 2002-2006	Date of the issuance	Accepted warrants under the allotment
Allotment 2003	6 November 2003	9,800
Allotment 2004	9 November 2004	38,600
Allotment 2005	10 November 2005	42,200
Allotment 2006	9 November 2006	62,880
Total	153,480	

▪ **Plan 2007-2011**

On 8 November 2007, the Board of Directors, acting within the framework of its authorised Share Capital, decided to offer a maximum of 800,000 (naked) warrants to the Issuer’s top managers allowing them to subscribe to new Shares. The offer of the said warrants was planned to take place in five yearly allotments as from 2007 up to 2011 (the “**Plan 2007-2011**”). Only in 2007, 2008, 2009 and 2010 allotments were issued under Plan 2007-2011. The warrants have been granted free of charge. Each warrant entitles its holder to subscribe to one Share of the Issuer at a subscription price determined by the Board of Directors, within the limits decided upon at the occasion of their issuance.

In accordance with the Economic Recovery Act (“*Economische Herstelwet*”) of 27 March 2009, as published in the Belgian Official Gazette of 7 April 2009, the duration of the warrants issued under the allotment 2007 (*cf. infra*) was prolonged with five years.

In light of the foregoing, the following allotments were issued under Plan 2007-2011 by the Board of Directors, acting within the framework of its authorised Share Capital:

Allotment under Plan 2007-2011	Date of the issuance	Accepted warrants under the allotment
Tranche 1 (Allotment 2007)	8 November 2007	97,175
Tranche 2 (Allotment 2008) ⁷	12 December 2008	130,750
Tranche 3 (Allotment 2009)	5 November 2009	160,000
Correction on Tranche 3 (Allotment 2009)	29 April 2010	32,542
Tranche 4 (Allotment 2010)	4 November 2010	279,499
Total	699,966	

- ***Plan 2011***

On 26 October 2011 the Board of Directors, acting within the framework of its authorised Share Capital, decided to offer a maximum of 350,000 (naked) warrants to the Issuer’s top managers allowing them to subscribe to new Shares (the “**Plan 2011**”). The offer of said warrants included one single allotment of 337,733 warrants in 2011. The warrants have been granted free of charge. Each warrant entitles its holder to subscribe to one Share of the Issuer at a subscription price determined by the Board of Directors, within the limits decided upon at the occasion of their issuance.

- ***Plan 2012***

On 14 November 2012 the Board of Directors, acting within the framework of its authorised Share Capital, decided to offer a maximum of 150,000 (naked) warrants to the Issuer’s top managers allowing them to subscribe to new Shares (the “**Plan 2012**”). The offer of the said warrants included one single allotment of 150,000 warrants in 2012. The warrants have been granted free of charge. Each warrant entitles its holder to subscribe to one Share of the Issuer at a subscription price determined by the Board of Directors, within the limits decided upon at the occasion of their issuance.

⁷ The warrants under Tranche 2008 have expired.

(ii) *Outstanding warrants*

Per 21 November 2014 there were in total 1,094,461 warrants (for which the acceptance period had lapsed) which were exercisable or which will become exercisable in the future. These warrants have been issued in the context of the Plan 2002-2006 (issue of bonds *cum* warrant), the Plan 2007-2011 (issue of naked warrants), the Plan 2011 (issue of naked warrants) and the Plan 2012 (issue of naked warrants).

Please find below an overview of the warrants outstanding at 21 November] 2014 for each tranche under the Plans.

Tranche	Exercise period	Number of warrants	Exercise price
Tranche 2 (2003)*	2007-2015	8,600	EUR 26.45
Tranche 3 (2004)*	2008-2016	27,800	EUR 31.69
Tranche 4 (2005)*	2009-2017	25,400	EUR 27.11
Tranche 5 (2006)*	2010-2018	43,680	EUR 30.02
Tranche 1 (2007)*	2011-2017	79,075	EUR 43.10
Tranche 3 (2009 and Correction on 2009)	2013-2014	142,674**	EUR 21.96 ¹
Tranche 4 (2010)	2014-2015	279,499	EUR 24.01 ²
Tranche 2011	2015-2016	337,733	EUR 21.72 ³
Tranche 2012	2016-2019	150,000	EUR 22.1 ⁴
TOTAL		1,094,461	
<p>* <i>Exercise period has been prolonged with five years.</i></p> <p>** <i>This number does no longer include the 20,000 warrants issued to Mr. Gérard Marchand under Tranche 3 (2009), as he has waived all his rights and entitlements thereto.</i></p> <p>1) <i>EUR 22 for US residents</i> 2) <i>EUR 24.72 for US residents</i> 3) <i>EUR 22.29 for US residents</i> 4) <i>EUR 22.3 for US residents.</i></p>			

In aggregate 1,094,461 additional Shares can be created in the future, on the basis of the exercise of the aforementioned warrants, representing in total 3.33% of the Shares (excluding the New Shares) on a fully diluted basis.

(d) ***Adjustment of the exercise price of the existing warrants***

The Board of Directors resolved that the exercise price of the existing warrants shall be adjusted upon the approval of the Transaction according to the following formulae:

Whereas⁸

X = Closing share price before start of Rights Subscription Period

Y = Rights value

Z = Issue Price

R (adjustment factor) = $(X - Y) / X$

Whereby

- $Y = (TERP - Z) * \text{Subscription Ratio}$; and

- $TERP =$

$(\text{number of Shares} * X) + (\text{hypothetical maximum number of New Shares to be issued} * Z)$

hypothetical maximum number of Shares after the Offering

So that the existing exercise price of the warrants will be multiplied by R.

10.4 **Dividend policy**

The Issuer has not declared or paid dividends in respect of the financial year ended on 31 December 2013. The Issuer's dividend policy may be amended from time to time, and each dividend distribution remains subject to the Issuer's earnings, financial condition, Share Capital requirements and other important factors, subject to proposal and approval by the competent corporate body of the Issuer and subject to the availability of distributable reserves as required by the Company Code and the Articles of Association. Any distributable reserves of the Issuer have to be computed in respect of its statutory balance sheet prepared in accordance with Belgian GAAP, which may differ from the consolidated financial statements in IFRS reported by the Issuer.

The Issuer does not currently plan to implement a distribution pay-out policy in the near future.

⁸ This formula disregards any (interim) dividend payments.

10.5 Shareholder structure

(a) Overview

On 6 November 2013 the Picanol Group⁹ (NYSE Euronext: PIC) announced that, further to the announcement made on 26 July 2013, it successfully completed the acquisition of the Shares held by SNPE SA in the Issuer. As a result of the transaction, the Picanol Group held 27.52% of the Share Capital of the Issuer at that time. In this respect, Verbrugge NV, controlled by Picanol NV, has made a transparency notification in accordance with the Transparency Law by which the Issuer was notified of its shareholding of 8,744,069 shares representing 27.52% of the Issuer's Share Capital at that time. Verbrugge NV has indicated to act as a long-term solid Shareholder supporting the Issuer's long-term strategy. On the same day, SNPE SA, a 99.9% French state owned company, disclosed that its participation in the Issuer's Share Capital had fallen below the 5% voting rights threshold.

Pursuant to a notification made to the FSMA on 29 September 2014 by Symphony Mills NV, an affiliated company of Verbrugge NV, in accordance with Article 15 of the Royal Decree of 5 March 2006 on transactions of managers, the Issuer was informed that Symphony Mills NV currently holds a shareholding of 1.016% in the Shares of the Issuer.

No other notifications have been transmitted to the Issuer.

To the Issuer's best knowledge and based on the notifications most recently received, the Shareholders' structure is as follows on the date of publication of this Prospectus:

Shareholder	Number of Shares	% on a non-diluted basis
Verbrugge NV	8,744,069	27.517%
Symphony Mills NV*	322,844	1.016%
Blocked shares (shares held by personnel or former personnel)	189,389	0.596%
Free float ¹⁰	22,520,494	70.871%
Total	31,776,796	100%

⁹ Picanol NV is controlled by Artela NV, which is ultimately controlled by Mr Luc Tack.

¹⁰ Individual Shareholders holding less than 5% of the Issuer's Shares.

** Pursuant to notifications made to the FSMA by Symphony Mills NV, in accordance with Article 15 of the Royal Decree of 5 March 2006 on transactions of managers.*

As per 21 November 2014, 1,094,461 warrants are still outstanding, representing in total 3.33% of all Shares (excluding the New Shares) on a fully diluted basis, as described in Section 10.3(c).

(b) *Voting rights of the major shareholders*

The major Shareholder(s) do not have different voting rights from other Shareholders that are members of the Shareholders' Meeting.

(c) *Reference shareholder*

Based on the transparency declarations to the FSMA made by Verbrugge NV, the latter holds 27.517% and its affiliated company Symphony Mills NV, pursuant to a notification made to the FSMA in accordance with Article 15 of the Royal Decree of 5 March 2006, holds 1.016% of the Shares in the Issuer.

Verbrugge NV and Symphony Mills NV, which are affiliated entities, have each and independently informed the Issuer by way of a letter dated 17 November 2014 that (i) depending on the number of New Shares subscribed by them, their participation following the completion of the Offering may vary and that in the event they individually or collectively exceed the 30% threshold of the voting rights, pursuant to an exercise of Preferential Rights in the Rights Subscription Period and/or the acquisition and subsequent exercise of either Preferential Rights in the Rights Subscription Period or Scrips in the Scrips Private Placement, this shall not give rise to a mandatory public takeover bid, pursuant to Article 52, §1, 5° of the Takeover Royal Decree and that (ii) as affiliated parties deemed to act in concert under the Takeover Royal Decree, any subsequent acquisitions will not trigger a mandatory public takeover bid either.

(d) *Shareholders' agreements*

At the date of this Prospectus, the Issuer has no knowledge of any agreements made between the Shareholders.

11 MANAGEMENT AND GOVERNANCE

11.1 Board of Directors and the Executive Management

(a) Board of Directors

(i) Overview

The table below gives an overview of the current members¹¹ of the Issuer's Board of Directors¹²:

Name	Age	Position	Start of term	End of term ¹³	Business address
Stefaan Haspeslagh	56	Chairman	13/11/2013	2018	Kortrijksesteenweg 1190, 9051 Sint-Denijs- Westrem, Belgium
Luc Tack	53	Co-CEO / executive director	13/11/2013	2015	Peperstraat 43, 9800 Deinze, Belgium
Melchior de Vogüé	52	Co-CEO / executive director	18/12/2013	2017	Troonstraat 130, 1050 Brussels, Belgium
Antoine Gendry	64	Director (non- executive)	02/06/2009	2017	Square Lamartine 3bis, 75116 Paris, France
Véronique Bolland	46	Independent director	04/06/2013	2017	Avenue Reine Astrid 92 – Tower B, 1310 La Hulpe, Belgium
Philippe Coens	68	Independent director	07/06/2011	2015	Cypresenlaan 21, 3080 Tervuren, Belgium
Dominique Damon- Zakovitch	68	Independent director	07/06/2011	2015	Avenue Rodin 1, 75116 Paris, France

¹¹ Mr. Thierry Piessevaux, a non-executive director, resigned from the Issuer's Board of Directors on 5 November 2014.

¹² None of the members of the Board of Directors have a family relationship with any other member.

¹³ The term of the mandates of the directors will end immediately after the annual Shareholders' Meeting held in the year corresponding to each director's name.

Baudouin Michiels	73	Independent director	17/03/2005	2015	Vieux chemin de Wavre, 6, 1380 Ohain, Belgium
Karel Vinck	76	Independent director	17/03/2005	2015	Sint-Hubertusdreef 39, 3090 Overijse, Belgium

(ii) ***Biographies***

Stefaan Haspeslagh, Chairman (15 February 1958)

Stefaan Haspeslagh graduated as a Master in Applied Economics and further specialised in Tax Management & Insurance. He started his career in audit, tax and consulting services at PwC Belgium and gained a wealth of experience and expertise in finance and financial management.

Currently he is Chairman of the Board of Directors of the Issuer and chief financial officer at the Picanol Group (Picanol NV). The Picanol Group is an international group specialised in the development, production and sale of weaving machines and other high-technology products, systems and services. Since November 2013, the Picanol Group, through one of its subsidiaries, became the main Shareholder of the Issuer. He is also director of Cellpack NV.

Luc Tack (3 September 1961)

Luc Tack is managing director of the Picanol Group (Picanol NV).

Luc Tack is an entrepreneur who owns and runs an extended global network of businesses in various industries, such as cleaning and water treatment and the production and trading of home textiles, Luc Tack is managing director of the Picanol Group (Picanol NV) and is also director in several companies, amongst which Acotex NV, Ter Molst International NV, Monks International NV, GTA USA, GTA India, Symphony Mills NV, Attent, De Vier Weverkens NV, Artilat NV, Vyrolat NV, Tankterminal NV and Unidet NV.

On 18 December 2013, Luc Tack was appointed CEO of the Group, a role he shares with Melchior de Vogüé.

Melchior de Vogüé (7 February 1962)

Of Brazilian and French descent, Melchior de Vogüé received his Bachelor of Science in Management from the University of Paris IX Dauphine (France), a diploma from the HEC Business School (France) and graduated from the French Society of Financial Analysts. Originally a financial analyst for five years with Lazard Frères investment bank, he then held various roles over

the course of 12 years at Groupe Suez Environment including a Financial Controller position at headquarters followed by CFO roles in subsidiaries in the UK, US and Puerto Rico. This was followed by a role of CFO and member of the management board of Arjowiggins in Paris (France) for five years. He joined the Group as Chief Financial Officer mid-2009. On 18 December 2013, Mel de Vogüé was appointed CEO of the Group, a role he shares with Luc Tack.

Antoine Gendry (7 June 1950)

Antoine Gendry started his career in the French Ministry of Interior Affairs. He then spent four years at the Treasury Department. In 1984, he left the public sector to embark on a career in the industrial sector, where he held management positions within DMC (Dolfus Mieg & Cie) and then within the SCOA Group (a subsidiary of Paribas). He went on to join the Groupe Ciment Français, first as head of the Finance Department then as deputy managing director (1991-2001) before being made chairman of the Group NORD EST.

From 2008 to 2013, he was chairman and CEO of the SNPE Group, a Shareholder of the Issuer from 2004-2013. He is also chairman of Acofi SCA, director of COE-Rexecode and of Avenir Factory. In 2013, he formed his own company Perlam (Consultancy and Investment) A former student of the French Ecole Nationale d'Administration, Antoine Gendry graduated from Paris' Institut d'Etudes Politiques (France).

Véronique Bolland (27 January 1968)

Véronique Bolland started her career at Ernst & Young as auditor. In 1996, she joined Mobistar, mobile telecommunication operator on the Belgian market, where she held the position of financial controller. She went on to join the Orange Group, the European mobile telecommunication division of France Telecom, first as director of the CFO Programme Office and then as director of the Sarbanes Oxley Programme. In 2006, she joined as finance director EMEA MWH Global Inc, a US based environmental engineering company. She is now Finance and Operations Director Europe-Africa.

Véronique Bolland holds a Master degree in Commercial Sciences, option International Relations - Hautes Etudes Commerciales de Liege (HEC) (Belgium) and a Master in Business Administration, option Finance - Université Catholique de Louvain-la-Neuve (IAG) (Belgium).

She participated in various short term Management Programmes in US and UK Business Schools (LBS, HBS,...).

Philippe Coens (13 July 1946)

Philippe Coens joined the Etex Group in 1974, where he was entrusted with various responsibilities at national and international level for many years. Between 2003 and 2010, he held the post of chief

executive officer and served as chairman of the executive committee. As manager of Philiium BVBA, he is currently member of the board of directors of the Etex Group, chairman of Schreder SA and director of Carrières du Hainaut NV. In his personal capacity he is also a board member of Van Meerbeeck Metalen NV.

Philippe Coens, who graduated as a civil engineer from the Université Catholique de Louvain (Belgium) and holds a Master of Business Administration (Sloan Programme) from Stanford University (US).

Dominique Damon-Zakovitch (18 October 1946)

Dominique Damon-Zakovitch joined the Danone group in 1970 where she held various positions of responsibility for fifteen years. Dominique Damon-Zakovitch has amassed a considerable wealth of operational and international experience, successively as managing director and vice-chairman of the Alusuisse Lonza Group in Zurich, chairman and managing director of Rhône-Poulenc Chimie, then chairman and managing director of the Impress group in the Netherlands.

In 2004, she set up her own company, Evalind International Sàrl, which advises major international groups on matters of strategy in the field of corporate governance and development.

Dominique Damon-Zakovitch holds far-reaching experience as an executive and independent director of listed and private international groups. She has been an independent director of the Daher Group since 2008, of the Bongrain Group since 2007 and chairman of Evalind International Sàrl since 2004. She is also a member of the board of directors of the "Institut Français des Administrateurs" and a member of the board of directors of the ESCP European School of Management.

Dominique Damon-Zakovitch has been made "Officier de la Légion d'Honneur", she holds an honorary doctorate from Sheffield Hallam University (UK), she is Foreign Trade Advisor for the French Government, as well as member of the Paris Chamber of Commerce. She holds a graduate in experimental psychology, and in Economics and management.

Baudouin Michiels (17 May 1941)

Baudouin Michiels has spent most of his professional career securing the international development of the Côte d'Or group, first as a family company and then within the Kraft Foods group. As vice-president, he was appointed regional manager in charge of Northern Europe (UK, Benelux, the Scandinavian Countries). He is honorary chairman of Unibra S.A. and honorary director of the Noël Marquet Corporation (N.M.C.) group. He is director of Exaris Interim S.A., Nomainvest SA and Levante S.A. He chairs several cultural and social Institutions. Baudouin Michiels holds a doctorate in law and a degree in labour and social affairs.

Karel Vinck (19 September 1938)

Karel Vinck is Coordinator with the European Commission and member of the board of directors of the Monnaie, Brussels Philharmonic and of Nyrstar SA. He is also a member of Nyrstar's audit and nomination and remuneration committees.

A former chief executive officer and chairman of Umicore SA, he has also held positions as chief executive officer of Eternit NV, of Bekaert NV and of the Belgian Railways (SNCB). Karel Vinck graduated as an electrical and mechanical engineer from the Katholieke Universiteit Leuven (Belgium) and followed a post-graduate Production Management programme at the University of Ghent. He also holds a Master of Business Administration from Cornell University (US).

(b) *Executive Management*

(i) *Overview*

Name	Age	Position	Business address
Luc Tack	53	Co-CEO and CEO Tessenderlo Kerley	Troonstraat 130, 1050 Brussels, Belgium
Melchior de Vogüé	52	Co-CEO and CFO	Troonstraat 130, 1050 Brussels, Belgium
Jordan K. Burns	60	President Tessenderlo Kerley and Business Development leader	2255 North 44 th Street, Phoenix, Arizona, 85008, USA
Pol Deturck	52	Executive Vice President & Business Unit Director Akiolis	Troonstraat 130, 1050 Brussels, Belgium
Jan Vandendriessche	55	Chief Growth Officer	Troonstraat 130, 1050, Brussels, Belgium
FINDAR BVBA, permanently represented by Stefaan Haspeslagh	56	Executive Vice-President Transformation and Development	Kortrijksesteenweg 1190, 9051 Sint-Denijs-Westrem, Belgium

(ii) *Biographies of the members of the Group Management Committee (GMC)*¹⁴

Luc Tack, co-CEO and CEO Tessenderlo Kerley (3 September 1961)

See biography under 11(a)(ii).

Melchior de Vogüé, co-CEO and CFO (7 February 1962)

See biography under 11(a)(ii).

Jordan K. Burns, President Tessenderlo Kerley and Business Development Leader (2 September 1954)

Jordan K. Burns was appointed chief executive officer of the American Tessenderlo Kerley in 1999, following three years as US chief operating officer. Formerly vice president and general manager of Jupiter Holdings, a joint venture between Tessenderlo Kerley and Conoco Phillips, he served with Conoco Inc. in various managerial positions for 15 years. Jordan Burns holds a Bachelor of Science in Business Management from the Brigham Young University (US) and an MBA from the University of Utah (US). He is also a board member of The Sulfur Institute.

Pol Deturck, Executive Vice President & Business Unit Director Akiolis (8 October 1962)

Holder of a PhD in Agriculture and Applied Biological Sciences from the Katholieke Universiteit Leuven (Belgium), Pol Deturck began his career at the Katholieke Universiteit working on agricultural development projects in Southeast Asia.

Previously operations director at Vandemoortele Margarine and Fats for seven years, he joined the Group as Operations Director Chemicals in 2007. He was appointed Director Business Group, Chemicals in 2009.

Pol Deturck is heading the business unit Akiolis.

Jan Vandendriessche, Chief Growth Officer (31 May 1959)

Jan Vandendriessche's interest in chemicals began early in his career, first achieving a PhD in Chemistry from the Katholieke Universiteit Leuven (Belgium), before following it up with an MBA from IPO (Antwerp, Belgium). Formerly vice president and R&D director of both UCB and later Cytec, he joined the Group as Director of Business Unit Fine Chemicals in 2006. A member of the Management Committee since 2007, he held the position of Director Business Group Organic Specialities since 2009.

¹⁴ None of the members of the GMC has a family relationship with any other member.

Jan Vandendriessche takes up the responsibility of Chief Growth Officer for the Group.

Findar BVBA, permanently represented by Mr. Stefaan Haspeslagh (15 February 1958), Executive Vice-President Transformation and Development

Mr. Haspeslagh graduated as a Master in Applied Economics and further specialised in Tax Management & Insurance. He started his career in audit, tax and consulting services at PwC Belgium and gained a wealth of experience and expertise in finance and financial management.

Currently he is Chairman of the Board of Directors of the Issuer and chief financial officer at the Picanol Group (Picanol NV). Stefaan Haspeslagh is also director at Findar BVBA and a member of various management committees.

(c) ***Litigation statement concerning directors and members of the executive management***

At the date of this Prospectus and except as set out below, none of the directors or members of the executive management of the Issuer or none of their permanent representatives, has for at least the previous five years:

- had any convictions in relation to fraudulent offences;
- held an executive function in the form of a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation or has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or,
- has ever been disqualified by a court from acting as member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

In 2012 Monks International NV was convicted for a breach in 2007-2008 of the water disposal limitations set forth in its environmental permits, whereby Mr. Luc Tack as managing director was convicted *in solidum*.

The Group, and as a result directors of the relevant entities, have (i) in the last year in the ordinary course of business resolved to voluntarily liquidate various subsidiaries and companies in which the Group holds participations and (ii) divested its participation in Calaire Chimie SAS. The latter company subsequently went into bankruptcy.

11.2 Corporate governance

(a) *Overview*

This section summarises the rules and principles by which the corporate governance of the Issuer has been organised pursuant to the Company Code, the Articles of Association and the Issuer's Corporate Governance Charter. It is based on the Articles of Association that have last been amended by the meeting of the Board of Directors of 14 October 2014 and on the Issuer's Corporate Governance Charter that has last been amended by the meeting of the Board of Directors on 26 March 2014.

The Issuer's Corporate Governance Charter has been adopted in accordance with the recommendations set out in the Belgian Code on Corporate Governance (the "**Corporate Governance Code**") that has been issued on 12 March 2009 by the Belgian Corporate Governance Committee (also known as the "*Code Lippens*") as adopted by the Royal Decree of 6 June 2010 on the adoption of the Corporate Governance Code for listed companies. The Corporate Governance Code is available at the following website: www.corporategovernancecommittee.be.

The Issuer complies with the Corporate Governance Code, but believes that certain deviations from its provisions are justified in view of the Issuer's particular situation. These deviations include the following:

- Provision 2.1 of the Corporate Governance Code

The composition of the Board of Directors fulfils the objective of assembling complementary skills in terms of competencies, experience and business knowledge. However, in light of the mandates currently in effect, the composition does not fully comply with the provision of the Corporate Governance Code with respect to gender diversity that will be effective as of 2017. At the Shareholders' Meeting of 7 June 2011, a step has been taken towards gender diversity by the appointment as independent director of Ms. Dominique Damon-Zakovitch. The above efforts have been continued and at the Shareholders' Meeting of 4 June 2013, during which Ms. Véronique Bolland has been appointed independent director.

- Provision 4.7 of the Corporate Governance Code:

The current Chairman of the Issuer previously was appointed as an executive director. The Issuer has carefully considered the positive and negative aspects in favour of such a decision and will disclose in its Corporate Governance statement in its annual brochure of 2014 why such appointment is in the best interest of the Issuer. The Board of Directors furthermore clarifies that provision 3.9 of the Corporate Governance Charter provides additional conflict of interest procedures in case any material transaction is being considered by the Issuer with a company in which directors are also a director or executive. Whereas it can reasonably be argued that these additional conflict of interest procedures do not apply in respect to preparatory actions or any transactions which are subject to the approval of the Shareholders' Meeting (such as the Offering itself), the Board of Directors decided to implement additional measures whereby all preparatory actions in respect to the Offering were reviewed and monitored by the *Ad Hoc* Committee, in its capacity as a subcommittee of the Board of Directors as referred to in Section 11.2(b)(ii), in addition to the decisions taken by the *Ad Hoc* Committee as mandated by the extraordinary Shareholders' Meeting of 18 November 2014, as referred to in Section 8.1.

- Provision 4.13 of the Corporate Governance Code

Currently, no formal evaluation procedure exists with respect to individual directors. The Issuer is of the opinion that the individual evaluation of the directors is only feasible up to the extent that the evaluation process is entrusted to an external company, an option which is not retained by the Issuer. However, the Issuer is convinced that the formal evaluation of the Board of Directors, for which the Issuer uses a questionnaire based on a template as developed by Guberna (Belgian Institute of Directors) as described under section Activities of Board of Directors is sufficient in order to ensure the active and proper contribution of each member of the Board.

- Provision 7.18 juncto 9.3/2 of the Corporate Governance Code

Employment contracts of the members of the GMC may contain provisions recognising part of the seniority build up with previous employers for purposes of calculating any termination indemnity and severance pay may therefore be in excess of twelve months pay. In derogation from Article 7.18 juncto 9.3/2 of the Corporate Governance Code and Article 96, §3, 9° CC, no individual specification or justification has been given in the remuneration report in relation to such employment contracts entered into on or after 1 July 2009 and a declaration to this end will be made in the corporate governance declaration in the Annual Report of 2014.

The Board of Directors will review its Corporate Governance Charter from time to time and make such changes as it deems necessary and appropriate.

The charter is available on the Issuer's website (<http://www.tessengerlo.com>) and can be obtained free of charge at the registered office of the Issuer. In its annual reports, the Board of Directors also includes a corporate governance statement describing the Issuer's corporate governance practices during the respective year and including explanations, if applicable, on any deviations from the Corporate Governance Charter or the Corporate Governance Code, in accordance with the requirement to "*comply or explain*".

(b) ***Board of Directors***

(i) *General provisions*

The Board of Directors has the broadest powers to manage and represent the Issuer, except to the extent provided otherwise by applicable law or the Articles of Association. The Board of Directors acts as a collegiate body but can delegate its competencies for special and specific matters to an authorised representative, even if this person is not a shareholder or a director.

Pursuant to the Articles of Association and the Issuer's Corporate Governance Charter, the Board of Directors is to be composed of at least three directors with a maximum of fifteen directors and at least half of the directors must be non-executive directors and at least three of them must be independent.

The directors of the Issuer are appointed by the Shareholders' Meeting. However, in accordance with the Company Code, if the mandate of a director becomes vacant due to his or her death or resignation, the remaining directors have the right to appoint temporarily a new director to fill the vacancy until the first Shareholders' Meeting after the mandate became vacant. The new director completes the term of the director whose mandate became vacant. The Articles of Association provide that directors can be appointed for a maximum (renewable) term of four years. As a rule they are appointed for a maximum period of three consecutive terms. However, in the interest of the Group and in order to avoid losing the contribution of directors who have been able to develop over a period of time, an increasing insight into the Issuer, its strategy and its operations, the Board of Directors may grant exceptions to this policy provided that the reasons for the exception are explained to the General Meeting dealing with the approval of the appointment.

A meeting of the Board of Directors is validly constituted if there is a quorum, consisting of at least a majority of its members present in person or represented at the meeting. If such quorum is not met, a new meeting must be convened to deliberate and decide on the matters on the agenda of the meeting of the Board of Directors for which a quorum was not present.

Meetings of the Board of Directors are convened by the Chairman of the Board of Directors or by at least two directors whenever the interests of the Issuer so require. In principle, the Board of Directors will meet at least five times per year.

In case of parity of votes, the Chairman of the Board of Directors has a casting vote on matters submitted to the Board of Directors.

(ii) *Activities*

The Board of Directors met eight times during 2013. During 2013, the Board of Directors' main areas of discussion, review and decision were:

- the Group's long-term strategy and budget;
- the financial statements and reports;
- the funding strategy and the financing structure of the Group;
- the implementation of a second phase of the securitisation programme;
- a number of investment and divestment projects.
- the reports of the Audit Committee (see definition hereinafter Section 11.2(b)(v)(B)), Strategy Committee¹⁵ and Appointment and Remuneration Committee (see definition hereinafter Section 11.2(b)(v)(C));
- resolution proposals to the Shareholders' Meeting, including the appointment of a new Statutory Auditor;
- the change of responsibilities in the Group Management Committee;
- the appointment of new members of the Board of Directors;
- change of the top management and appointment of Chief Executive Officers;
- the long term incentive and warrant plan;
- the remuneration policies for the CEO and Group Management Committee members;
- the evaluation of the Board of Directors and of the Appointment and Remuneration Committee;
- the implementation and effectiveness of the internal control framework and Enterprise Risk Management; and

¹⁵ The Issuer's Strategy Committee was abolished by a decision of the Board of Directors of 17 November 2014.

- the various operational and commercial improvement programmes within the Issuer.

Up to the date of this Prospectus, the Board of Directors met nine times during 2014. The Board of Directors' main areas of discussion, review and decision were:

- the Group's long-term strategy and budget 2014;
- the financial statements and reports;
- the funding strategy and the financing structure of the Group;
- a number of investment projects;
- proposals to the Shareholders' Meetings;
- appointment of the new Chairman and appointment of an Honorary Chairman;
- the changes to the composition of the Group Management Committees;
- the remuneration policies for the directors, co-CEO's and Group Management Committee members;
- the financial communication and segment reporting;
- the evaluation of the Board of Directors and of the Appointment and Remuneration Committee;
- the amendment of the Corporate Governance Charter;
- convocation and determination of the agenda of the extraordinary Shareholders' Meeting relating to the Offering, which had to decide on the approval of the Share Capital increase for a maximum amount of EUR 200,00,000 by contribution in cash with Preferential Rights at an Issue Price equalling TERP minus a discount between 5% and 35%, whereby the final Issue Price for the newly to be issued Shares shall be determined by the *Ad Hoc* Committee in consultation with the Sole Lead Manager and Bookrunner;
- deliberation and decision to amend the terms and conditions of the currently outstanding warrants under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 within the framework of the anti-dilution protection;
- further formalisation of the extension with five years of the exercise period of the warrants, listed hereinafter, that were issued within the framework of (i) Plan 2002-2006, *i.e.* more specifically the warrants issued under Allotment 2003, 2004, 2005 and 2006; and (ii) Plan

2007-2011, *i.e.* more specifically the warrants issued under Allotment 2007 (implementation of the Board of Directors' decision *dd.* 23 April 2009);

- appointment of an *Ad Hoc* Committee, as a subcommittee within the Board of Directors to provide guidance on the transaction;
- appointment of new members for the Appointment and Remuneration Committee and for the Audit Committee;
- the approval of this Prospectus;
- investment in ammonium thiosulfates production facility (Thio-Sul®) in East-Dubuque (IL) US (see Section 5 “*Reasons for the Offering and use of proceeds*”);
- approval of the commercial agreement with TETRA Chemicals for the marketing and commercialisation of calcium chloride (see Section 5 “*Reasons for the Offering and use of proceeds*”);
- the intended¹⁷ acquisition of a portfolio of crop protection products by NovaSource® (see Section 5 “*Reasons for the Offering and use of proceeds*”); and
- the contemplated construction of a new Thio-Sul® production facility in Europe, possibly complemented with logistics and distribution facilities (see Section 5 “*Reasons for the Offering and use of proceeds*”).¹⁶

No application has been made of the rules of the Corporate Governance Charter regarding conflicts of interest between the Group companies and a member of the Board of Directors which are not covered by the legal rules on conflicts of interest. During 2013, the Board of Directors pursued an induction programme for its new directors (Véronique Bolland, Luc Tack and Stefaan Haspeslagh) to cover various areas such as strategy, operational and finance matters, compliance and risk management, internal control and corporate governance.

The Board acknowledges the Law of 28 July 2011 requiring one third of its members to be of the opposite gender as from 1 January 2017. In the Board of Directors selection process, the necessary attention has and will be given to the implementation of this rule. In particular, at the general

¹⁶ “Contemplated” means that it has been discussed at the level of the Board of Directors but further negotiations are ongoing. “Intended” means that the Board of Directors has approved the principal agreement or its intent.

Shareholders' Meeting of 4 June 2013, Ms. Véronique Bolland has been appointed member of the Board of Directors.

(iii) *Chairman*

The Issuer's Corporate Governance Charter provides that the Board of Directors appoints a Chairman from amongst its members.

The Chairman of the Board of Directors is responsible for the proper operation of the Board of Directors and the effectiveness of the Board of Directors in all aspects. The Chairman sees to it that active interaction takes place between the Board of Directors and the co-CEOs, while fully respecting the executive responsibilities of the co-CEOs.

The Chairman has additional specific tasks. These are further described in the Issuer's Corporate Governance Charter.

(iv) *Independent directors*

As to independent directors, a director can only be considered an independent director if he or she meets at least the criteria set out in Article 526ter of the Company Code, which, in relation to the Issuer, can be summarised as follows:

- Not being an executive member of the Board of Directors, or exercising a function as member of the GMC or as a person entrusted with daily management of the Issuer or a related company or person (as defined in Article 11 of the Company Code), and not having been in such a position for the previous five years before his nomination.
- Not having served for more than three terms as a non-executive director of the Board of Directors, without exceeding a total term of more than twelve years.
- Not being an employee of the senior management (as defined in Article 19, 2° of the Belgian Act of 20 September 1948 regarding the organisation of the business industry), of the Issuer or a related company or person (as defined in Article 11 of the Company Code) and not having been in such a position for the previous three years before his or her nomination.
- Not receiving, or having received, any significant remuneration or other significant advantage of a patrimonial nature from the Issuer, or a related company or person (as defined in Article 11 of the Company Code) apart from any bonus or fee he or she received as a non-executive member of the Board of Directors.

- (i) Not holding any Shareholder rights representing one tenth or more of the Issuer's Share Capital, the Issuer's social funds or of a class of Shares of the Issuer;
- (ii) If the independent director holds Shareholder rights representing less than one tenth:
 - not holding Shareholder rights representing, together with the Shareholder rights owned in the Issuer by companies controlled by the independent director, one tenth or more of the Issuer's Share Capital, the Issuer's social funds or of a class of Shares of the Issuer; or
 - the disposal of those Shares or the exercise of the related rights not being subject to contractual stipulations or unilateral undertakings given by the independent director.
- (iii) Not representing, in any circumstances, a Shareholder fulfilling the conditions covered under this point d.5.
- Not having, or having had within the financial reported year, a significant business relationship with the Issuer or a related company or person (as defined in Article 11 of the Company Code), either directly or as a partner, shareholder, member of the Board of Directors, member of the senior management (as defined in Article 19, 2° of the Belgian Law of 20 September 1948 regarding the organisation of the business industry) of a company or person who maintains such a relationship.
- Not being or having been within the last three years, a partner or employee of the current or former Statutory Auditor of the Issuer or a related company or person, (Article 11 of the Company Code).
- Not being an executive director of another company in which another executive director of the Issuer is a non-executive member of the Board of Directors, and not having other significant links with executive directors of the Issuer, through involvement in other companies or bodies.
- Not being a spouse, legal partner or close family member to the second degree of a director or of a member of the GMC or person entrusted with the daily management or employee of the senior management (as defined in Article 19, 2° of the Belgian Law of 20 September 1948 regarding the organisation of the business industry) in the Issuer or a related company or person (as defined in Article 11 of the Company Code) or of the persons referred to under (a) to (h) above.

The decision relating to the election of an independent director has to state the criteria on the basis of which he or she is considered independent.

In considering a director's independence, also the criteria set out in the Issuer's Corporate Governance Charter will be taken into account. The Board of Directors will disclose in its annual report which directors it considers independent directors.

The independent directors of the Issuer are currently Véronique Bolland, Philippe Coens, Dominique Damon-Zakovitch, Baudouin Michiels and Karel Vinck.

(v) *Committees of the Board of Directors*

(A) General

The Board of Directors may set up special committees to analyse certain specific areas and to advise the Board of Directors on those matters. The committees are advisory bodies only and the responsibility rests with the Board of Directors. The Board of Directors determines the terms of reference of each committee with respect to the organisation, procedures, policies and activities of the committee.

(B) Audit Committee

The Board of Directors has appointed an audit committee (the "**Audit Committee**"). The committee must be composed of at least three non-executive directors, one of whom acts as chairman. The majority of the members of the Audit Committee are independent directors. The Board of Directors ensures that the committee has sufficient and suitable skills, including financial and accounting skills. Subject to the legal requirements set out in Article 526*bis* of the Company Code, the composition of the committee may deviate from the above if, in the reasonable opinion of the Board of Directors, a different composition can bring more relevant experience and expertise to the committee. The Audit Committee elects a chairman from amongst its members. The chairman cannot be the Chairman of the Board of Directors.

The Audit Committee has specific tasks. In summary, the role of the Audit Committee is to:

- monitor the preparation process for financial information;
- monitor the efficacy of the Issuer's internal control and risk management systems;
- monitor the internal audit and its efficacy;
- monitor the statutory auditing of the annual accounts and consolidated accounts, including monitoring the questions and recommendations formulated by the Statutory Auditor; and
- examine and monitor the independence of the Statutory Auditor.

These tasks are further described in the terms of reference of the Audit Committee, as set out in the Issuer's Corporate Governance Charter and in Article 526*bis* of the Company Code. The Audit Committee reports to the Board of Directors on its activities at specified intervals. The Audit Committee informs the Board of Directors *inter alia* about matters for which improvements are required and formulates recommendations on the steps to be taken.

In principle, the Audit Committee will meet at least four times per year. At least two times a year, the Audit Committee treats in depth internal control and risk management issues. At least twice a year, the Audit Committee meets the external and internal auditors to discuss matters relating to any issues arising from the audit process, the audit mission and in particular any material weaknesses in the internal control. At least twice a year, such meetings shall include discussions relating to the internal rules of the Audit Committee. At least every two years the Audit Committee carries out a review, during which the size, composition and proper functioning of the Audit Committee are examined. Following this review, the Audit Committee submits its recommendations to the Board of Directors.

The Audit Committee may meet any member of staff of the Group without an executive director or member of the GMC being present. The following directors are currently members of the Audit Committee: Baudouin Michiels, Véronique Bolland and Philippe Coens.

(C) Appointment and Remuneration Committee

The Board of Directors has established an appointment and remuneration committee (the “**Appointment and Remuneration Committee**”). The committee must be composed of at least three non-executive directors, the majority of whom sit as independent directors. The members of the Appointment and Remuneration Committee are chosen from amongst those Board members most experienced in matters of human resource management and in particular remuneration policies. Subject to the legal requirements set out in Article 526*quater* of the Company Code, the composition of the committee may deviate from the above if, in the reasonable opinion of the Board of Directors, a different composition can bring more relevant experience and expertise to the committee.

The Appointment and Remuneration Committee has specific tasks. In summary, the Appointment and Remuneration Committee is responsible for:

- devising and defining the appointment procedure and selection criteria for members of the Board of Directors;
- periodically reviewing the capacity, composition and functioning of the Board of Directors, and formulating recommendations to the Board of Directors;

- searching for, identifying and formulating recommendations for suitable candidates for the available offices of director and the Special Committees;
- formulating proposals regarding the Appointment of the co-CEOs, examining the organisational charter (including the composition of the GMC) with the co-CEOs and advising the co-CEOs where applicable on his proposals regarding appointment and removal of GMC members;
- formulating proposals to the Board of Directors and/or general Shareholders' Meeting regarding remuneration policy for executive and non-executive directors and for members of the committees and to the extent applicable regarding any proposals to be submitted by the Board to the shareholders in this regard;
- formulating recommendations to the Board of Directors regarding the individual remunerations of the directors and to the extent applicable regarding any proposals to be submitted by the Board to the Shareholders;
- reviewing with the co-CEOs the functioning and performance of the GMC;
- regularly reviewing the career development plans and succession planning of GMC members;
- formulating recommendations regarding remuneration policy and individual remuneration of the co-CEOs and GMC members, including variable remuneration and long term profit-sharing formulae whether linked to Shares or not and to the extent applicable regarding any proposals to be submitted by the Board of Directors to the Shareholders in this regard;
- formulating recommendations on the appointment contracts of the co-CEOs and other GMC members concluded after 1 July 2009;
- formulating recommendations on any compensation for termination of the appointments of the co-CEOs and other GMC members and to the extent applicable on any proposals to be submitted to the Shareholders in this regard;
- defining procedures to review the performance of directors and GMC members; and
- preparing the remuneration report and presenting the remuneration report to the annual Shareholders' Meeting.

These tasks are further described in the terms of reference of the Appointment and Remuneration Committee as set out in the Issuer's Corporate Governance Charter and Article 526 quater of the

Company Code. The Appointment and Remuneration Committee regularly reports to the Board of Directors on the exercise of its duties.

In principle, the Appointment and Remuneration Committee will meet at least twice a year. Furthermore, on the convocation of its chairman, the Appointment and Remuneration Committee shall meet whenever circumstances so require. At least once a year, the Appointment and Remuneration Committee shall deal with the performance review, remuneration and objectives of the members of the GMC.

At least every two years the Appointment and Remuneration Committee carries out a review, during which the size, composition and proper functioning of the Appointment and Remuneration Committee are examined. Following this review, the Appointment and Remuneration Committee submits its recommendations to the Board of Directors.

The following directors are currently members of the Appointment and Remuneration Committee: Karel Vinck, Dominique Damon-Zakovitch and Philippe Coens.

(vi) *Remuneration and benefits*

For the year 2014, a fixed annual fee of EUR 20,000 is granted to each of the members of the Board of Directors, with exception of the Chairman, who receives an annual fixed fee of EUR 50,000. An additional annual fee of EUR 5,000 is granted to each independent director who is also a member of the Audit Committee. The attendance fees for the Appointment and Remuneration Committee, the Strategy Committee¹⁷ as well as for any special committee established by the Board of Directors are included in the annual fixed fee.

Name	Position	Earned fees 2014
Stefaan Haspeslagh	Executive Chairman	35,000 ¹⁸
Luc Tack	Co-CEO / executive director	20,000
Melchior de Vogüé	Co-CEO /	20,000

¹⁷ The Issuer's Strategy Committee was abolished by a decision of the Board of Directors of 17 November 2014.

¹⁸ The remuneration granted to Mr. Haspeslagh amounted to EUR 10,000 in the first year half of 2014, as a director, and EUR 25,000 in the second year half of 2014, as Chairman.

	executive director	
Antoine Gendry	Director (non-executive)	20,000
Thierry Piessevaux ¹⁹	Director (non-executive)	20,416
Véronique Bolland	Independent director	25,000
Philippe Coens	Independent director	25,000
Dominique Damon-Zakovitch	Independent director	20,000
Baudouin Michiels	Independent director	25,000
Karel Vinck	Independent director	20,000

(vii) *Shareholdings and warrants*

Director	Number of Shares in the Issuer	Number of warrants relating to Shares in the Issuer
Stefaan Haspeslagh	0	0
Luc Tack	0 ²⁰	0
Melchior de Vogüé	4,216	62,000

¹⁹ Mr. Piessevaux, a non-executive director, resigned from the Issuer's Board of Directors on 5 November 2014. The remuneration stated in the above table is based on the pro rata amounts for the year 2014 of (i) the fixed fee for the members of the Board of Directors and (ii) the attendance fee as a member of the Audit Committee., (to be) paid to Mr. Piessevaux.

²⁰ Mr. Luc Tack does not hold any direct Shares in the Issuer, but (indirectly) controls Verbrugge NV and Symphony Mills NV. See Section 10.5.

Antoine Gendry	0	0
Véronique Bolland	0	0
Philippe Coens	0	0
Dominique Damon - Zakovitch	0	0
Baudouin Michiels	0	0
Karel Vinck	0	0

(c) *Co-CEOs*

Between the Chief Executive Officers the roles are divided as follows: on the one hand, a co-CEO is responsible for Operations and Human Resources whilst the second co-CEO is responsible for Finance, Legal, Risk, ICT, Investor Relations and M&A. The co-CEOs are the intermediary between the Board and the GMC and cooperate closely with the Chairman of the Board of Directors with a view to preparing Board meetings. The Board of Directors entrusts the co-CEOs with the powers necessary to enable them to fulfil their responsibilities and obligations. The co-CEOs must have sufficient room for manoeuvre to propose and put in place the Group strategy taking into account its values and the risk level.

Without prejudice to the obligation of the co-CEOs to report to the Board of Directors, the powers granted to the co-CEOs comprise running the Issuer, including the day-to-day management and management of commercial, technical, financial, regulatory and human resource aspects, within the limits of the rules and principles of general policy and the decisions taken by the Board of Directors. The specific tasks are further described in the Issuer’s Corporate Governance Charter.

The co-CEOs may delegate powers to other members of the GMC and/or executives, employed by the Group, to permit them to perform their functions and responsibilities correctly and effectively.

(d) *The Group Management Committee*

(i) *General*

The Board of Directors has appointed a group management committee (the “**Group Management Committee**” or the “**GMC**”). The GMC provides assistance to the co-CEOs. The GMC meets in principle once a month. In addition the GMC meets whenever circumstances require this. The GMC periodically reports to the Board of Directors on the execution of its duties.

Decisions of the GMC are taken by unanimity, but in absence thereof the co-CEOs will decide.

At least once a year, the co-CEOs carry out a review of the functioning of the GMC and the contribution of its members and, where applicable, propose amendments to its internal regulations to the Board of Directors.

These tasks of the GMC are further described in the terms of reference of the GMC as set out in the Issuer's Corporate Governance Charter.

(ii) *Remuneration*

For 2014, the remuneration of the co-CEO's is as set out in the table below:

2014 - Mid Year 2014	Melchior de Vögué (1)	Luc Tack	TOTAL co-CEO's
Fixed Compensation (Excluding Director fees)	345,300 €	231.350 €	576.650 €
Variable Compensation (excluding options)	155,064 €	105.264 €	260.328 €
Total Compensation	500,364 €	336.614 €	836.978 €
Pension (3)	45,218 €	20.139 €	65.357 €
Other Benefits (4)	62,845 €	24.895 €	87.740 €
Total - without termination costs (2)(5)(6)	608,426 €	381.648 €	990.074 €

(1) Since Mr. De Vögué's appointment as co-CEO and new role within the Group, Mr. De Vogüé is remunerated pursuant to a management agreement

(2) Excluding social security contributions

(3) Pension Plan: estimate annual service cost for 2014, as calculated by an actuary plus taxes and social security

(4) Other benefits include coverage for death, disability, work accident insurance, taxes (4.40%) and social security on insurances, meal vouchers, company car - all under the same conditions applicable to other Leadership Team members (i.e. the top 100 individuals of the Issuer) and the ruling approved by the Belgian Tax authorities for representation allowance

(5) Estimate bonus 2014 based upon expected realisation

(6) There are no exit premiums, pensions linked with termination or other costs linked with termination

A summary of the aggregate remuneration of the GMC members, as reported in the 30 June 2014 half year report, is shown in the table below:

2014 – Mid Year 2014 (in EUR m)	Mid-Year 2014 – Est. 2014 (1)	Mid-Year 2013 – Est. 2013	End Year 2013
Short term employee benefits (4)	3.3 (2)	5.0	3.9
Post-employment benefits	0.2	0.4	0.4
Total (excluding termination costs) (3)	3.5	5.4	4.3

(1) Excluding the fees paid to MAS BVBA, a company controlled by Mr. Stefaan Haspeslagh, for various consultancy services performed during the period November 2013 – January 2014, and paid in March 2014, for an amount equal to EUR 100,716.

(2) The short term employee benefits = EUR 2.3 million (fix)
EUR 1.0 million (variable)

(3) No termination costs were included in year 2013.

(4) The short term employee benefits include salaries & estimate bonuses over 2014 (including social security contributions), car lease and other allowances where applicable.

(iii) *Agreements on severance pay*

The employment contracts of the members of the GMC entered into on or after 3 May 2010 are compliant with art. 554, §3 CC. Any agreements entered into prior to such date, have been entered into in compliance with the then applicable legislation.

Furthermore, employment contracts of the members of the GMC may contain provisions recognising part of the seniority build up with previous employers for purposes of calculating any termination indemnity and severance pay may therefore be in excess of twelve months pay. In derogation from Article 7.18 juncto 9.3/2 of the Corporate Governance Code and Article 96, §3, 9° CC, no individual specification or justification has been given in the remuneration report in relation to such employment contracts entered into on or after 1 July 2009 and a declaration to this end will be made in the corporate governance declaration in the Annual Report of 2014.

(iv) *Shareholdings and warrants of members of the GMC that are not also in the Board of Directors*

Name	Number of Shares in the Issuer	Number of warrants relating to Shares in the Issuer
Jordan Burns	2500	78,153
Pol Deturck	5,601	59,333
Jan Vandendriessche	6,760	59,333

FINDAR BVBA	0	0
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(e) ***Related party transaction***

The Group has entered into various agreements in the ordinary course of business with 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. An overview hereof is provided in Section 13.3(a)(xxi).

12 BUSINESS OVERVIEW

12.1 Overview

The Group is an international specialty group with a global presence providing solutions for needs in food, agriculture, water management and efficient use and re-use of natural resources. With approximately five thousand people working at more than hundred locations across the globe, the Group is one of the leaders in most of its markets, primarily serving customers in agriculture, industry, construction, and health and consumer goods end markets. The Group constantly strives to find more sustainable solutions. It thereby aims to minimise its own ecological footprint and to maximise the contribution of its products in the evolution towards a green economy. The Group offers various products and environmentally friendly solutions, whereby it typically reclaims and transforms by-products from other industries.

The Group's activities are subdivided in three operating segments: Agro, Bio-valorization and Industrial Solutions.

- **Agro** - this segment is active in the production and marketing of crop nutrients (liquid crop fertilisers and SOP) and crop protection products.
- **Bio-valorization** - this segment combines the Group's activities in animal by-product processing, comprised of Akiolis (rendering, production and sales of proteins & fats) and Gelatins (production and sales of gelatins).
- **Industrial Solutions** - this segment is comprised of activities offering products and solutions to industrial end-markets. The segment includes in essence the production and sales of plastic pipes systems, of water treatment chemicals and other industrial activities, such as production and sales of mining & industrial auxiliaries, and the delivery of services for the treatment and disposal of fracking water (ECS) and the recovery of industrial process fluids (MPR).

The table below sets forth the Group's revenues and underlying REBITDA for each operating segment for the indicated periods.

EUR m	Year Ended 31 December		Nine Months Ended 30 September	
	2013 (Audited)	2013 (Unaudited)	2013 (Unaudited)	2014 (Limited review)
Group revenue	1,790.1	1,444.0	1,444.0	1,114.4
<i>Agro</i>	496.4	410.5	410.5	417.7
<i>Bio-valorization</i>	514.6	391.6	391.6	358.6
<i>Industrial Solutions</i>	397.3	302.8	302.8	305.0

<i>Other</i> ²¹	381.9	339.0	33.0
Group REBITDA	116.5	107.4	117.8
<i>Agro</i>	60.1	52.0	84.2
<i>Bio-valorization</i>	23.0	26.1	8.1
<i>Industrial Solutions</i>	18.2	13.7	24.1
<i>Other</i> ¹³	15.2	15.6	1.4

12.2 History and development

(a) *Before 2009 (Origins of the Issuer)*

The Group's heritage dates back to the late 19th century, when production activities in Belgium began to supply agricultural customers. These activities were purchased and renamed 'Produits Chimiques de Tessenderlo' (PCT) in 1919 and, ten years later, a joint venture with the French 'Mines de Potasse d'Alsace' was created. A new plant in Ham (Belgium) was built and 80% of the production was exported worldwide.

PCT listed on the Brussels Stock Exchange in 1937, and in 1954, Mines de Potasse d'Alsace, later renamed 'Entreprise Minière et Chimique' (EMC) – a French state-owned company, became the major shareholder of PCT.

In 1964, the Group made its first expansion outside of the Limburg region, for the production of gelatin in Vilvoorde, near Brussels. Five years later, the Group entered the plastics industry by the creation of the company 'Limburgse Vinyl Maatschappij' (LVM), a joint venture with DSM in polyvinyl chloride (PVC).

In 1972, PCT changed its name into Tessenderlo Chemie.

In 1975, the Group acquired Nienburger Gelatin, and in 1980 Benzyl Chemie was added to the Group. In 1983, the chemical activities of EMC in Belgium were merged into Tessenderlo Chemie. With a shareholding of 64%, EMC remained the major shareholder.

Between 1983 and 2009, the Group expanded and internationalised each business area. The Group has managed its portfolio of businesses through strategic acquisitions and divestitures. In 1986, the Group acquired the Caillaud group (today called Akiolis), specialists in collecting and processing animal by-products, providing high quality raw materials. In 1987, it acquired Dyka Steenwijk and Dyka Plastics, to enhance the plastic pipes systems area of the business. The pharma activities were developed in 1989 with the purchase of Farchemia, an Italian manufacturer of generic pharmaceuticals.

²¹ "Other" means all the divested businesses.

The growth and expansion continued throughout the 1990s as the Group expanded into among other Asia through a joint-venture with the Lianyungang Chemical Factory in China, for the production of benzyl chloride and derivatives.

In 1995, the Group gained its first manufacturing foothold in the USA with the acquisition of Hickson Kerley Inc., the leading manufacturer of sulphur-based derivatives for agricultural and industrial applications. In 1999 Tessenderlo Kerley acquired the business of Mobile Process Resources (MPR), which had technology providing a more efficient way to operate equipment designed to separate gases within the refining process. Late 1999 Tessenderlo Kerley purchased a metam-sodium label and production facility. The Group formalised its efforts in developing and distributing regulated crop protection in the new NovaSource® business unit in 2007.

(b) 2009 –2014 (Portfolio transformation)

The Group, over the course of its history, had developed into a diversified international chemicals group, active in a wide variety of businesses, exposed to cyclical commodity end-markets. In 2009, the Group launched a transformation plan, targeting to prune the business portfolio and redeploy the Group's resources in certain core activities. It divested or ceased its historical activities in PVC/Chlor-Alkali, plastic profiles, compounds, phosphates, organic chlorine derivatives, and pharmaceutical ingredients. As a result the Group incurred significant operating losses. Under IFRS, net loss was amounted to EUR 155.4 million, EUR 238 million and EUR 64 million for the period ending 31 December 2011, 2012 and 2013, respectively.

In aggregate, twelve (12) divestments were completed in the period between 2010 and 2014 to implement the above-mentioned portfolio reshuffle, including:

- the sale of its UK based esters and aromas activities (Tessendero Fine Chemicals LTD) in February 2011;
- the sale of its US profile activities (Chelsea Building Products Inc.) in July 2011;
- the sale of its PVC/ Chlor-Alkali activities, including part of its organic chlorine derivatives, in August 2011;
- the sale of its subsidiary Dynaplast-Extruco Inc., which produces and markets PVC profiles in Canada, in September 2011;
- the sale of its Chinese organic chlorine derivatives activities in August 2012;
- the sale of its pharmaceutical ingredients activities in France and Italy in December 2012;
- the sale of its European profile activities, known under the brand Profialis in February 2013;

- the sale of its organic chlorine derivatives business (Tessengerlo Partecipazioni S.p.A) in May 2013;
- the sale of its compounds activities in June 2013;
- the sale of its UK profile activity Eurocell in September 2013; and
- the sale of its feed phosphates Aliphos business in February 2014.

At the end of 2013, the environmental permit for the phosphates activity at the Ham site (Belgium) expired and was not renewed. As a consequence, the phosphates production facilities in Ham were closed down.

In the same timeframe the Group launched and announced several investments to strengthen the position of its core activities, some of which are currently still ongoing.

For the Agro segment the main investments include:

- the purchase of the linuron herbicide assets (Lorox®, Linex®), as announced in June 2009;
- the construction of a Thio-Sul® production facility in Wynnewood, Oklahoma (US), as announced in March 2011;
- the purchase of the crop protection assets of the global carbaryl (Sevin®) business, as announced in January 2012;
- the ongoing construction of a KTS® production facility in Hanford, California (US), as announced in June 2012, which is expected to be commissioned in the course of 2015 (see Section 5 “Reasons for the Offering and use of proceeds”);
- the investments to prepare the stop of the phosphates activity and adapt the site for stand-alone sulfates activity in Ham (Belgium), executed in the period 2011-2013;

For the Bio-valorization segment the main investments include:

- the acquisition by Akiolis of the remaining 50% stake in the Fiso Group, as announced in July 2009;
- the construction of a new factory for the production of gelatin in Acorizal, Mato Grosso, (Brazil), as announced in October 2009; and
- the investment in a new factory for the production of gelatin in Nehe (China) through a joint venture, as announced in October 2010.

For the Industrial Solutions segment the main investments include:

- the acquisition of the BT Bautechnik Group, manufacturing and supplying fittings to the European plastic pipe industry, as announced in September 2011; and
- the construction of a new thiosulfates (Thio-Gold®-300) production facility at Barrick's Goldstrike site, Nevada (US), as announced in August 2012 and commissioned end of September 2014 and expected to start to contribute in the fourth quarter of 2014 to the Group's results.

(c) ***2014 and beyond – (Sustainable segment growth)***

The Group aims to sustainably grow revenue and profitability and preserve, strengthen and enhance its competitiveness and resilience going forward. To this end:

- multiple operational and commercial improvement and investment programmes are ongoing or being studied throughout the Group;
- the Group intends to invest in additional capacity to be able to meet expected future demand, where required; and
- the Group also seeks to seize, throughout all of its activities, adequate acquisition opportunities.

Each of the current segments has today well-defined priorities, based on their current market position and nature of their activity. Segment by segment, the Group's key strategies are:

- For **Agro**, firstly, to **maintain its market position** in its liquid crop nutrients portfolio through selective investments in North-America and internationally (such as storage, infrastructure and production facilities). Secondly, to serve the growing demand for water soluble SOP, through selective investments at existing facilities (including a new calcium chloride production plant in Ham (Belgium)) and the development of large and flexible HCl outlets. And thirdly, to grow the crop protection activity, the Group targets to continue to acquire new product lines which fit the existing portfolio.

Already in 2014, the Group announced for the Agro segment the following investments:

- the intended construction of a new Thio-Sul® production facility in East-Dubuque, Illinois (US), as announced in October 2014 (see Section 5 "*Reasons for the Offering and use of proceeds*"); and

- the intended construction of a new calcium chloride production plant in Ham (Belgium), as announced in September 2014 (see Section 5 “*Reasons for the Offering and use of proceeds*”);
- In the **Bio-valorization** segment, the Group aims to **secure and strengthen its current position**. Although turbulent regional market conditions (*i.e.* pressure on volumes and margins) limit visibility for the foreseeable future, the Group targets to restore profitability, by executing a set of operational and commercial improvement programmes, cost reduction measures and targeted investments in process innovation and product valorisation.
- Within the **Industrial Solutions** segment,
 - *PPS* is positioning itself to optimally benefit from any future recovery of the Western-European construction markets.
 - *Water Treatment* aims to maintain its current position in the Western-European ferric coagulant market. In 2015, 2016 and 2017, the Group will make the previously announced investments in respect of the intended conversion of the mercury based electrolysis in Loos (France) into a membrane based electrolysis, as required by European regulation (see Section 5 “*Reasons for the Offering and use of proceeds*”). The studies on the conversion project are still ongoing; and
 - The *Mining & Industrial activity*, *MPR* and *ECS* continue to look for further opportunities to commercialise existing technologies.

The Group will continue to evaluate on a permanent basis the strategy of the Group in view of creating a long term sustainable business and stakeholder value.

12.3 Business operations

(a) **Agro**

The Agro segment comprises a portfolio of (i) crop nutrients and (ii) crop protection products.

The Group’s main product lines are:

<i>Product</i>	<i>Type</i>
Thio-Sul®	Crop nutrient
KTS®	Crop nutrient
CaTs®	Crop nutrient
SOP	Crop nutrient

Sectagon 42®	Crop protection
Sectagon K54®	Crop protection
Linuron®	Crop protection
Sevin®	Crop protection

The following table contains the key financial data of the Agro segment:

EUR m	Year Ended 31 December	Nine Months Ended 30 September	
	2013	2013	2014
	(Audited)	(Unaudited)	(Limited review)
Revenue	496.4	410.5	417.7
REBITDA	60.1	52.0	84.2
REBITDA margin (in %)	12.1%	12.7%	20.2%

(i) *Crop nutrients*

Products in the Group's Crop nutrient portfolio provide essential nutrients to the crop (amongst others by offering bio-available nitrogen, potassium, sulphur), enhance the characteristic of fertiliser blends (amongst others by reducing the loss of nutrient through water run-off), and/or improve physical properties of the soil (amongst others by increasing water infiltration). The Group's crop nutrients portfolio is mainly sulphur-chemistry based. The Group's core product lines include ammonium thiosulfate, branded as Thio-Sul®, potassium thiosulfate, branded as KTS® and potassium sulfate (also named SOP – sulfate of potash), of which the water soluble quality is marketed under the brand SoluPotasse®. In the US, the Group's line of fertilisers and soil amendment products are grouped under the CROP VITALITY™ branding.

Thio-Sul® and KTS® are liquid fertilisers, which target broad acreage crops (*e.g.* corn, wheat, cotton), vegetable crops (*e.g.* tomatoes, lettuce), and arboricultural cultivation (*e.g.* grapes, almonds). Due to their liquid nature, the products are well-suited for irrigation based fertilisation, and can easily be blended with other liquid products. For example, Thio-Sul® is generally blended into UAN, a concentrated solution of urea and ammonium nitrate commonly used as nitrogen fertiliser. Adding Thio-Sul® to UAN solution is an economical, effective and convenient way to stabilize and maximize nitrogen efficiency, by slowing the rate of nitrification, and providing sulphur to plants. According to the international Fertilizer industry Association approximately 60% of primary fertilizer consumption is nitrogen.

Raw material inputs into the production process include industrial commodities such as ammonia (NH₃), sulphur (S) and potassium hydroxide (KOH). The Group's sulphur needs are partially served by its sulphur-removal services, in which the Group cleans refinery tail gasses by removing sulphur and other co-products, and converting them on-site into liquid fertilisers. The majority of

other raw materials are sourced externally from multiple suppliers and transported by rail or truck to the plants.

The main market for the Group's liquid product range resides in the US and Canada, where the vast majority of the sales occur. Based on internal estimates (see Section 4.7), the Group has a leading position in the North-American market and its main competitors are Martin Midstream Partners and Poole Chemical. The Group aims to maintain this position, through selective investments.

Over the past years, the Group invested to strengthen the infrastructure network in the United States. The most recent investments include the construction of new KTS® storage (commissioned in 2014) and production facilities in Hanford, California (US) (expected to be commissioned in the course of 2015) (see Section 5 "*Reasons for the Offering and use of proceeds*"). In addition, the Group plans to invest in a new Thio-Sul® production facility in East-Dubuque, Illinois (see Section 5 "*Reasons for the Offering and use of proceeds*").

Over the past years, additional efforts have been initiated to expand the Group's liquid product portfolio outside of US and Canada. Priority regions for further development include parts of Europe, and Central and Latin America. More specifically, the Group contemplates to construct a new Thio-Sul® production facility in Europe, possibly complemented with logistics and distribution facilities.

The Group's liquid fertiliser operations are comprised out of six owned and operated production sites, a 50/50 joint venture with Philips 66 in two production sites and tolling agreements with two other third parties. These facilities are located in Billings, MT (US), Eufaula, AL (US), Coffeyville, KS (US), Fresno, Ca (US), McPherson, KS (US), Pasadena, TX (US), Ponca City, OK (US), Wynnewood, OK (US), Ham (Belgium), Izmir (Turkey). The Group also operates an extensive liquid fertiliser logistics network (composed out of storage facilities, railcars, trucks and other related assets), throughout the whole of the United States.

SOP (K₂SO₄) is used as a potassium fertiliser on cash crops such as flowers, fruits, and vegetables. Its low salinity index and chloride content, make it the preferred potassium fertiliser in chloride sensitive or arid regions. The Group specialises in the soluble SOP market segment, and is one of the leaders in the segment with its SoluPotasse® brand.

SOP production is based on the Mannheim process using muriate of potash (KCl) and sulphuric acid (H₂SO₄) as main raw materials and producing SOP and HCl as a co-product. Although the Mannheim process entails a higher variable cost compared to alternative production processes (e.g. brine evaporation, mining), it offers a better quality product. The Group produces its own sulphuric acid, using sulphur (S) as a raw material.

The Group consolidated its SOP production in Ham (Belgium), closing down its SOP operation in Loos, France (2012), and is increasing its SoluPotasse® capacity to serve the growing market.

Based on internal estimates (see Section 4.7), the Group is one of the leading global players in SOP, selling in over 80 countries, and its key competitors include K+S and GSL Minerals.

Historically, the phosphates production facilities, which were located next to the SOP production facilities on the Ham site in Belgium, absorbed significant volumes of HCl co-product. At the end of 2013, the environmental permit for the phosphates activity (manufacture of feed phosphates) on the Ham site expired and was not renewed. As a consequence, the phosphates production facilities were closed down, resulting in a drop in absorption capacity of the co-product HCl and a reduction of available SOP production capacity at the Ham site. Since the closure of the phosphates production facilities, a substantial part of Ham's HCl production is absorbed by third parties. The Group is working on additional HCl co-product outlets and plans to invest in a new calcium chloride (CaCl₂) production unit in Ham (see Section 5 "*Reasons for the Offering and use of proceeds*"). In respect of the latter, the Group entered into an agreement with TETRA Chemicals Europe AB (a subsidiary of TETRA Technologies, Inc.) on 22 September 2014, under which the Group will construct the new production plant, which it will fully own, and will process part of the HCl from the sulphate plant into calcium chloride. To the extent the project is realised, TETRA Chemicals, a global player in calcium chloride, will market the new source of calcium chloride through its extensive distribution network. The production facility is expected to become operational in the third quarter of 2015.

Following the closure of the phosphates production facilities, the Group is in the process of decommissioning the phosphates industrial chain and implementing a reduction in work-force and overhead costs in Ham. A social plan for the restructuring was agreed upon with the social partners in 2014, and is reflected in the financial statements (see Section 5 "*Reasons for the Offering and use of proceeds*").

(ii) *Crop protection*

The Group's crop protection business (NovaSource®), is active in the acquisition, further development, registration, and marketing of crop protection products globally in more than 40 countries. NovaSource® products increase the quality and productivity of specialty food crops such as potatoes, fruit, nuts and vegetables.

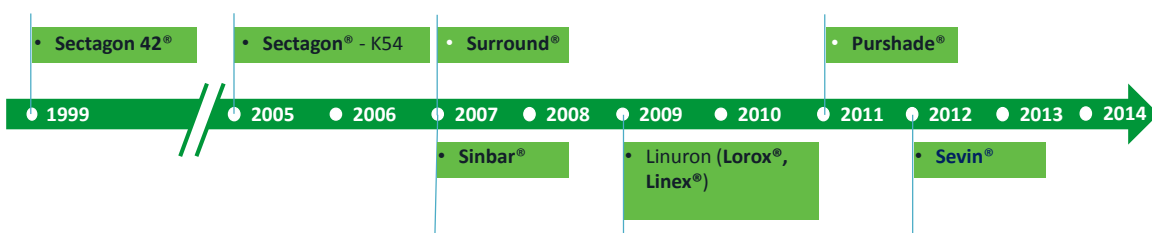
NovaSource® serves multiple areas of the regulated crop protection market including soil fumigants, herbicides, fungicides, insecticides and plant health products. NovaSource® is a leader in many of the products that it sells. The regulatory aspects, including the development and management of data-sets demanded by regulatory authorities to maintain its registrations, are a critical success element in the NovaSource® business model.

The involvement of NovaSource® along the value chain is depicted below:



The Group's activities in crop protection have shown continuous growth over the past years, driven by the successive acquisition and integration of additional product lines. NovaSource® typically acquires all intangible assets associated with the product lines. These are purchased from multinational crop protection companies that are divesting non-strategic products. To further grow the crop protection activity, the Group targets to acquire additional products which fit with the existing portfolio, thereby potentially creating synergies.

An overview of the most recent acquisitions is depicted below:



The Group has three production facilities that produce crop protection products, located in Burley, ID (US), Finley, WA (US) and Fresno, CA (US). In addition, NovaSource® sources products from various industry vendors across the globe, which use NovaSource® owned process knowledge to manufacture products to the exacting specifications required by regulatory authorities.

The Group's product lines compete in specialty markets against a wide variety of products from all industry competitors. Based on internal estimates (see Section 4.7), the Group's competitors for several of the products include OR-CAL Inc and Taminco Corp.

(b) ***Bio-valorization***

The Bio-valorization segment combines the Group's activities in animal by-product processing, comprised of Akiolis (rendering, production and sales of proteins and fats) and Gelatins (production and sales of gelatins).

The following table contains the key financial data of the Bio-valorization segment:

EUR m	Year Ended 31 December	Nine Months Ended 30 September	
	2013	2013	2014
	(Audited)	(Unaudited)	(Limited review)
Revenue	514.6	391.6	358.6
REBITDA	23.0	26.1	8.1
REBITDA margin (in %)	4.5%	6.7%	2.2%

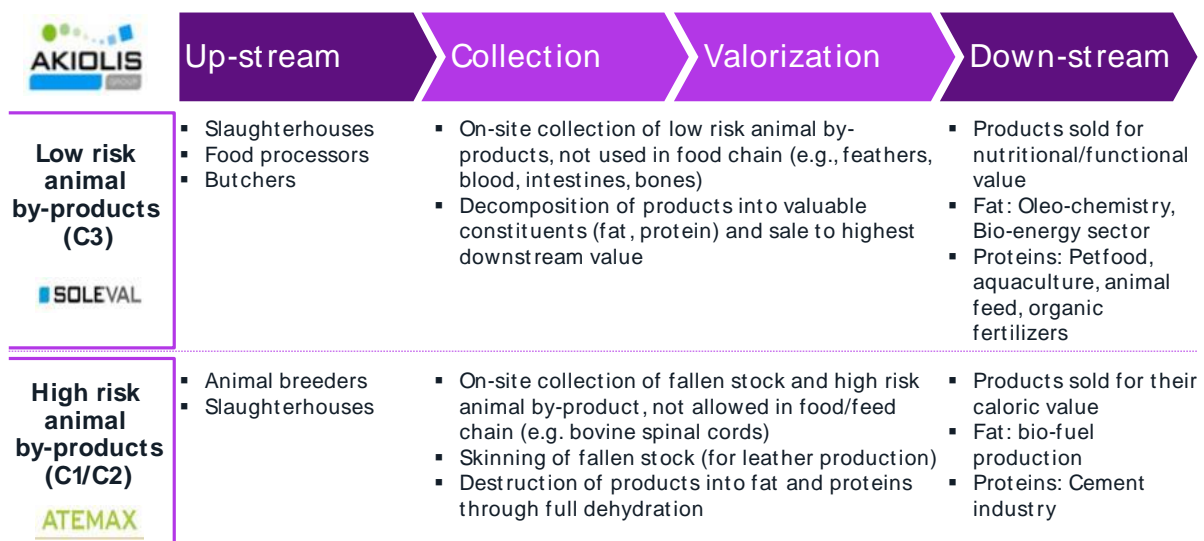
(i) ***Akiolis***

Akiolis collects organic by-products, mainly animal by-products from the meat processing chain and transforms these raw materials into value added products for nutrition, agriculture, cement and energy sectors.

In accordance with applicable European regulation, meat processing products are categorised in edible co-products (ECP) and animal by-product (ABP). Within ABP categories C1, C2 and C3 are distinguished:

- C1: components presenting sanitary risks relating to bovine spongiform encephalopathy – BSE (*e.g.* bovine spinal cords, fallen stock)
- C2: components presenting sanitary risks relating to conventional agents
- C3: components allowed for valorisation in specific end-markets (processed animal proteins, bones for gelatins, fat...)

Akiolis operates fully separated product chains for the C1, C2 and C3 ABPs through its subsidiaries Atemax and Soleval. The C1 and C2 destruction services are provided by Atemax, whereas the C3 product valorisation activities are provided by Soleval. Akiolis ABPs are mainly sourced from slaughterhouses, food processors, butchers and animal breeders. Akiolis' involvement in the value chain is as set out below:



Atemax collects C1/C2 ABPs (including fallen stock) in France through a network of twenty nine collection and transfer centers. Atemax receives a service fee for the collection of the products. The right to collect fallen stock in a particular department and the fees in relation thereto are attributed following a two-yearly tender, organised by the French breeders' associations. The contracts awarded after the most recent tender started for all departments on 1 January 2014. Collection rights per department and prices will in principle remain applicable until 31 December 2015. The remainder of C1/C2 ABP volumes are sourced from slaughterhouses.

Atemax operates four plants which process C1/C2 materials into fats, used in biodiesel production and technical applications, C1 proteins for incineration in energy plants and cement kilns and C2 proteins used as fertiliser.

Soleval collects C3 ABP in France, through a network of sixteen collection and transfer centers. Depending on ABP nature and local market conditions, Soleval either receives a collection fee, or purchases the collected products.

In Soleval's eight processing plants, C3 raw materials are processed into proteins and fats, which are used in pet food, aquaculture, organic fertilisers, biofuels and technical end markets. To allow optimal valorisation, Soleval isolates specific raw material streams and operates dedicated and tailored production lines. Soleval continuously investigates opportunities to further improve the quality of its end-products.

Soleval and Atemax in aggregate deploy approximately five hundred customised trucks to collect raw materials. Logistics and operations are key drivers of Akiolis' cost structure. Akiolis is implementing several operational and commercial improvement programmes.

According to FranceAgriMer, Akiolis is one of the leading players in France, one of the larger markets in Europe, and its two main competitors in France are Saria and Verdannet Monnard.

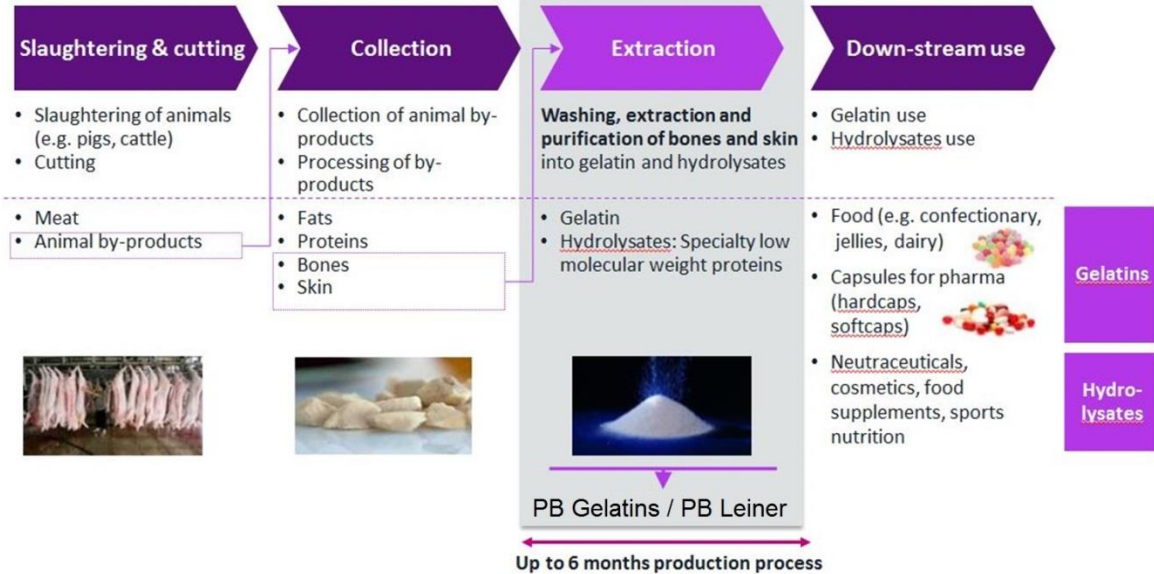
Due to its geographical focus, Akiolis’ raw material supply is dependent on the evolution in the French livestock and slaughtering rates. According to FranceAgriMer, depending on the species, French slaughtering volumes have been stable to slightly declining over the last five years, with poultry being flat and bovine and pork decreasing by 1% per year. In its end-markets, Akiolis’ price points are correlated to major agricultural commodities, such as soy meal (driving protein price) and palm-oil (driving fat price).

The last years were marked by increased competition, as a result of, amongst others, reduced availability of by-products from the slaughterhouses. Margins have come under pressure as market participants adjusted purchase prices in an effort to secure raw materials. Akiolis aims to respond to the increased competition and consolidation trend by implementing further improvements to restore profitability.

(ii) *Gelatins*

Gelatin is a translucent, colourless and flavourless protein derived from collagen obtained from various animal by-products. It is used as a functional ingredient in food, pharma and technical markets.

The Group operates in the market under the name PB Gelatins and PB Leiner. Its involvement in the gelatin value chain is explained below:



The gelatin process includes (pre-) treating raw materials, extraction of collagen, and purification of gelatin. The overall production processes can take up to six months for specific qualities. Some fractions of the gelatin are further processed into hydrolysates.

Gelatins are used in multiple markets, including food (*e.g.* confectionary, dairy), pharmaceuticals (*e.g.* capsules) and photography (*e.g.* film, photo paper). In most applications, gelatins are only added in small amounts to the formulation, as functional ingredient. Currently, substitutes cannot fully replicate the gelatin functionality required in most applications. Gelatin product composition and characteristics are often tailored to the client's specific needs. The Group's customer base includes some of the leading food, pharmaceutical, personal care and industrial companies. The Group's hydrolysates are mainly sold as an ingredient for the nutraceuticals, cosmetics and food supplements industry.

The Group produces gelatin based on pigskin, beef hide, pig bone and beef bone. Raw materials are sourced regionally. Competition for raw materials is not limited to other gelatin manufacturers, but also includes other end-uses such as direct use as human food, pet-food and leather manufacturing. Fluctuations in the supply and demand of raw materials have an important impact on gelatin price and availability. Securing sufficient raw material volumes is key to the business.

The Gelatin business operates eight plants across Europe, the Americas and China: Vilvoorde (Belgium), Nienburg (Germany), Treforest (UK), Davenport (US), Acorizal (Brazil), Santa-Fe (Argentina), Nehe (China) and Wenzhou (China). The sites in Acorizal and Nehe are the most recent investments and started up in 2011.

Based on internal estimates (see Section 4.7), the Group is one of the leading global players, selling its products across the globe, and its two global competitors are Darling and Gelita. In addition, various smaller players supply gelatins in their markets.

(c) ***Industrial Solutions***

The Industrial Solutions section is comprised of activities offering products and solutions to industrial end-markets. The segment includes the production and sales of plastic pipes systems, of water treatment chemicals and other industrial activities, such as production and sales of mining & industrial auxiliaries, the delivery of services for the treatment and disposal of produced and flow back water from oil and gas exploration (ECS) and the recovery of industrial process fluids (MPR).

The following table contains the key financial data of the Industrial Solutions segment:

EUR m	Year Ended 31 December	Nine Months Ended 30 September	
	2013	2013	2014
	(Audited)	(Unaudited)	(Limited review)
Revenue	397.3	302.8	305.0
REBITDA	18.2	13.7	24.1
REBITDA margin (in %)	4.6%	4.5%	7.9%

(i) *Plastic Pipe Systems (“PPS”)*

PPS produces and sells plastic pipe systems and is operated under multiple trade names, including Dyka, Sotra-Seperef, JDP, Nyloplast and BT. Its products and services are used in water supply and drainage systems, pipe systems for gas, telecommunications and other applications. As such, PPS is dependent on regional construction activity, in private construction (home building & renovation) as well as in public projects (utilities, sewer systems).

Construction activity has in recent years decreased in PPS’ Western-European markets, with significant reductions in housing investments and austerity measures reducing public investments. PPS responded to the continuous downturn in the construction market by implementing a set of strict cost management initiatives.

The main raw materials required for the production of PPS’ pipes and fittings are polyvinylchloride (PVC), polypropylene (PP) and polyethylene (PE). PPS’ plastic pipe systems increasingly incorporate recycled material, giving new value to waste materials and reducing the need for virgin resin.

PPS operates seven production sites located in Steenwijk (the Netherlands), ‘s Gravendeel (the Netherlands), Aichach (Germany), Overpelt (Belgium), St-Austreberthe (France), Jelcz (Poland) and Vadna (Hungary), which are active in the extrusion, injection-moulding or thermo-moulding of pipes and fittings, or the hand fabrication of miscellaneous plastic parts.

PPS has a network of own distribution points in the Benelux (27), the UK (25), Poland (16) and Czech Republic (3). Besides its own shops, PPS sells its products in more than 2,000 sales points owned by third parties throughout Europe.

According to a report by Applied Market Information Ltd (AMI) on plastic pipe extruders, PPS is an important plastic pipe system producer in Europe and its main competitors are Mexichem and Wienerberger. Based on internal estimates (see Section 4.7), PPS is one of the leading players in the Benelux, where it combines manufacture, own distribution, direct sales and wholesaler sales.

(ii) *Water Treatment*

The Water Treatment business supplies industrial and municipal water treatment operators with coagulants and other chemicals to treat waste water or clean drinking water. In addition it plays an important role in the absorption of HCl from the SOP production.

The Group's main water treatment product is ferric chloride (FeCl_3), which is used in coagulation and dephosphatation of waste and drinking water. Ferric coagulants constitute a mature market, with consumption driven by population density and regulation on phosphorus removal.

In addition to ferric chloride, the Group (i) produces and markets the co-products and derivatives caustic soda (NaOH), caustic potash (KOH), bleach (NaOCl), zinc chloride (ZnCl_2) (ii) markets hydrochloric acid (HCl) and sulphuric acid (H_2SO_4) and (iii) produces and markets sulphur-derivates.

The main raw materials used by the Group are iron-containing materials (*e.g.* scrap, oxides, ores, pickling liquor), hydrochloric acid (HCl) and sodium chloride (NaCl) or potassium chloride (KCl). To produce FeCl_3 , chlorine (Cl_2) is at an intermediary stage produced through electrolysis of sodium or potassium salt (NaCl or KCl), consuming significant amounts of electrical energy.

The Group owns production facilities in Loos (France) and Tessenderlo (Belgium). The production facilities in Tessenderlo are operated by a third party (Ineos), which also supplies chlorine. Loos serves its chlorine needs by an on-site electrolysis. Over the past years, the Group has invested in the sites to introduce flexibility in the treatment of different iron containing raw materials. In 2012, the Group announced a major investment in the conversion of the mercury based electrolysis in Loos to a membrane electrolysis, as required by European regulation. The project planning is ongoing, and actual investments are expected to be spread over 2015, 2016 and 2017 (*see Section 5 "Reasons for the Offering and use of proceeds"*).

The Group's two manufacturing locations are centrally located in the highest demand region for coagulants. The Group serves some of the major metropolitan areas in Western Europe and has a strong logistical position, with access to truck, train and barge. Based on internal estimates (see Section 4.7), the Group is a leading player in France and Belgium, and an important player in the Netherlands and the UK and its competitors in Western-Europe include Kemira and Kronos.

(iii) *Other industrial activities*

- Through its subunit Mining & Industrial (M&I), the Group, based on knowledge of S-chemistry, provides specialty chemicals and technical services to the mining and metal processing industry and other industrial markets. Tessenderlo Kerley commissioned a new thiosulfates production facility at Barrick's Goldstrike site, Nevada (US), a leading player in the gold mining industry, at the end of September 2014. This production facility will supply

chemicals for the gold leaching process and is expected to start to contribute in the fourth quarter of 2014 to the Group's results. The Group studies additional opportunities to apply its product knowledge in other industrial processes and intends to develop further its position in industrial sulphur derivative markets outside of Europe.

- Through its subunit MPR Services, the Group provides solutions enhancing gas treatment systems in refineries, gas plants, ammonia plants, steel manufacturing and Liquefied Natural Gas (LNG) facilities. Technologies are developed to recover amine, glycol and dispose of spent caustic.
- The subunit Environmentally Clean Systems (ECS) provides environmentally advantageous methods for cleaning, recovery and disposal of water from oil and gas exploration (through fracking), mining and refinery activities. ECS currently operates a water treatment facility in Myton, Utah (US), a water treatment facility and water disposal well in the Bakken formation, in North Dakota (US) and continues to look for further opportunities to commercialise its technologies.

12.4 **Most significant recent trends affecting the Issuer and the industries in which it operates**

(a) ***Agro***

The market price of fertiliser and crop protection products is an important factor affecting the Group's results of operation. The price is determined on the basis of global supply and demand, which is dependent on numerous factors, such as general agricultural activity, crop prices, raw material prices, (constraints on) international trade flows and supplier production rates. Given the multitude of drivers and their dynamic nature, market conditions evolve rapidly. The Agro segment benefited from favourable market conditions in 2014.

The closure of the phosphates facility in Ham (Belgium) at the end of 2013 resulted in a drop in absorption capacity of co-product HCl and thus reducing the available SOP production capacity in 2014. The Group is addressing this partially by investing in a new calcium chloride production plant in Ham.

(b) ***Bio-valorization***

The market prices for end-products of the Bio-valorization segment are often tied to the price evolution of major commodities, including soy and palm-oil. These commodities' prices are volatile and have been declining since the second quarter of 2014. The gelatin prices are determined on the basis of global supply and demand. In 2014, gelatin prices saw a slight decrease in some geographies due to increased competition.

Akiolis is subject to increased competition on the raw materials supply side. The gelatin raw material market price is largely driven by slaughtering rates and demand from the gelatin industry and alternative uses.

(c) ***Industrial Solutions***

The performance of the Industrial Solutions segment is to a large extent dependent on the construction market in plastic pipes solutions markets (Netherlands, Belgium, France). The construction activity in these markets stays at historical low levels and shows only limited signs of recovery, which affects the demand for the Group's products and influences the Group's results of operation in its Industrial Solutions segment.

12.5 **Environment, health and safety**

The Group is committed to conserving natural resources, operating its facilities safely and restricting the environmental impact of its activities to a minimum.

Manufacturing aims to take into due account the environment and the health and safety of staff and the general population.

The Group's environmental, health and safety objectives include the strive to:

- safeguard the health and safety of the employees, contractors and local residents;
- further reduce the impact of its activities on the environment, health and safety;
- seek further reduction of waste; and
- strictly comply with the legal obligations and take additional measures where possible.

High safety and environmental standards apply to the various plants of the Group, including those at low risk. To give substance to this policy, the Group relies on internationally recognised principles, including Responsible Care and Best Available Techniques and ISO 14001, the internationally recognised environmental management standard. These serve as optimisation guidelines.

The Group embeds the re-use of resources as a differentiator throughout its business models, which typically includes an element of by-product valorisation.

The industrial history of the sites occupied by the Group results in significant legacy soil and groundwater pollution issues. The main historical pollution is concentrated in the Ham (Belgium), Tessenderlo (Belgium) and Loos (France) sites and to a lesser extent in the Vilvoorde site (Belgium). Known pollution issues are identified and monitored, and the estimated clean-up costs have been provided for. The Group has set up a process to report any pollution which is detected.

12.6 **Research and development**

The Group's research and development is oriented towards improvements in product and process technology in its existing businesses. New applications for existing products are explored in the market. Special attention goes to innovative sustainable solutions allowing for reduction in energy and materials consumption along the value chain.

The Group is also recognised and chosen by customers for their needs in new process and product development. This latter approach can lead to close collaboration, novel product and process technology for the customer and the Group.

12.7 Human Resources

The Group counts on a team of experienced professionals in all areas required to meet its business and strategic objectives. As of 31 December 2013 the total number of employees of the Group amounted to approximately 5,000 of which approximately 1,000 employees relate to the Agro business, approximately 2,500 employees relate to the Bio-valorization business and approximately 1,500 employees relate to the Industrial Solutions' business. 72% of the Group's total personnel is employed in Europe, 18% in the Americas and 10% in Asia.

It is key for the Group to attract, retain and incentivise our employees and to build motivated teams to realise the objectives of the Group.

12.8 Material contracts other than those entered into in the ordinary course of business

In 2008, the Group signed a 15-year 50 MWh base load electricity purchase agreement for the PVC/Chlor-Alkali activity of the Group, which became effective in the second quarter of 2011. The Group sold the majority of its PVC/Chlor-Alkali activities to Ineos Chlorvinyls in the third quarter of 2011. The electricity purchase agreement was not part of the sale transaction and therefore, as of the sale, the Group is still under a purchase obligation. 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 optimisation as foreseen in the contract.

The Group has issued a corporate bond for EUR 150,000,000. The terms and conditions of the prospectus regarding this programme contain a negative pledge covenant and restricted actions linked to financial ratio tests (*e.g.*, gearing, leverage ratio and interest cover ratio). Such clauses impose operational and financing restrictions on the Group and in some respect limit or prohibit, among other things, the Group's ability to incur additional indebtedness or grant security.

The Group entered into a EUR 400,000,000²² back-up syndicated credit facility agreement which occasionally is drawn upon. The agreement was arranged by (i) KBC Bank NV, (ii) ING Bank NV and (iii) Fortis Bank SA/NV, and with ING Bank NV as Facility Agent and KBC Bank NV as Issuing Bank, originally on 26 February 2010. Thereafter, the agreement was restated on 20 December 2010, 28 April 2011. The back-up syndicated credit facility agreement is entered into for a duration of five years as from the latest restatement. The two outstanding facilities B & C must be repaid on the last day of the respective interest period, but can be prepaid by the Group subject to break costs. The agreement includes typical events of default for such type of financing, subject to certain materiality thresholds and remedy periods, including amongst others, non-payment, cross-

²² The amount of the back-up syndicated credit facility was reduced from EUR 450.0 million to EUR 400.0 million in September 2014.

default, insolvency, breach of financial covenants (including, but not limited to, covenants in respect of the leverage ratio and interest cover, all calculated on a consolidated basis) and change of control. The threshold for the latter event is set at a direct or indirect ownership of 50% of the voting rights in the Issuer and, if breached, will give rise to a mandatory payment obligation. In respect of security, the agreement contains a negative pledge clause in respect of the borrowers and several Group companies have provided capped guarantees as guarantors.

12.9 Legal and arbitration proceedings

Although the Group is the subject of a number of claims and legal, governmental and arbitration proceedings incidental to the normal conduct of its business, it has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatening of which the Issuer or the Group is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group. The Group is involved in a number of pending commercial disputes which it believes will be resolved without any material impact on the results and/or have been appropriately provided for based on the current information available and in accordance with IFRS or have been insured.

13 INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2014²³

13.1 Management report

(a) Group key figures

Million EUR	9M14	9M13	% Change
Revenue Group	1,114.4	1,444.0	-22.8%
- Revenue Other segment	-33.0	-339.0	
Revenue at comparable scope	1,081.4	1,105.0	-2.1%
Rebitda Group	117.8	107.5	9.6%
- Rebitda Other segment	-1.4	-15.6	
Rebitda at comparable scope	116.4	91.9	26.7%
Rebit Group	67.5	52.1	29.7%
- Rebit Other segment	-1.4	-10.0	
Rebit at comparable scope	66.2	42.0	57.4%
Profit (+) / loss (-) for the period	53.5	-47.3	nm
Net debt	210.3	232.7	
Notional net debt	297.2	321.1	

Million EUR	9M14	9M13	% change
Revenue	1,114.4	1,444.0	-22.8%
Agro	417.7	410.5	1.7%
Bio-valorization	358.6	391.6	-8.4%
Industrial Solutions	305.0	302.8	0.7%
Other	33.0	339.0	-90.3%
REBITDA	117.8	107.5	9.6%
Agro	84.2	52.0	61.9%
Bio-valorization	8.1	26.1	-69.1%
Industrial Solutions	24.1	13.7	75.6%
Other	1.4	15.6	-91.2%
REBIT	67.5	52.1	29.7%
Agro	70.8	39.5	79.0%

²³ The selected unaudited financial information for the nine months ended 30 September 2013, has been derived from the financial records of the Issuer and was published on 14 November 2013. The selected unaudited financial information for the nine months ended 30 September 2014 has been reviewed by the Group auditor by way of a limited review.

Bio-valorization	-13.7	2.9	nm
Industrial Solutions	9.1	-0.4	nm
Other	1.4	10.0	-86.5%
Non-recurring items	-10.7	-60.0	nm
EBIT	56.8	-7.9	nm

(i) *Revenue*

The **revenue** for the first nine months of 2014 at comparable scope decreased by 2.1% or by 0.6% when excluding the foreign exchange effect, mostly impacted by the segment “Bio-valorization”.

(ii) *REBITDA*

The 9M14 **REBITDA** increased by 26.7% at comparable scope or by 31.6% when excluding the foreign exchange effect. Key contributors are the profitability of the Agro business where performance is supported by current favourable market conditions, as well as the impact of cost management initiatives. The segment “Bio-valorization” continued its negative trend compared to 2013.

(iii) *Profit (+) / loss (-) for the period*

The **profit** at the end of September 2014 amounts to EUR 53.5 million compared to a loss of EUR -47.3 million in the same period last year. This result could be realized thanks to the decrease of non-recurring costs (9M14: EUR -10.7 million compared to EUR -60.0 million in 9M13) and to the increase of operational results (REBIT moved from EUR 52.1 million in 9M13 to EUR 67.5 million in 9M14). Moreover the Group benefited from lower net finance costs and taxes in 9M14 compared to 9M13.

(iv) *Net financial debt*

At the end of September 2014, Group **net financial debt** stood at EUR 210.3 million, versus EUR 258.9 million at the end of December 2013, resulting in a leverage of 1.7x at the end of 3Q14. The decrease of the net financial debt is mostly driven by the higher operational results. Capital expenditure amounted to EUR 48.9 million in the first nine months of 2014 versus EUR 73.4 million in the same period previous year.

(b) *Operating segments performance review*

AGRO			
Million EUR	9M14	9M13	% change
Revenue	417.7	410.5	1.7%
REBITDA	84.2	52.0	61.9%
REBITDA margin	20.2%	12.7%	-
REBIT	70.8	39.5	79.0%
REBIT margin	16.9%	9.6%	-

The 9M14 revenue increased by 1.7% or by 3.6% when excluding the foreign exchange effect. The growth in the Kerley “Agro” businesses was offset by lower sulphates sales. The decrease of the sulphates 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.

The REBITDA growth of the segment amounts to +61.9% or to +65.9% when excluding the foreign exchange effect. The strong performance is supported by current favourable market conditions in the Agro segment. 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	9M14	9M13	% change
Revenue	358.6	391.6	-8.4%
REBITDA	8.1	26.1	-69.1%
REBITDA margin	2.2%	6.7%	-
REBIT	-13.7	2.9	nm
REBIT margin	-3.8%	0.7%	-

The revenue decreased by 8.4% in 9M14 or by 5.7% when excluding the foreign exchange effect. While the group experienced some volume drop in 9M14 versus 9M13, 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 9M14, leading to the lower segment profitability in 9M14. The Group does not anticipate any material recovery of volumes and margins in the segment in the foreseeable future.

INDUSTRIAL SOLUTIONS			
Million EUR	9M14	9M13	% change
Revenue	305.0	302.8	0.7%
REBITDA	24.1	13.7	75.6%
REBITDA margin	7.9%	4.5%	-
REBIT	9.1	-0.4	nm
REBIT margin	3.0%	-0.1%	-

The 9M14 revenue of the segment “Industrial Solutions” increased by 0.7% (or by 0.2% when excluding the foreign exchange rate effect). Although the sales in the Plastic Pipes business increased in HY14, as result of the milder winter conditions during the first months of the year, the 3Q14 revenue decreased slightly compared to 3Q13 due to persisting difficult market conditions.

All businesses contributed to the strong profitability improvement in 9M14, supported by solid margins and cost management. The new thiosulfates (Thio-Gold®-300) production facility at Barrick’s Goldstrike site, Nevada (US) has been commissioned end of September 2014. This plant is expected to start to contribute to the group’s results in the fourth quarter of 2014.

OTHER			
Million EUR	9M14	9M13	% change
Revenue	33.0	339.0	-90.3%
REBITDA	1.4	15.6	-91.2%
REBITDA margin	4.2%	4.6%	-
REBIT	1.4	10.0	-86.5%
REBIT margin	4.1%	3.0%	-

The most important contributor in 9M14 is the Phosphates activity before the sale of this business was completed on 28 February 2014. For 9M13, “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.

(c) ***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 fourth quarter 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.

(i) ***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.

(ii) ***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 operation 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 operation.

- **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 operation.

- **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, results of operation 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 operation and cash flow may be adversely affected.

(iii) *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 Issuer's exposures to financial risks and its risk management policies.

(iv) *External risks*

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

The Issuer 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 operation.

- **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 cyclical 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 operation.

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.

13.2 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 Vogüé (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 Issuer, 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.

13.3 Condensed consolidated financial information 30 September 2014

3.1. CONSOLIDATED INCOME STATEMENT			
Million EUR	Note	9M14	9M13
Revenue	6	1,114.4	1,444.0
Cost of sales		-851.2	-1,145.9
Gross profit		263.1	298.1
Distribution expenses		-64.9	-70.9
Sales and marketing expenses		-31.7	-53.2
Administrative expenses		-84.6	-107.4
Other operating income and expenses		-14.4	-14.6
Profit (+) / loss (-) from operations before non-recurring items (REBIT)		67.5	52.1
Gains and losses on disposals	8	-	5.0
Restructuring	8	0.2	-38.0
Losses on disposal groups	8	-1.6	-12.6
Impairment losses	8	-0.5	-4.8
Provisions and claims	8	-4.9	-1.5
Other income and expenses	8	-3.9	-8.1
Profit (+) / loss (-) from operations (EBIT)		56.8	-7.9
Finance costs		-58.2	-39.4
Finance income		56.1	18.8
Finance costs - net	9	-2.1	-20.6
Share of result of equity accounted investees, net of income tax		2.9	3.6
Profit (+) / loss (-) before tax		57.6	-25.0
Income tax expense	10	-4.1	-22.3
Profit (+) / loss (-) for the period		53.5	-47.3
Attributable to:			
- Equity holders of the company		54.0	-46.9
- Non-controlling interest		-0.5	-0.4
Basic earnings per share (EUR)	15	1.70	-1.48
Diluted earnings per share (EUR)	15	1.70	-1.48

3.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Million EUR	Note	9M14	9M13
Profit (+) / loss (-) for the period		53.5	-47.3
Translation differences		-8.4	-3.8
Net change in fair value of derivative financial instruments, before tax		-2.6	1.0
Other movements		-0.1	-0.1
Income tax on other comprehensive income		0.9	-0.3
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-10.3	-3.2
Remeasurements of the net defined benefit liability, before tax		-4.5	3.7
Income tax on other comprehensive income		2.2	-0.6
Other comprehensive income not being reclassified to profit or loss in subsequent periods	18	-2.2	3.2
Other comprehensive income for the period, net of income tax		-12.5	-0.1
Total comprehensive income for the period		41.0	-47.3
Attributable to:			
- Equity holders of the company		41.4	-46.8
- Non-controlling interest		-0.3	-0.5
Total comprehensive income for the period		41.0	-47.3

3.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	Note	30.09.2014	31.12.2013
ASSETS			
Total non-current assets		604.3	595.0
Property, plant and equipment	12	454.9	436.7
Goodwill		38.4	37.1
Other intangible assets		46.6	49.9
Investments accounted for using the equity method		18.0	24.0
Other investments		3.5	4.3
Deferred tax assets		14.5	5.1
Trade and other receivables		27.2	34.2
Derivative financial instruments	17	1.2	3.7
Total current assets		467.0	486.2
Inventories	13	225.1	255.7
Trade and other receivables	14	189.5	177.0
Derivative financial instruments	17	1.4	4.6
Cash and cash equivalents	16	51.0	48.9
Non-current assets classified as held for sale		2.2	8.8
Total assets		1,073.4	1,089.9
EQUITY AND LIABILITIES			
Total equity		281.0	239.9
Equity attributable to equity holders of the company		277.2	236.6
Issued capital		159.2	159.2
Share premium		102.0	102.0
Reserves and retained earnings		16.1	-24.6
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale		-	0.0
Non-controlling interest		3.7	3.3
Total liabilities		792.5	850.0
Total non-current liabilities		418.9	432.4
Loans and borrowings	16	176.1	199.8
Employee benefits		42.0	41.6
Provisions	19	144.6	147.1
Trade and other payables		4.1	0.5
Derivative financial instruments	17	18.2	10.9
Deferred tax liabilities		33.8	32.4
Total current liabilities		373.6	409.4
Bank overdrafts	16	1.5	4.1
Loans and borrowings	16	83.7	103.8
Trade and other payables		246.8	257.3
Derivative financial instruments	17	14.5	7.6
Current tax liabilities		3.0	8.9
Employee benefits		1.5	1.4
Provisions	19	22.7	26.2

Liabilities associated with assets classified as held for sale	0.0	8.3
Total equity and liabilities	1,073.4	1,089.9

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	other comprehensive income and accumulated in equity relating to non-current assets classified as held for	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		-	-	-	-	-	-	-	-	-	-46.9	-46.9	-0.4	-47.3
Other comprehensive income for the period														
- Translation differences		-	-	-	-3.1	-	-	-	-	-0.6	-	-3.8	-0.0	-3.8
- 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		-	-	-	-	-	0.7	-	-	-	-	0.7	-	0.7
- Other movements		-	-	-	-	-	-	-	-	-	-	0.0	-0.1	-0.1
Comprehensive income for the period, net of income taxes		0.0	0.0	0.0	-3.1	0.0	0.7	0.0	3.2	-0.6	-46.9	-46.8	-0.5	-47.3
Transactions with owners, recorded directly in equity														

- Shares issued		0.3	0.4	-	-	-	-	-	-	-	0.7	-	0.7	
- Shares issued (stock dividend)		5.2	13.5	-	-	-	-	-	-	-	18.7	-	18.7	
- Dividends paid to shareholders		-	-	-	-	-	-	-	-	-40.9	-40.9	-	-40.9	
- Warrants and capital increase		-	-	-	-	-	-	-	-	0.8	0.8	-	0.8	
- Treasury shares		-	-	-	-	-	-0.2	-	-	-	-0.2	-	-0.2	
Total contributions by and distributions to owners		5.5	13.9	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	-40.1	-20.8	0.0	-20.8
Balance at September 30, 2013		159.2	102.0	14.8	-30.0	10.7	-4.6	-0.8	-40.0	0.0	56.7	267.9	4.0	271.9
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		-	-	-	-	-	-	-	54.0	54.0	-0.5	53.5		
Other comprehensive income for the period														
- Translation differences		-	-	-	-8.7	-	-	-	-	-8.7	0.3	-8.4		
- Remeasurements of the net defined benefit liability, net of tax	18	-	-	-	-	-	-	-2.2	-	-2.2	-	-2.2		
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-	-1.7	-	-	-1.7	-	-1.7		

- Other movements	-	-	-	-	-	-	-	-	0.0	-0.1	-0.1
Comprehensive income for the period, net of income taxes	0.0	0.0	0.0	-8.7	0.0	-1.7	-2.2	54.0	41.4	-0.3	41.0
Transactions with owners, recorded directly in equity											
- Shares issued	-	-	-	-	-	-	-	-	0.0	0.8	0.8
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	0.8	0.8
Other movements	-	-	1.1	-	-	-	-	-1.1	-	-	-
Subsequent consideration paid - acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-0.7	-0.7	-	-0.7
Balance at September 30, 2014	159.2	102.0	15.9	-50.6	10.7	-6.5	-25.1	71.7	277.2	3.7	281.0

3.5. CONSOLIDATED STATEMENT OF CASH FLOWS

Million EUR	Note	30.09.2014	30.09.2013
OPERATING ACTIVITIES			
Profit (+) / loss (-) for the period		53.5	-47.3
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets		49.7	59.8
Impairment losses on other investments		0.5	-
Impairment losses on disposal groups		0.5	11.7
Changes in provisions		-7.2	21.5
Finance costs	9	58.2	39.4
Finance income	9	-56.1	-18.8
Loss / (profit) on sale of non-current assets		-0.1	-4.3
Impact capital increase expense, purchase own shares and warrant plan		-	0.8
Share of result of equity accounted investees, net of income tax		-2.9	-3.6
Income tax expense	10	4.1	22.3
Other non-cash items		2.4	-4.3
Changes in inventories		33.4	11.1
Changes in trade and other receivables		-2.4	-10.2
Changes in trade and other payables		-15.0	22.5
<i>Cash generated from operations</i>		<i>118.7</i>	<i>100.7</i>
Income tax paid		-23.2	-7.6
Dividends received		4.3	3.6
Dividends received from other investments		0.2	0.2
Cash flow from operating activities		99.9	96.9
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	12	-46.9	-71.2
Acquisition of other intangible assets		-2.0	-2.2
Subsequent consideration paid - acquisition		-0.7	-
Acquisition of investments		-0.6	-0.5
Proceeds from the sale of property, plant and equipment		1.5	7.3
Proceeds from the sale of other intangible assets		0.3	0.3
Proceeds from the sale of subsidiaries, net of cash disposed of		3.7	85.4
Capital decrease from investments accounted for using the equity method		3.6	-
Cash flow from investing activities		-41.3	19.1
FINANCING ACTIVITIES			
Increase / (decrease) of issued capital		-	0.7
Own shares		-	-0.2
Capital increase from non-controlling interests		0.8	-
Proceeds from new borrowings		0.3	51.4
Reimbursement of borrowings		-46.6	-127.8
Interest paid		-6.3	-7.1
Interest received		0.1	0.2
Other finance costs paid		-4.7	-6.4
(Increase) / decrease of long term receivables		0.8	-0.3

Dividends paid to shareholders	-	-22.2
Cash flow from financing activities	-55.7	-111.6
Net increase / (decrease) in cash and cash equivalents	3.0	4.4
Effect of exchange rate differences	1.7	-0.7
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	49.4	33.2

(a) *Notes to the consolidated financial information*

- 1. Reporting entity**
- 2. Statement of compliance**
- 3. Significant accounting policies**
- 4. Critical accounting estimates and judgments**
- 5. Financial risk management**
- 6. Segment reporting**
- 7. Disposals**
- 8. Non-recurring income/(expense) items**
- 9. Finance costs and income**
- 10. Income tax expense**
- 11. Seasonality of operations**
- 12. Property, plant and equipment**
- 13. Inventories**
- 14. Trade and other receivables**
- 15. Earnings per share**
- 16. Loans and borrowings**
- 17. Financial instruments**
- 18. Employee benefits**
- 19. Provisions**
- 20. Contingencies**
- 21. Related parties**
- 22. Subsequent events**

(i) *Reporting entity*

The Issuer is a company domiciled in Belgium. The condensed consolidated financial information for the nine month period ended 30 September 2014 comprises the Issuer and its subsidiaries and the Group's interests in associates and jointly controlled entities.

(ii) *Statement of compliance*

This condensed consolidated financial information for the nine month period ended 30 September 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 31 December 2013¹ which have been prepared in accordance with IFRS.

This condensed consolidated financial information was approved by the Board of Directors on 17 November 2014. This condensed consolidated financial information has been reviewed, not audited.

(iii) *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 31 December 2013, except for:

- the adoption of new standards effective as of 1 January 2014; and
- income tax expense, which is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

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

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

- **IFRS 10 'Consolidated financial statements'**, effective for annual periods beginning on or after 1 January 2014.
- **IFRS 11 'Joint arrangements'**, effective for annual periods beginning on or after 1 January 2014.
- **IFRS 12 'Disclosure of interests in other entities'**, effective for annual periods beginning on or after 1 January 2014.
- **Amendments to IFRS 10 'Consolidated financial statements', IFRS 11 'Joint arrangements' and IFRS 12 'Disclosure of interests in other entities'**. These amendments

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

will be effective for annual periods beginning on or after 1 January 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 1 January 2014.
- **Amendments to IAS 36 ‘Impairment of assets’**, effective for annual periods beginning on or after 1 January 2014.
- **Amendments to IAS 39 ‘Financial instruments: Recognition and measurement’**, effective for annual periods beginning on or after 1 January 2014.
- **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 1 January 2014.
- **IAS 28 Revised ‘Investments in associates and joint ventures’**, effective for annual periods beginning on or after 1 January 2014. The revised standard now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

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 1 January 2014:

- **IFRIC 21 ‘Levies’**, effective for annual periods beginning on or after 17 June 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 1 January 2014 and have not been endorsed by the European Union:

- **IFRS 9 ‘Financial instruments’**, effective for annual periods beginning on or after 1 January 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 1 July 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 1 July 2014.
- **Amendment to IAS 19 ‘Defined benefit plans’**, effective for annual periods beginning on or after 1 July 2014.
- **Amendment to IFRS 9 ‘financial instruments’** on general hedge accounting, effective for annual periods beginning on or after 1 January 2018.

- **Amendment to IFRS 11 'Joint arrangements'** on acquisition of an interest in a joint operation, effective for annual periods beginning on or after 1 January 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 1 January 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 1 January 2017, subject to EU endorsement.
- **'Annual Improvements (2012–2014 cycle)'** with amendments to 4 standards, effective for annual periods beginning on or after 1 January 2016. These standards are 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'.
- **Amendment to IAS 16 'Property, plant and equipment' and IAS 41 'Agriculture'** on bearer plants, effective for annual periods beginning on or after 1 January 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 1 January 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 1 January 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.

For the nine month period ended 30 September 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

1 EUR equals:	Closing rate			Average rate	
	30.09.2014	31.12.2013	30.09.2013	30.09.2014	30.09.2013
Argentine peso	10.7048	8.9791	7.8368	10.8193	6.9582
Brazilian real	3.0821	3.2576	3.0406	3.1028	2.7934
Chinese yuan	7.7262	8.3491	8.2645	8.3544	8.1225
Czech crown	27.5000	27.4270	25.7300	27.5043	25.7524
Hungarian forint	310.5700	296.9100	298.1500	308.7662	296.6900
Polish zloty	4.1776	4.1543	4.2288	4.1752	4.2016
Pound sterling	0.7773	0.8337	0.8361	0.8118	0.8521
US dollar	1.2583	1.3791	1.3505	1.3549	1.3171

(iv) *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 30 September 2014 are the same as those applied and disclosed in the consolidated financial statements at 31 December 2013.

(v) *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.tessenderlo.com.

(vi) *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 fulfil 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 Group Management Committee has been identified as the chief operating decision maker. The measure of segment profit/loss is REBIT, which is consistent with information that is monitored by the chief operating decision maker.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

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 nine month period ended 30 September while information from the statement of financial position is compared to 31 December 2013 figures. Comparable figures are provided according to the new segmentation.

SEGMENT REPORTING

Million EUR	Agro		Bio-valorization		Industrial Solutions		Other		Non-allocated		Tessenderlo Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue (internal and external)	418.1	410.7	358.6	391.6	305.3	302.8	33.0	339.2	-	-	1,115.0	1,444.4
Revenue (internal)	0.4	0.2	0.0	0.0	0.2	0.0	0.0	0.1	-	-	0.6	0.3
Revenue	417.7	410.5	358.6	391.6	305.0	302.8	33.0	339.0	-	-	1,114.4	1,444.0
REBIT	70.8	39.5	-13.7	2.9	9.1	-0.4	1.4	10.0	-	-	67.5	52.1
REBITDA	84.2	52.0	8.1	26.1	24.1	13.7	1.4	15.6	-	-	117.8	107.5
Return on revenue (REBITDA/revenue)	20.2%	12.7%	2.2%	6.7%	7.9%	4.5%	4.2%	4.6%	-	-	10.6%	7.4%
Segment assets	317.7	309.3	376.3	384.3	214.5	212.5	5.9	34.8	72.0	66.8	986.5	1,007.7
Investments accounted for using the equity method	8.2	7.4	3.1	4.1	-	-	-	-	6.7	12.4	18.0	24.0
Other investments	-	-	-	-	-	-	-	-	3.5	4.3	3.5	4.3
Deferred tax assets	-	-	-	-	-	-	-	-	14.5	5.1	14.5	5.1
Cash and cash equivalents	-	-	-	-	-	-	-	-	51.0	48.9	51.0	48.9
Total assets	-	-	-	-	-	-	-	-	-	-	1,073.4	1,089.9
Segment liabilities	65.8	60.6	125.7	128.8	87.5	102.4	113.8	122.3	104.6	95.7	497.4	509.8
Loans and borrowings	-	-	-	-	-	-	-	-	259.8	303.7	259.8	303.7
Bank overdrafts	-	-	-	-	-	-	-	-	1.5	4.1	1.5	4.1
Deferred tax liabilities	-	-	-	-	-	-	-	-	33.8	32.4	33.8	32.4
Total equity	-	-	-	-	-	-	-	-	281.0	239.9	281.0	239.9
Total Equity and liabilities	-	-	-	-	-	-	-	-	-	-	1,073.4	1,089.9
Capital expenditures: property, plant and equipment and other intangible assets	20.6	26.3	7.3	14.1	16.8	25.1	0.9	5.1	3.3	2.9	48.9	73.4

Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	14.5	13.4	21.4	22.7	13.6	16.1	0.2	7.6	-	-	49.7	59.8
Impairment losses on disposal groups classified as held for sale	-	-	-	-	-	-	0.5	11.7	-	-	0.5	11.7

The reconciliation of the profit before tax is as follows:

RECONCILIATION PROFIT BEFORE TAX		
Million EUR	30.09.2014	30.09.2013
REBITDA of reportable segments	116.4	91.9
REBITDA of Other segment	1.4	15.6
REBITDA	117.8	107.5
Depreciation, amortization and provisions	-50.3	-55.4
Non-recurring income/(expense) items	-10.7	-60.0
Finance costs - net	-2.1	-20.6
Share of result of equity accounted investees, net of income tax	2.9	3.6
Profit (+) / loss (-) before tax	57.6	-25.0

(vii) *Disposals*

During the first nine months 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 31 December 2013.

On 28 February 2014, the Group completed the sale of the Aliphos phosphates activity. The transaction resulted in the sale of 100% of the shares of Tessengerlo Chemie Rotterdam BV (The Netherlands), Tessengerlo Polska Sp.zo.o. (Poland), Tessengerlo Chemie España TCE sa (Spain) and HGS Handelsgesellschaft für Spezialfuttermittel GmbH (Germany). A non-recurring loss of -EUR 0.9 million was recognised in 2014. A non-recurring loss of EUR -13.1 million was recognised in 2013 (which included impairment charges for EUR 11.3 million and costs to sell and other provisions for EUR 1.9 million). The Aliphos phosphates activity, including the Belgian production which was stopped at the end of December 2013, has contributed EUR 29.1 million to the Group's 2014 revenue (9M13: EUR 138.5 million), and EUR 0.3 million to the Group's 2014 recurring result (9M13: EUR 5.8 million).

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 31 December 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

On 1 July 2014, the Group completed the sale of the trademark and customer lists of the activity which collects used cooking oils (operating segment “Bio-valorization”). The contribution of this activity and the result on the sale did not have a significant impact on the financial statements.

(viii) *Non-recurring income/(expense) items*

NON-RECURRING INCOME / (EXPENSE) ITEMS		
Million EUR	9M14	9M13
Gains and losses on disposals	-	5.0
Restructuring	0.2	-38.0
Losses on disposal groups	-1.6	-12.6
Impairment losses	-0.5	-4.8
Provisions and claims	-4.9	-1.5
Other income and expenses	-3.9	-8.1
Total	-10.7	-60.0

As per 30 September 2014, the net non-recurring income/(expense) items amount to -10.7 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 segments “Industrial Solutions”. The latter provision was partially reversed 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 the business.

Impairment losses were recognised on assets which will no longer be used in the operating segment “Agro” and these losses were partially compensated by the above mentioned reversal, resulting in a net impairment loss of EUR -0.5 million.

The losses on disposal groups of EUR -1.6 million mainly relate to the settlement and subsequent expenditures following the sale of the Aliphos phosphates activity (note 7 - Disposals).

The charges for provisions and claims recognised amount to EUR -4.9 million and mainly relate to an increase of the environmental provisions due to a decrease of the discount rates used.

Other income and expenses (EUR -3.9 million) mainly relate to the impact of an electricity purchase agreement for which the own-use exemption under IAS 39 is not applicable anymore.

(ix) *Finance costs and income*

Net finance costs and income amount to EUR -2.1 million as per 30 September 2014, compared to EUR -20.6 million as per 30 September 2013.

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

FINANCE COSTS AND INCOME		
Million EUR	9M14	9M13
Interest expense on financial liabilities	-8.9	-10.6
Amortization charges of transaction costs related to financial liabilities	-1.5	-1.4
Commitment fee on unused portion of the syndicated credit facility	-1.7	-1.5
Factoring expense	-1.9	-1.8
Total borrowing costs	-14.0	-15.4
Dividend income from non-consolidated companies	0.2	0.2
Interest income	0.8	0.2
Total income from investments, cash and cash equivalents	1.0	0.4
Expense for the unwinding of discounted provisions	-1.4	-1.5
Net interest (expense)/income on pension asset/(liability)	-0.5	-0.8
Net foreign exchange gains and losses (including revaluation to fair value of derivative financial instruments)	13.7	-1.8
Net other finance (costs)/income	-0.9	-1.6
Total	-2.1	-20.6

The increase of the net foreign exchange gains and losses (including revaluation to fair value of derivative financial instruments) to EUR 13.7 million as per 30 September 2014 compared to EUR -1.8 million last year can be mainly explained by the foreign exchange gain on an intercompany loan of USD 200.0 million, which is not hedged. This foreign exchange gain in the income statement is partially compensated by an opposite movement in equity through a change in the translation reserves, as the USD equity exposure of the group is negative.

(x) *Income tax expense*

Tax expenses amounted to EUR -4.1 million in the first nine months of 2014, versus a tax expense of EUR -22.3 million in the same period last year. The decrease can be mainly explained by the recognition of estimated tax refunds on prior periods in the United States and by the recognition of an additional deferred tax asset on tax losses carried forward in Belgium.

(xi) *Seasonality of operations*

The Group demonstrates a limited seasonality pattern at Group level for revenue (first nine months 2013 at comparable scope: 78%), while seasonality at operating profitability level (as expressed by REBITDA) is more pronounced (first nine months of 2013 at comparable scope: 91%). 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.

(xii) *Property, plant and equipment*

For the nine month period ended 30 September 2014, the Group’s capital expenditure amounted to EUR 46.9 million (9M13: EUR 71.2 million). The capital expenditure - property, plant and equipment and other intangible assets - per operating segment is disclosed in note 6 - Segment reporting.

During the nine month period ended 30 September 2014 the Group entered into contracts to purchase property, plant and equipment for EUR 9.0 million, the majority of which is expected to be delivered in 2014 and 2015. The main commitments relate to Tessenderlo Kerley Inc. (4.2 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 fertiliser business.

(xiii) *Inventories*

Inventory decreased by EUR 30.7 million from EUR 255.7 million as per 31 December 2013 to EUR 225.1 million as per 30 September 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.

(xiv) *Trade and other receivables*

Current trade and other receivables increased from EUR 177.0 million as per 31 December 2013 to EUR 189.5 million as per 30 September 2014.

As per 30 September 2014, an amount of EUR 86.9 million has been received in cash under various non-recourse factoring agreements and securitisation programs (31 December 2013: EUR 81.9 million). This amount is derecognised from the balance sheet.

(xv) *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 nine month period ended 30 September, adjusted for stock dividends.

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

BASIC EARNINGS PER SHARE		
	30.09.2014	30.09.2013
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 shares issued	-	6,173
Effect of own shares	-	-36,311
Adjusted weighted average number of ordinary shares at September 30	31,771,463	31,698,114
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	54.0	-46.9
Basic earnings per share (in EUR)	1.70	-1.48

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 nine months.

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 30 September 2014 a total of 1,114,461 warrants were outstanding that were granted to senior management. These warrants could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

(xvi) *Loans and borrowings*

LOANS AND BORROWINGS		
Million EUR	30.09.2014	31.12.2013
Non-current loans and borrowings	176.1	199.8
Current loans and borrowings	83.7	103.8
Total loans and borrowings	259.8	303.7
Cash and cash equivalents	-51.0	-48.9
Bank overdrafts	1.5	4.1
Net loans and borrowings	210.3	258.9

Net loans and borrowings decreased by EUR 48.6 million to EUR 210.3 million as per 30 September 2014 and mainly include:

- a private placement with a maturity of 5 years issued in October 2010 (EUR 150.0 million).
- the use of a Belgian commercial paper program (EUR 75.4 million).
- a drawdown of the amended back-up syndicated credit facility for an amount of EUR 10.0 million. The amended back-up syndicated facility was signed in April 2011 for a total aggregate amount of EUR 450.0 million with maturity in April 2016 (this amount was lowered to EUR 400.0 million as per 1 September 2014).
- 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 EUR 16.1 million.

The gearing ratio at the end of September 2014 amounts to 43.1% (31 December 2013: 52.3%).

(xvii) *Financial instruments*

Foreign currency risk

If the euro had strengthened or weakened by 10% against following currencies with all other variables being held constant, the impact on equity and post-tax profit for the year would have been as follows (only taking into account subsidiaries having a functional currency other than EUR, as well as taking into account the net exposure in USD due to an intercompany loan of USD 200.0 million USD which was not hedged):

Million EUR	Change in rate	Impact on the income	Impact on equity:
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		statement: loss(-)/gain(+)	loss(-)/gain(+)
At 30 September 2014			
USD	+10%	-18.2	-5.3
	-10%	22.3	6.4
GBP	+10%	-0.2	-0.9
	-10%	0.2	1.1
At 30 September 2013			
USD	+10%	-3.4	-5.4
	-10%	4.2	6.6
GBP	+10%	0.4	-3.1
	-10%	-0.5	3.8

Estimation of fair value of financial assets and liabilities

The fair value of non-derivative loans and borrowings is calculated based on the net present value of future principal and interest cash flows discounted at market rate. These are based on market inputs from reliable financial information providers. Therefore, the fair value of the fixed interest-bearing loans and borrowings is within level 2 of the fair value hierarchy.

The fair value of the non-current loans and borrowings measured at amortised cost in the statement of financial position as per 30 September 2014 is presented below:

Million EUR	30.09.2014	
	Carrying amount	Fair value
Non-current loans and borrowings		
Leasing payables	-0.1	-0.1
Credit institutions	-178.8	-183.6
Transaction costs related to loans and borrowings	2.8	2.8
Total	-176.1	-180.8

The fair value of the following financial assets and liabilities approximates their carrying amount:

- Trade and other receivables
- Other investments
- Cash and cash equivalents
- Current loans and borrowings
- Trade and other payables
- Assets and liabilities within “Non-current assets classified as held for sale” and “Liabilities associated with assets classified as held for sale”

Fair value of financial assets and liabilities

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 30 September 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	
Others	-	-	-9.1	-6.5	-	-15.5	-	-15.5
Electricity forward contracts	1.4	1.2	-5.4	-11.7	-	-	-14.5	-14.5
Total	1.4	1.2	-14.5	-18.2	-	-15.5	-14.5	-30.1

The fair value of the derivative financial instruments amounts to -30.1 million EUR at September 30, 2014 and mainly consists of the following financial instruments:

- Foreign currency swaps for EUR -5.4 million. The fair value is mainly affected by the strengthening of the USD and the CNY against the EUR. As per 30 September 2014, the contractual amount of the USD and CNY swaps amounted to USD 109.0 million and 173.0 million CNY respectively.
- EUR/USD cross currency interest rate swaps for EUR -10.0 million, contracted in order to hedge the foreign exchange risk from intercompany loans between group entities with a different functional currency. As per 30 September 2014, the contractual amount of these transactions amounted to USD 153.0 million, of which USD 95.0 million has been designated as hedging instrument in a cash flow relationship. The fair value of these cross currency interest rate swaps amounts to EUR -6.3 million. The fair value of the cross currency interest rate swaps not designated as hedging instruments in a hedging relationship amounts to EUR -3.7 million.
- Electricity forward contracts for EUR -14.5 million. 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 30 September 2014 based on a valuation model, leading to a net fair value of EUR -14.5 million compared to a net fair value of EUR -13.2 million as per 31 December 2013. The change in the net fair value for an amount of EUR -1.3 million has been recognised as a non-recurring expense item (note 8 – Non-recurring income/(expense) items).

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

(xviii) *Employee benefits*

The application of IAS 19R as per 30 September 2014 led to a decrease of equity by EUR 2.2 million compared to 31 December 2013. The decrease of the rate used to discount the obligations (weighted average discount rate of 2.4% as per 30 September 2014 compared to 3.5% at year-end 2013) was the main driver leading to a higher net defined benefit obligation, however could be partially offset by a change in other actuarial assumptions (inflation rate and salary growth rate) and experience gains.

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

Defined contribution plans in Belgium are legally subject to a minimum guaranteed return. If the legal minimum guaranteed return is sufficiently covered, the Group has no obligation to pay further contributions than those that are recognised as an expense in the income statement as the related service is provided. The Belgian defined contribution pension plans are to be treated as defined benefit pension plans under IAS19 as they do not meet the criteria to be accounted for as pure defined contribution pension plans under IFRS. The Group follows the prescribed methodology for measurement and accounting for defined benefit pension plans in line among others with IAS19 § 57.(a), meaning the projected unit credit method. In the context of a defined contribution pension plan with guaranteed return, this means that the defined benefit obligation is the present value of the projected total expected benefit (ultimate cost) for a full career using accumulated rights at date of calculation and adding expected future contributions (projected using salary increase assumption) which relates to the service rendered at the date of calculation and reporting. The future contributions are accumulated with the legal minimum returns. The Group recognised the not significant difference between the defined benefit obligation and the fair value of plan assets (IAS19 § 57.(a) (iii)) on the balance sheet as per 30 September 2014 (EUR -1.0 million). The impact on prior periods is considered as not significant and therefore no restatements have been made to the comparative figures.

(xix) *Provisions*

PROVISIONS		30.09.2014			31.12.2013		
Million EUR	Current	Non-current	Total	Current	Non-current	Total	
Environment	6.9	103.2	110.0	5.1	100.9	106.0	
Dismantlement	-	19.3	19.3	-	18.9	18.9	
Restructuring	9.5	12.2	21.7	14.2	17.7	31.8	
Other	6.4	9.9	16.3	6.9	9.6	16.5	
Total	22.7	144.6	167.3	26.2	147.1	173.3	

Provisions decreased by EUR 5.9 million from EUR 173.3 million as per 31 December 2013 to EUR 167.3 million as per 30 September 2014.

The environmental provisions for an amount of EUR 110.0 million 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 30 September 2014 there were no significant 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 EUR 4.8 million as per 30 September 2014, which was partially offset by the use thereof.

The restructuring provisions decreased from EUR 31.8 million as per 31 December 2013 to EUR 21.7 million as per 30 September 2014. This decrease is a consequence of the expenditures in 9M14 against the provision as per 31 December 2013, and the partial reversal of a restructuring provision within the operating segments "Industrial Solutions". The latter provision was partially reversed 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 recognised reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date.

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

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

As stated in note 19 - Provisions, the environmental provisions in accordance with the above policies aggregated to EUR 110.0 million at 30 September 2014 (31 December 2013: EUR 106.0 million).

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 1 April 2016 until 15 May 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 will enter into negotiations with the government for obtaining compensation for such expropriation.

(xxi) *Related parties*

The Issuer 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 Pensioenfond”, which covers the post-employment benefit obligation of the employees of some Belgian subsidiaries, is also considered to be a related party.

As per 30 September 2014, Verbrugge NV, controlled by Picanol NV, is holding 8,744,069 shares (27.52% of the company). Its affiliated company Symphony Mills NV holds 322,844 shares (1.01%). 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 EUR 1.0 million were paid to the Belgian pension fund, “OFP Pensioenfond”. Liabilities related to employee benefits schemes as per 30 September 2014 include EUR 7.8 million related to the “OFP Pensioenfond” (31 December 2013: EUR 11.4 million).

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

Million EUR	2014	2013
Revenue	7.4	8.7
Cost of sales	-17.0	-19.6
Current assets	1.0	0.6
Current liabilities	1.6	1.7

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

Million EUR	2014	2013
Other operating income	0.0	0.0

Dividends were received from joint ventures and associates for an amount of EUR 4.3 million (30 September 2013: EUR 3.6 million), while dividends received from other investments amounted to EUR 0.2 million (30 September 2013: EUR 0.2 million).

TRANSACTIONS WITH THE MEMBERS OF THE GROUP MANAGEMENT COMMITTEE

Million EUR	30.09.2014	30.09.2013
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Short-term employee benefits	2.6	2.9
Post-employee benefits	0.2	0.3
Share based payments	-	0.7
Total	2.7	3.9

Short-term employee benefits include salaries and estimated bonuses based upon expected realization of the objectives (both including social security contributions), car leases and other allowances where applicable.

There was no new emission of warrants in 9M14 and no warrants were exercised by members of the GMC.

(xxii) *Subsequent events*

On 17 September 2014 the Group announced a proposed capital increase. Since the attendance quorum was not reached at the first extraordinary shareholders meeting (“EGM”) held on 29 October, a second EGM is convened on 18 November 2014.

(b) *Financial glossary*

Basic earnings per share (Basic EPS)

Profit (+)/loss (-) for the period attributable to equity holders of the company divided by the weighted average number of ordinary shares outstanding during the period.

Capital employed (CE)

The carrying amount of property, plant and equipment (PP&E), other intangible assets and goodwill together with working capital.

Capital expenditure

Amount of money spent to upgrade, acquire or maintain property, plant and equipment (PP&E) and other intangible assets.

Dividend per share (gross)

Total amount paid as dividend divided by the number of shares issued at closing date.

Diluted earnings per share (Diluted EPS)

Profit (+)/loss (-) for the period attributable to equity holders of the company divided by the fully diluted weighted average number of ordinary shares outstanding during the period.

Diluted weighted average number of ordinary shares

Weighted average number of ordinary shares, adjusted by the effect of warrants on issue.

EBIT

Earnings before interests and taxes (Profit (+)/loss (-) from operations).

EBITDA

Earnings before interests, taxes, depreciation, amortization, impairment losses and provisions.

Gearing

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

Interest coverage

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

Market capitalization

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

Net cash flow

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

Net financial debt

Non-current and current loans and borrowings minus cash and cash equivalents and bank overdrafts.

Non-recurring income/(expense) items

Items related to restructuring, impairment losses, claims and other income or expenses, which do not occur regularly as part of the normal activities of the company and for which separate disclosure is needed to assist users in understanding the financial performance achieved and in making projections of future financial performance.

Payout ratio

Gross dividend divided by profit for the period attributable to equity holders of the company.

REBIT

Recurring earnings before interests and taxes (Profit (+)/loss (-) from operations before non-recurring income/(expense) items).

REBITDA

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

Return on capital employed (ROCE)

REBIT divided by capital employed.

Return on equity (ROE)

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

Theoretical aggregated weighted tax rate

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

Weighted average number of ordinary shares

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

Working capital

The sum of inventories, trade and other receivables minus trade and other payables.

(c) **Independent auditors' report on the review of the condensed consolidated financial information as per 30 September 2014**



To the Board of Directors
Tessenderlo Chemie NV

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

Introduction

We have reviewed the accompanying condensed consolidated financial information of Tessenderlo Chemie NV and its subsidiaries as of 30 September 2014, which comprises the consolidated statement of financial position as of 30 September 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 9-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.

Other matter

The comparative condensed consolidated financial information for the nine-month period ended 30 September 2013 was not reviewed.

Antwerp, November 12, 2014

Statutory auditor
PwC Bedrijfsrevisoren bvba / Réviseurs d'Entreprises socrl
Represented by

Peter Van den Eynde*
Partner

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

14 INFORMATION INCORPORATED BY REFERENCE

14.1 General

The consolidated financial statements of the Issuer as of and for the six months years ended 30 June 2014 and the financial years ended 31 December 2013 (including the Statutory Auditor's reports thereupon) have been incorporated by reference in this Prospectus. The information so incorporated by reference herein shall form an integral part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein, shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The table below sets out the relevant pages of the Issuer's interim report for the six months ended 30 June 2014, which are incorporated by reference in this Prospectus:

Interim condensed consolidated income statement	Page 10
Interim condensed consolidated statement of comprehensive income	Page 11
Interim condensed consolidated statement of financial position	Page 12
Interim condensed consolidated statement of changes in equity	Pages 13-14
Interim condensed consolidated statement of cash flows	Page 15
Notes to the interim condensed consolidated financial statements	Pages 16-30
Statutory auditors' report on the consolidated financial statements	Page 31

The table below sets out the relevant pages of the Issuer's annual financial report for the financial year ended 31 December 2013, which are incorporated by reference in this Prospectus:

Corporate governance statements	Pages 9-30
Consolidated income statement	Page 33
Consolidated statement of comprehensive income	Page 34
Consolidated statement of financial position	Page 35
Consolidated statement of changes in equity	Pages 36-37
Consolidated statement of cash flow	Pages 38
Notes to the consolidated financial statements	Pages 40-111
Statutory auditors' report on the consolidated financial statements	Pages 113-114

Any information not listed in the tables above but included in the document incorporated by reference is given for information purpose only. The documents incorporated by reference are available on the website of the Issuer (www.tessenderlo.com).

14.2 Addendum to the consolidated financial statements ended 31 December 2013: reconciliation between the old and the new segmentation

In Million EUR	Tessengerlo Kerley	Gelatin and Akiolis	Inorganics	Plastic Pipe Systems and Profiles	Other Businesses	Non-allocated	Tessengerlo Group
Revenue (old segmentation)	332,2	514,6	370,2	413,2	154,2	5,6	1.790,1
Phosphates			-		+		
Sulphates	+		-				
Profiles				-	+		
Mining	-			+			
MPR/ECS	-			+			
Water Treatment				+	-		
Sulfur Derivatives				+	-		
Tessengerlo Trading Shangai					+	-	
Revenue (new segmentation)	496,4	514,6	-	397,3	381,9	-	1.790,1
	AGRO	Bio-Valorization		Industrial solutions	Other	Non-allocated	Tessengerlo Group