TEAMWORK
ANNUAL REPORT 2008

campine

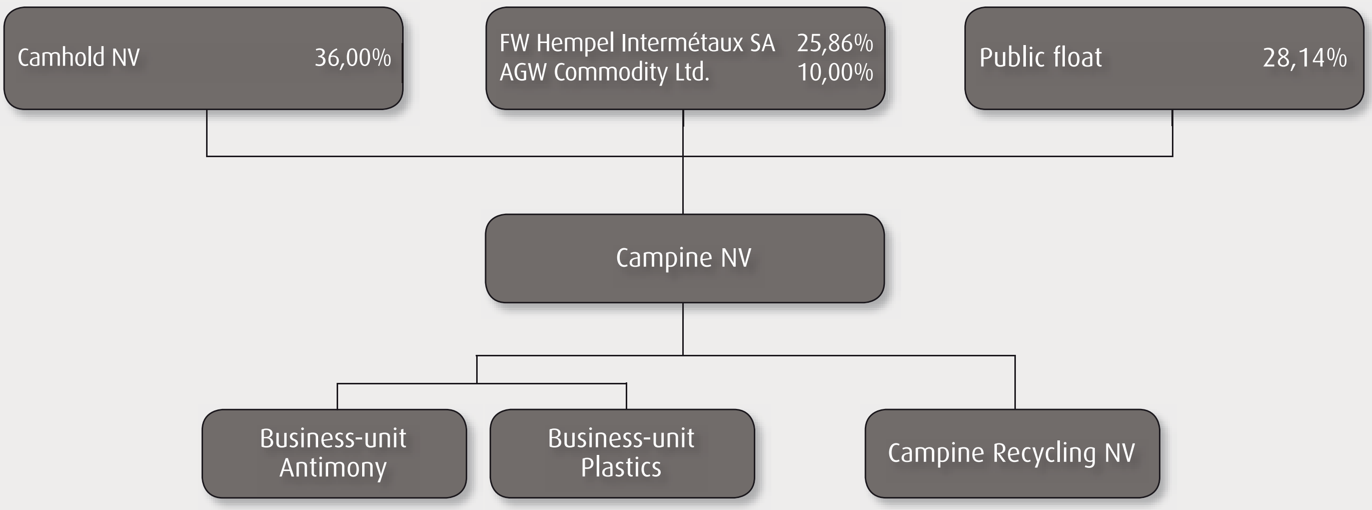
Contents

Financial highlights*

	2008	2007	2006
Revenue	103.366	127.399	100.448
Operating profit	-1.849	13.156	8.700
Net financial result	3.215	-3.282	-1.965
Profit before tax	1.366	9.874	6.735
Tax expense	-306	-3.481	-2.212
Profit after tax for the year from continuing operations	1.060	6.393	4.523
Earnings per share from continuing operations	0,71	4,26	3,02
Current assets	33.711	58.643	45.417
Total assets	44.846	70.293	55.548
Current liabilities	11.365	37.531	27.059
Total liabilities	23.127	46.587	36.195
Total shareholders' equity	21.719	23.706	19.353

(*) Consolidated per year and as per 31 December in '000 EUR

Corporate structure



Business scope

Campine NV ("Campine"), founded in 1912, and quoted on the stock exchange since 1936, is a leading European specialist in fire retardancy and concentrates, plastics masterbatches, PET catalysts and lead recycling.

Antimony and lead share a number of chemical properties. Antimony (Sb, periodic table element number 51) and lead (Pb, periodic table element number 82) require similar competences in the field of raw materials purchasing, metal price risk management, processing and marketing.

Following a market strategy concept Campine now holds significant market positions in a number of specialty markets.

Antimony trioxide (Sb_2O_3) is used as a fire retardant in the textile, plastics and cable industry and is also applied as a high efficiency catalyst in PET-production. Furthermore it has miscellaneous applications in the glass, pigment and varistor industry.

Our plastics activities enable us to offer predispersed and ready to use flame retardant masterbatches for processors and compounders, to provide a dust-free handling and increase production efficiency.

Our lead recycling business is based on converting lead from used car and truck batteries and industrial scrap into lead bullion and alloys that are marketed to battery and lead sheet producers (a.o. X-ray protection).

What a year!

It all started very well, until the raw material prices were pushed-up sky-rocketing. There was supposed to be no end, but what goes up, must come down and therefore the end of the price surges could be foreseen and was finally reached.

So business for Campine was running normally until the middle of the year. Then the first signs of calming and slowing down were noted. In the fourth quarter there was a collapse of raw material prices. It had all started with the financial crisis, but it became also apparent that capacities larger than needed world-wide had been created, so-called over-investment. This of course added to the financial crisis. The combination amongst others headed straight into an economic recession.

Having said that the year was overall still satisfactory for Campine N.V. stocks except of antimony were kept low or had been hedged. Therefore the company still generated a good profit. The write-down in price of antimony stocks decreased that result considerably.

In general terms the recycling operations functioned well. We realised considerable technical improvement. New sales areas were explored and successfully marketed. Naturally the sale of lead to battery producers suffered in the second half of the year.

In the other business areas antimony and plastic, we had good technical achievements, productivity increased and new products were developed. However operating results are not satisfactory.

On the environmental side improvements were achieved with lower emissions and better health and safety.

The financial situation of the company is sound and working capital and bank facilities are more than adequate.

F.-W. Hempel • President

Regarding human resources there was very little fluctuation and the teamwork was considerably improved.

The Board of Directors is grateful to the management and staff members of the company and hopes that their efforts will get even better in the future.

To make a prognosis is very difficult at this moment. Economic outlook is very gloomy. We all hope that in 2009 the worldwide turmoil will calm down and the outlook becomes brighter thereafter. In any case Campine is well-positioned to tackle the challenges of the future.

F.-W. Hempel


132
170
336
309
316

Future prospects

Given the economic indicators, we can certainly expect 2009 to be a difficult year.

Our strategy of niche marketing and the release of a number of specific products as a result of focused product development provide a strong defensive against declining margins.

Co-development and wider account management allow for the development of long term and solution specific collaboration with key customers.

A number of developments, however, will take longer than expected before they can be translated into additional turnover and margin. This is mainly because of the complex test and approval procedures that potential customers apply, which are sometimes very time consuming, combined with the current economic circumstances.

The planned implementation of the Permit 2011 programme for the prolongation of our operating permit will ensure that we can fully capitalise, on the advantages of being a European supplier of essential alloys, masterbatches, catalysts and flame retardants.

Our choice to build up profit reserves during past years, generated a financial reserve that will allow us to operate in turbulent times.

Like everyone else, I am looking forward to the developments in the financial and economic markets in the second half of 2009.

I am convinced that today Campine has a team that can face any challenges and will succeed in generating reasonable returns, even in difficult markets.

Geert Krekel • Managing Director & CEO


Battenfeld

Facing the challenges

2008 ended with economic turmoil and uncertain times. We closed the year with a small profit, being substantially lower than in 2007.

The stronger US dollar exchange rate helped us increase sales in a number of markets, partially compensating for the negative effects of declining trade volumes and falling metal prices on our entire business performance.

Falling metal prices and a reduced volume in the last quarter of 2008 wiped out a good portion of the profit generated earlier in the year.

In circumstances such as these, rapid response and taking advantage of opportunities as they occur are essential survival factors. Hence the reason that teamwork was chosen as a theme for this annual report.

2008 was strongly focused on implementing an integrated performance measurement system and making the relation between various processes and business functions visible. Thus we are able to run the company more efficiently and accurately today.

We are planning to further adjust our business structure to develop specific product-market combinations and limit the overhead.

By fulfilling the Reach and Seveso Directives, we meet all statutory regulations and reinforce our position as supplier of choice for our main customers.

As Campine is a strong company with reliable suppliers, loyal customers, balanced processes and dedicated employees, we will face up to turbulent times.

Jan Keuppens • Finance & Administration Manager

Performance report*

Campine Consolidated – IFRS Based.

In 2008 the Campine Group realised a turnover of 103,37 million EUR compared to 127,40 million EUR in 2007 (-19%).

The operating profit fell sharply to -1,85 million EUR (2007: 13,16 million EUR).

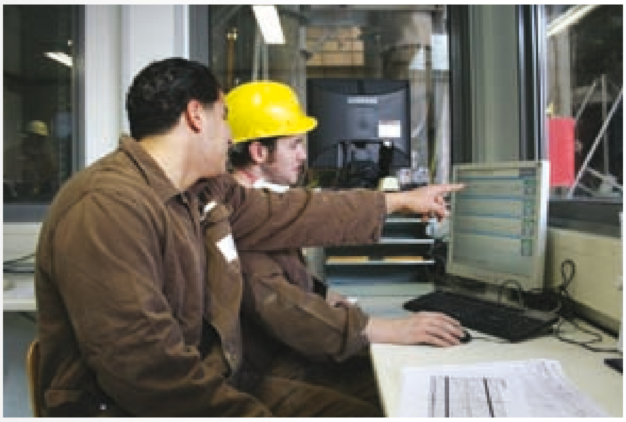
The fall is partly due to lower margins and volumes in all BU's in particular in the last quarter. Profit on physical deliveries of Lead lowered as prices fell in 2008 compared to a sharp rise in the first half of 2007. This was largely offset by the profit on the hedge. Antimony prices fell sharply too in the last quarter; affecting the result negatively.

Battery reception hall: The floor of the new hall – built to increase capacity and to improve the environmental standard of the recycling of old batteries – has been repaired and the hall was in use again since August 2008.

Net financial profit was 3,22 million EUR compared to a cost of 3,28 million EUR in 2007.

Interest expenses decreased to 0,66 million EUR (0,98 million EUR in 2007) as the Group borrowing reduced due to lower metal prices and stocks in Campine Recycling.

The lead hedging resulted in a net profit of 3,84 million EUR (a net cost of 2,32 million in 2007).



The profit after taxes reduced to 1,06 million EUR, compared to 6,39 million EUR in 2007.

Dividend proposed is 0,75 million EUR (0,5 EUR gross per share). In 2008 a dividend of 3 million EUR (2 EUR gross per share) was paid.

* Extract from the official annual report as deposited at the Belgian National Bank in accordance to Belgian Company law.

Added value

In '000 EUR	2008	2007
Added value[1]	11.619	28.421
Difference regarding the previous year	-16.802	+6.412
Difference in % regarding the previous year	-59%	+29%
Relation towards turnover (%)	11%	22%
Average number employees	170	171
Added value per employee	68	166
Difference regarding the previous year	-98	+37
Difference in % regarding the previous year	-59%	+29%

[1] We define added value as the difference between turnover and the value of the purchased goods and services which can be related to production (stock adjustment included).

Working capital

In '000 EUR	2008	2007	Difference
Stocks	16.728	35.505	-18.777
Trade debtors	8.458	20.437	-11.979
Other receivables	1.817	1.794	23
Total	**27.003**	**57.736**	**-30.733**
Trade creditors	5.812	16.667	-10.855
Taxes	1.117	1.720	-603
Other short term payables	1.789	2.153	-364
Total	**8.718**	**20.540**	**-11.822**
Working capital employed	**18.285**	**37.196**	**-18.911**

Return on equity

In '000 EUR	2008	2007	Difference
Profit after taxes	1.060	6.393	-5.333
Profit after taxes per share in EUR	0,71	4,26	-3,55
Gross dividend per share in EUR	0,50	2,00	-1,50
Net dividend per share in EUR	0,37	1,50	-1,13
Equity	21.719	23.706	-1.987
Return on equity	5%	27%	-22%

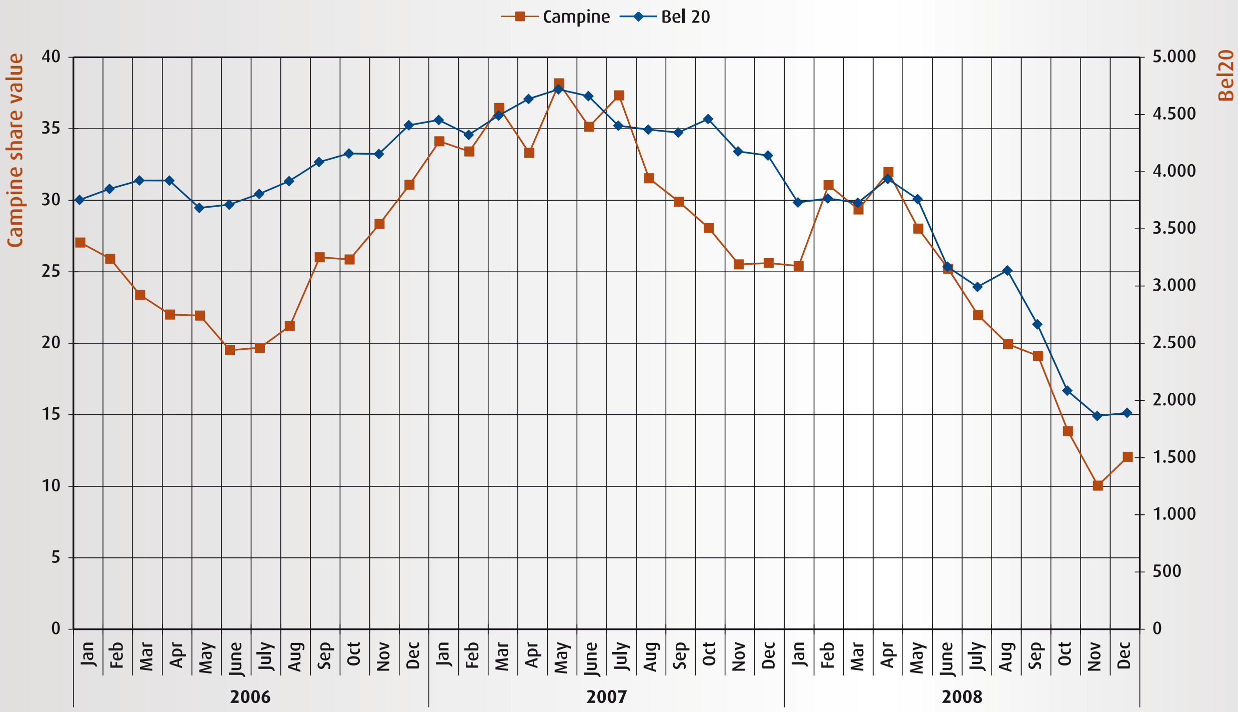
Volume and turnover per business unit

	Antimony trioxide			Plastics			Recycling			Total		
	2008	2007	%	2008	2007	%	2008	2007	%	2008	2007	%
Volume in mT	9.133	10.660	-14%	4.421	5.518	-20%	40.453	43.379	-7%			
Turnover in '000 EUR	38.588	47.473	-19%	14.272	18.534	-23%	50.787	61.829	-18%	103.647	127.836	-19%
Unit price/mT in EUR	4.225	4.453	-5%	3.228	3.359	-4%	1.255	1.425	-12%			
Margin[2] in '000 EUR	4.563	7.514	-39%	2.853	3.603	-21%	10.960	23.890	-54%	18.376	35.007	-48%

[2] The margin is the difference between the turnover and the direct cost of the goods sold. Direct costs include raw materials and direct salaries and wages.

Shareholder cockpit

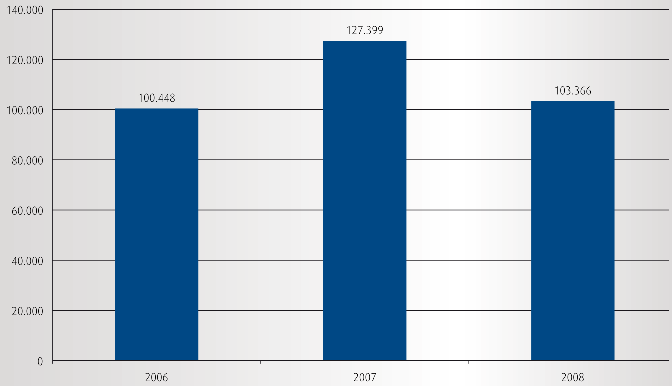
Campine 3 year share price appreciation



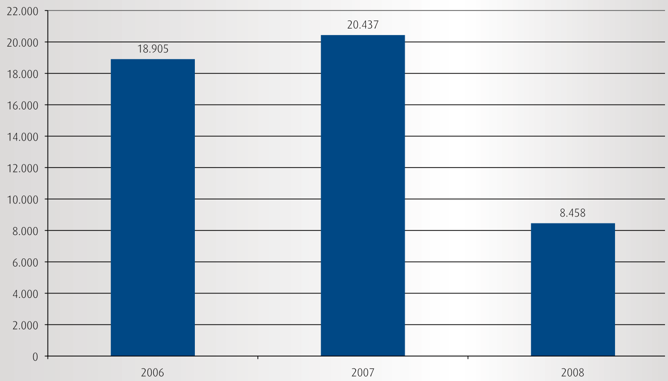
Lead LME cash in USD/mT and in EUR/mT

Antimony free market 99,6%
during the last 5 years in USD/mT and in EUR/mT

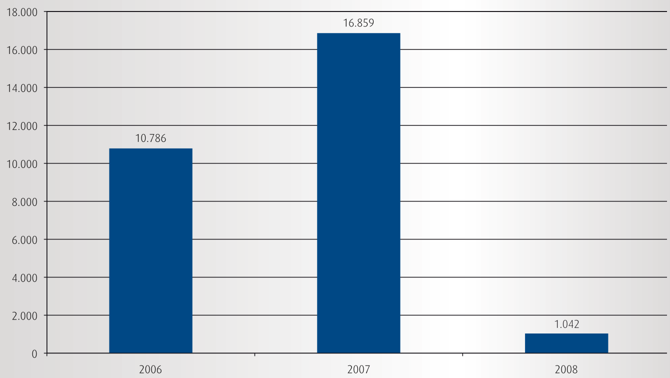
Revenue



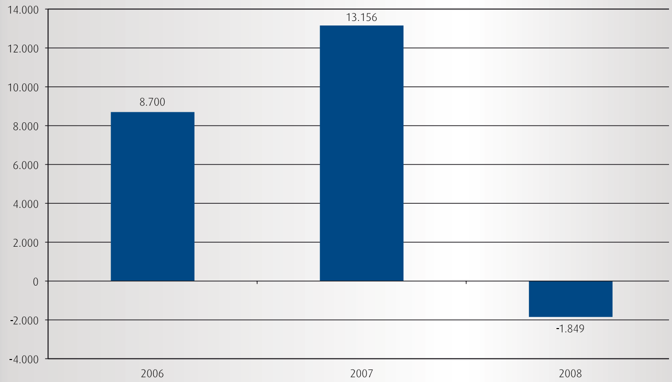
Trade receivables



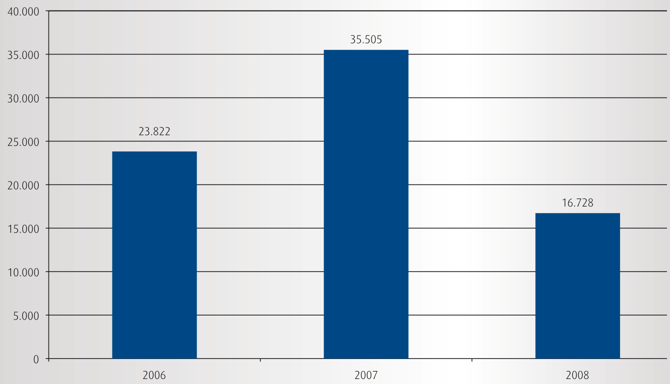
Operating cash flow before movements in working capital



Operating profit



Inventories



All numbers are in '000 EUR

Recycling performance report*

Turnover decreased significantly to 50,79 million EUR (61,83 million EUR in 2007) (-18%) while the volume of our deliveries only reduced slightly to 40.453 mT (43.379 mT in 2007) (-7%).

The LME-lead prices started the year 2008 at a level of 2.608 USD/mT in January. After a short rise in February with a peak around 3.450 USD/mT, the LME-lead price started to decrease to 1.540 USD/mT in July and finally ended the year at a low of 900 USD/mT.

This sharp decrease in LME-lead price was only partly followed by the raw material market, which has resulted in lower margins recently.

The volume of Lead sold forward on the LME was 5.700 mT at 31 December 2007. This was decreased in stages to 4.000 mT on 30 June 2008, 3.075 mT on 30 September 2008 and finally 900 mT on 31 December 2008.

Despite these enormous fluctuations and a significantly lower demand in the last quarter due to the economic downturn, Campine Recycling produced and sold 40.500 mT.

Compared with 40.237 mT in 2006 and 43.379 mT in the record year 2007, this is a fair performance resulting in a 50,79 million EUR in turnover (61,83 million EUR in 2007 and 35,6 million EUR in 2006).

Due to stringent control and monitoring of physical stocks and supply chain movements, stock volumes were reduced substantially, reducing the operating capital and the effect of LME fluctuations.

In 2008, we worked actively on building a strong platform for new developments and future growth. A more streamlined production was implemented, as a result of which we were able to exercise more effective control and higher cost-efficiency.

Daniel Chéret • General Manager Campine Recycling NV

Campine Recycling, a key supplier to the battery market, also felt the effects of the auto industry's slump. Lower demand for new cars reduces demand for new batteries and thus also the market for our products and specialties.

The current slackening demand for lead has also led to lower availability of material for recycling during the second half of 2008. This situation may continue during the year 2009.

Our broad network of suppliers will provide us with ample buffer opportunities. In addition we are working with partners to ensure the future supply of lead waste.

* Extract from the official annual report as deposited at the Belgian National Bank in accordance to Belgian Company law.

Recycling operations

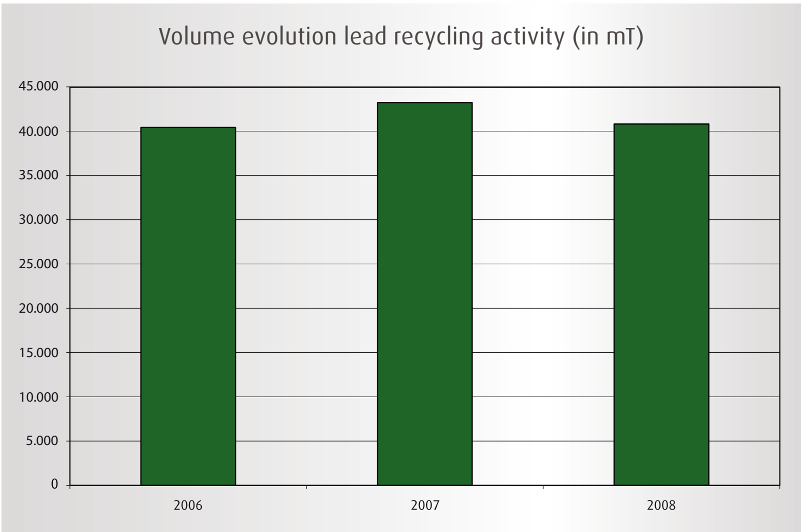
Campine Recycling had an excellent environmental performance in 2008. This is the result of structural investments and particular attention to detail.

The filter sleeves and a part of the filter body of the lead furnace were replaced, which has improved the emission efficiency of the filter and reduced electricity consumption by 20%. The new filter in the lead refinery (installed in 2007) delivers significantly higher performance in emission control.

2008 signified the start of a new phase of process control through simplicity. The Minimalist Approach – where smaller input variations and process control results in more meaningful information – will continue to make the complex process environment better managed.

Our most significant investment of 2008 was the implementation of data-logging in the lead refinery, allowing for the structured storage of process data and improved information about costs and stock management. More robust process controls were also installed in the lead furnace.

Mathias Chintinne • Operations Manager Campine Recycling NV



Antimony performance report*

Turnover decreased slightly to 38,59 million EUR (47,47 million EUR in 2007) (-19%) while volume reduced to 9.133 mT (10.660 mT in 2007) (-14%).

Antimony prices reached record highs in September and October resulting in significant demand for efficiency-improving solutions to provide maximum results with fewer raw materials.

As Campine has been investing in solution-focused innovation and cost reduction by increasing the production of antimony trioxide and catalysts for years, a great opportunity was created to co-develop innovative products with customers.

To distinguish themselves from cheap producers of bulk products, our customers increasingly concentrate on products with higher added value and higher margins.

In Campine they find a valuable partner who can offer them knowledge and solutions to develop unique products with emphasis on improved secondary properties such as whiteness, transparency, colour-fastness, viscosity, grain size and dispersion.

Campine continues to provide more customer-specific qualities by working intensively with their customers on precise issues and challenges. Tighter specifications give customers the opportunity to produce products more quickly and efficiently.

Dirk Rimaux • Sales Manager

The central location of our plant and laboratories in the heart of the European industry, close to our main clients, is a major advantage for Campine.

* Extract from the official annual report as deposited at the Belgian National Bank in accordance to Belgian Company law.

PET Catalysts

The expected growth for PET catalysts was not achieved as demand for PET products has declined significantly because of the global economic situation. A number of producers have shut down their production units at present.

We still succeed in gaining new customers with high potential value.

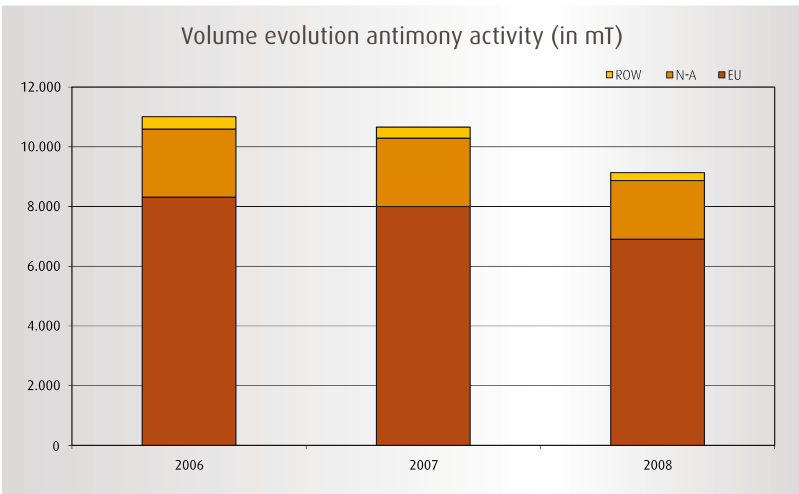
In 2008, the convertor was modified for the production of catalyst qualities. It was provided with a complete SCADA system for optimising the flow of information for operational monitoring.

We will introduce new catalyst qualities in the near future to service our customers, although the very conservative nature of the catalyst market means a period of extensive testing prior to major orders.

2009 may see more factories reducing their workforces and possible shut downs which will increase the competition between suppliers.

Campine will continue innovation and development of specialty grades.

Karl Coopmans • R&D Manager



Plastics performance report*

The plastics department realised a turnover of 14,27 million EUR (18,53 million EUR in 2007) (-25%). Volume lowered drastically to 4.421 mT (2007: 5.518 mT) (-20%). 2008 was a bad year for Campine Plastics in terms of volume.

However improvements in the process monitoring and the upgrading of dosing systems meant increased efficiency on each production line.

Some structural process-related problems have been addressed and resolved.

We have fine-tuned our production parameters and output consistency by implementing a better process control. This will translate into better products with higher efficiency at our customers and less quality fluctuations.

A balanced supply chain is the key to ensuring that we can provide dynamic services to our customers.

We will focus on stock management and efficient and flexible production to allow us to respond promptly to customer needs.

Our business development team will market new products and solutions that have already proven their performance through research.

Tom Van den Broeck • Supply Chain & Production Manager

Our goal is to develop innovative products that offer continuously improved price to performance ratios.

A positive pre-ISO 14000 audit proves that our team has a thorough command of all aspects of quality, efficiency, safety and the environment.

New opportunities have been identified to counter China's dominance in the raw materials market.

* Extract from the official annual report as deposited at the Belgian National Bank in accordance to Belgian Company law.

New developments in plastics and masterbatches

New business development works closely with the production and R&D departments of Campine and the operations, research and sales departments of our customers.

Our main objective is to develop innovative applications that both customers and Campine can benefit from.

The most important criteria for starting a project is to provide value-added technology with acceptable profit margins and volume potential.

The production teams can now respond faster and more flexibly to customer demands.

Clearer understanding of specific application processes has resulted in various products that are tailored to customer needs and allow for better and more efficient processing methods.

This knowledge will be used in the future to expand into new niche markets.

Innovation at work

2 new Mastertek grades are optimised flame retardant masterbatches for use in XPS insulation foams in the building industry. These products allow the customer to use the masterbatch at lower concentrations, resulting in lower raw material costs and higher production efficiency.

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Both products allow for working in extremely high process temperatures that are characteristic for extrusion processes. This results in dramatically reduced risks of thermal degradation.

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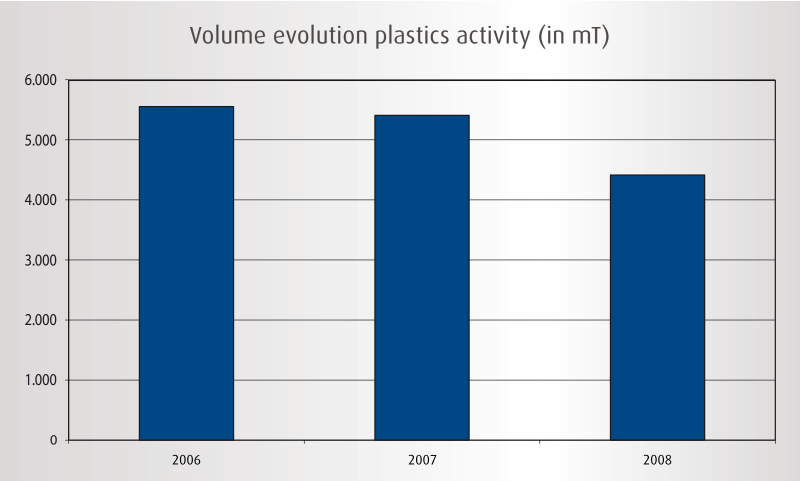
The AC+ technology is a new technology developed by Campine for thermoplastics. By use of this technology the performance of the flame retardant systems are improved. This can be shown by a better cost performance ratio in fire retardant properties and major improvements in mechanical properties of the final thermoplastic compound. Campine is already developing this technology in the transport sector, electrical devices and industrial electrical systems and is working constantly to expand this in other application areas of the plastics industry.



Information on production processes

PRODUCTION OF ANTIMONY TRIOXIDE

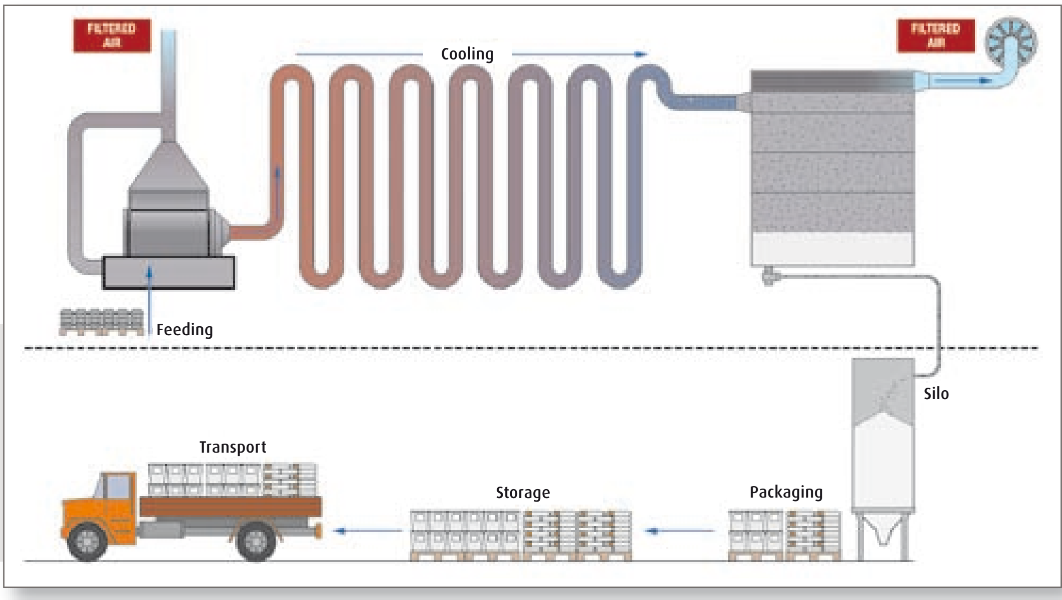
The antimony metal is conveyed into a melting bath where the metal is turned into antimony trioxide which is then cooled by transferring it through a system of pipes and filters. Depending on the process settings, this results in different qualities and particle sizes of antimony. The antimony trioxide powder is stored in silos according to product specifications. To reduce dust generation, a part of the product portfolio is humidified before packaging.

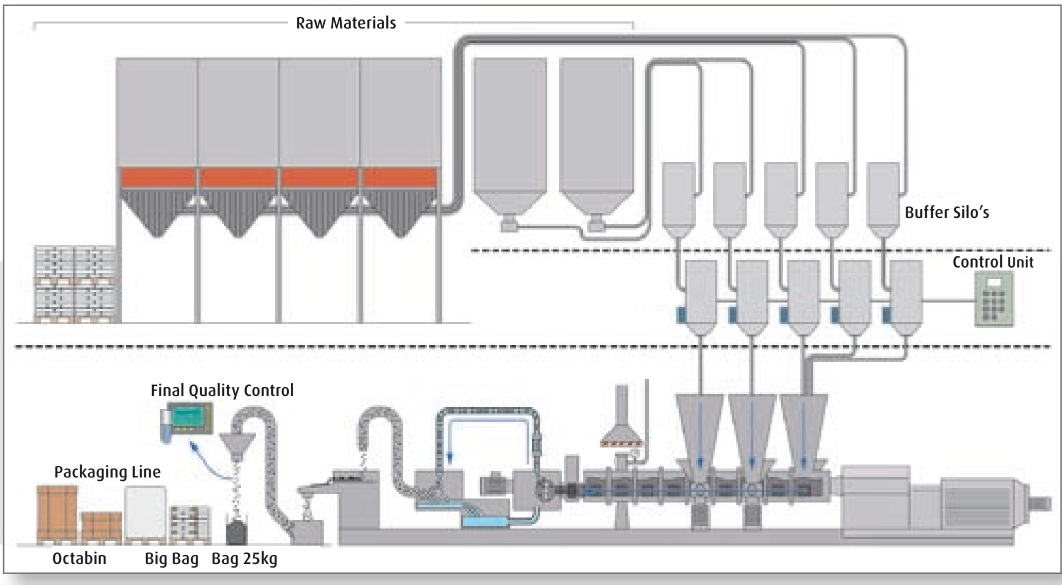
MASTERBATCH AND CONCENTRATE PRODUCTION

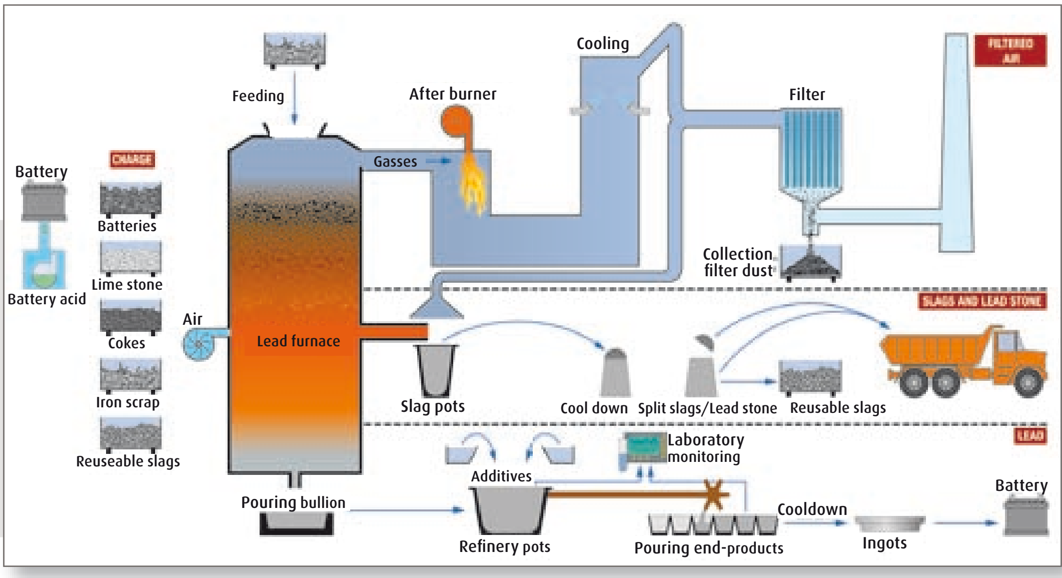
The production process of masterbatches and concentrates consists of mixing antimony trioxide powder and other ingredients with polymers (purchased in bulk from chemical companies) and transforming them into granulates with specific properties. During the extrusion process, the raw materials are kneaded into a homogenous mixture that is strained through a mould to obtain granulates of different sizes. Over the years we have also developed masterbatches based on other additives than antimony, using our extrusion competences.

PRODUCTION OF LEAD BASED ON LEAD RECYCLING

Spent industrial and starter batteries are broken open in our battery hall in order to drain the acid. The acid-free batteries – together with limestone, coke, iron scraps and reusable slags – are then fed into the furnace where they are processed into lead bullion. The lead bullion is further processed in our refinery department by removing impurities and adding elements to produce specific lead alloys. The end product is poured into ingots that are stocked awaiting transport to end users. The process gasses pass through an after-burner to remove impurities, now clean they are released into the atmosphere.


FILTERED AIR
Cooling
FILTERED AIR
Feeding
Silo
Transport
Storage
Packaging


Raw Materials
Buffer Silo's
Control Unit
Final Quality Control
Packaging Line
Octabin
Big Bag
Bag 25kg


Feeding
Cooling
FILTERED AIR
After burner
Filter
Battery
CHARGE
Gasses
Batteries
Collection filter dust
Lime stone
Battery acid
Air
SLAGS AND LEAD STONE
Cokes
Lead furnace
Iron scrap
Slag pots
Cool down
Split slags/Lead stone
Reusable slags
Reuseable slags
Laboratory monitoring
LEAD
Additives
Battery
Pouring bullion
Cooldown
Refinery pots
Pouring end-products
Ingots

Engagements for 2009

Permit 2011

Campine and Campine Recycling are planning to prolong the existing operating permit in 2011. We are broadly on track to achieving this goal.

With the required studies and new environmental permit we will be able to continue our operations in accordance with the requirements of the European and Flemish legislation. We will use the best available technologies and operate with minimum adverse impact on the environment and surroundings.

To assist in drawing up the various studies and reports, we have selected competent partners whom, with the help of our data input, will provide us and consulting governments with good insights into our present and future performances in regard to the environment and energy.

The consistent application of the best available technologies resulted in an additional 30% reduction of already low heavy metal emissions in 2008 compared to 2007.

Under the Seveso Directive, which must be complied with by Campine, a safety report (SWA-VR) was drawn up and submitted in 2008 within the framework of the environment and safety collaboration agreement.

For 2009, we have prepared various initiatives such as drawing up an Environmental Safety Report (ESR), an Environmental Effects Report (EER) and an energy study that will be conducted and approved in accordance with statutory procedures.

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Environmental care

In 2008 Campine signed an engagement agreement with the neighbourhood and governments to create a healthier living environment around our industrial operations.

The enhancement of the natural landscape is achieved by the development of a public nature park.

Measuring devices have been installed at all relevant emission points for detection of dust and sulphur dioxide. Emission was reduced through the short succession of alarms. The response time to defects was significantly reduced.

Campine and Sita in 2008 redesigned the entire process of waste flows, resulting in a further enforcement of waste separation, new internal collection logistics and the development of a central container park.

We also made some major investments in the environment including the clean up of contaminated foundation of concrete structures as set forth in our environmental policies.

Freddy Smans • Quality & Environment Coordinator

2007

Legislation and compliance

Campine has to comply with a range of legislation covering various areas from VLAREM Legislation on environmental permit conditions and OVAM obligations to ISO certificates for environmental care and quality assurance.

These obligations, agreements and engagements are determining the management system in which all processes are implemented and documented.

We believe that compliance encourages and compels us to continuously improve and innovate.

Understanding and observing all agreements and a thorough analysis and knowledge of our processes gives all process owners the necessary foundation they need to aim for simple and controlled processes.

This will benefit our customers and products.

Wilfried Vermeiren • Health & Safety Coordinator

Health and safety

Campine Recycling's accident statistics in 2008 were good and the Group 's results in safety and health in 2008 are the second best of the past 10 years.

The quarterly bio-monitoring campaign shows a similar improvement since 2007.

The blood lead content recorded in 2008 also demonstrates an encouraging improvement.

The main initiative for safety and health was the implementation of the project "Samen-werken aan veiligheid" (Working together on safety), which will continue in 2009.

This project is mainly designed to increase awareness in the entire organisation about dangers, risks and required safety behaviour. Our improved results prove that this initiative was successful.

In 2008, a new internal incident reporting system was developed and implemented. This method of registering, researching and formulating actions led to an increased awareness of potentially unsafe working situations.

Linked to these reports, the responsibilities for safety were better allocated by dividing the company grounds into zones. These zones are directly linked to specific people in the hierarchical line.

Customer-focus

In recent years, Campine evolved from a production-driven organisation to a market and customer-focused company.

The systematic application of co-development for new products and the continuous monitoring of customer needs and challenges have resulted in the creation of new products and the implementation of significant improvements in supply chain, quality and communications.

Teamwork with customers has allowed us to identify new trends and implement innovations that are immediately translated into commercially viable processes and applications.

Shareholder interest

Campine aims to create long-term shareholder value by investing in processes, innovation and concepts.

We work and report in accordance with the IFRS and the Belgian Corporate Governance Code in order to ensure maximum transparency and availability of information to our shareholders.

Employee involvement

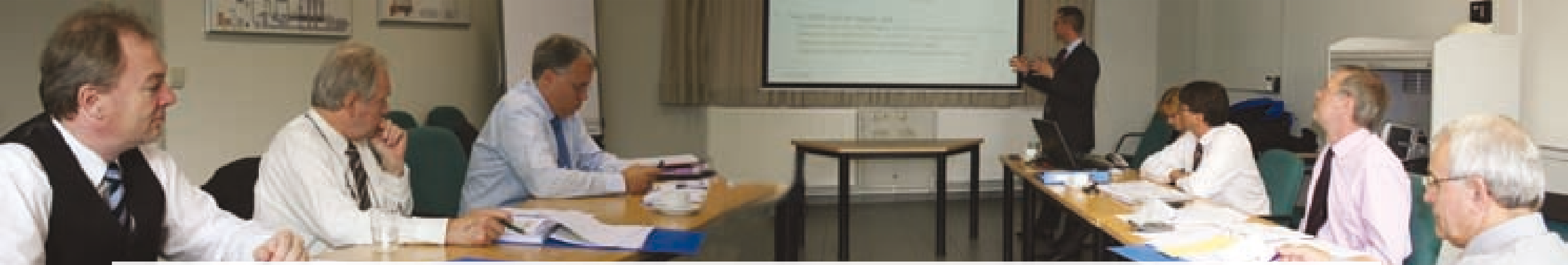
We are working actively in an organisation where dialogue and collaboration are core values and cornerstones to a professional working environment with committed employees.

The company structure is clear and transparent allowing each employee to understand and carry out the responsibilities and duties assigned.

Hilde Goovaerts • Operations & Investment Manager

Organisation of courses and training sessions ensure that our employees and managers are consistently educated in new skills and techniques that help them to work more efficiently, safely and thoughtfully.

To encourage team spirit, Campine annually organises a number of activities and sponsors various activities organised by the staff.



TEAMWORK

We are convinced that teamwork is a key factor for success as the team's achievement is greater than the mere sum of the individual performances; teamwork creates added value.

Therefore we co-operate as much as possible – both internally and externally – in all areas throughout the whole organisation.

The Board of Directors works closely with its committees – each focusing on their specific area – to ensure an efficient and transparent operation of the Group in the interest of all of its stakeholders.

Our SHE-teams (Safety, Health and Environment) support the different units in the daily implementation and follow-up of all SHE-aspects.
When starting up a new process, installation, product or changing an existing one, SHE is involved from the initial phase so that its advice can be incorporated.

The new incident reporting system and the project "working together on safety" stimulate multidisciplinary teams thoroughly to analyse potential irregularities and to undertake necessary action. This way our organisation is adjusted pro-actively in a systematic and purposeful way.

Customer and suppliers contacts are developed into long term relations allowing both parties to reach mutual beneficial targets.

REACH and Seveso legislation sets the focus for our cooperation with external organisations in promoting a safe transformation of and sound end use of our products.

We are an active member of the local consultative body "LOGO". Together with the neighbourhood, municipalities, authorities, associated companies, we put into practice our responsibility towards health outside our premises.

The Campine Teamwork Drivers

We defined the following teamwork drivers and systematically invest in training towards these values.

Dialogue

Entrepreneurship

Goal-oriented

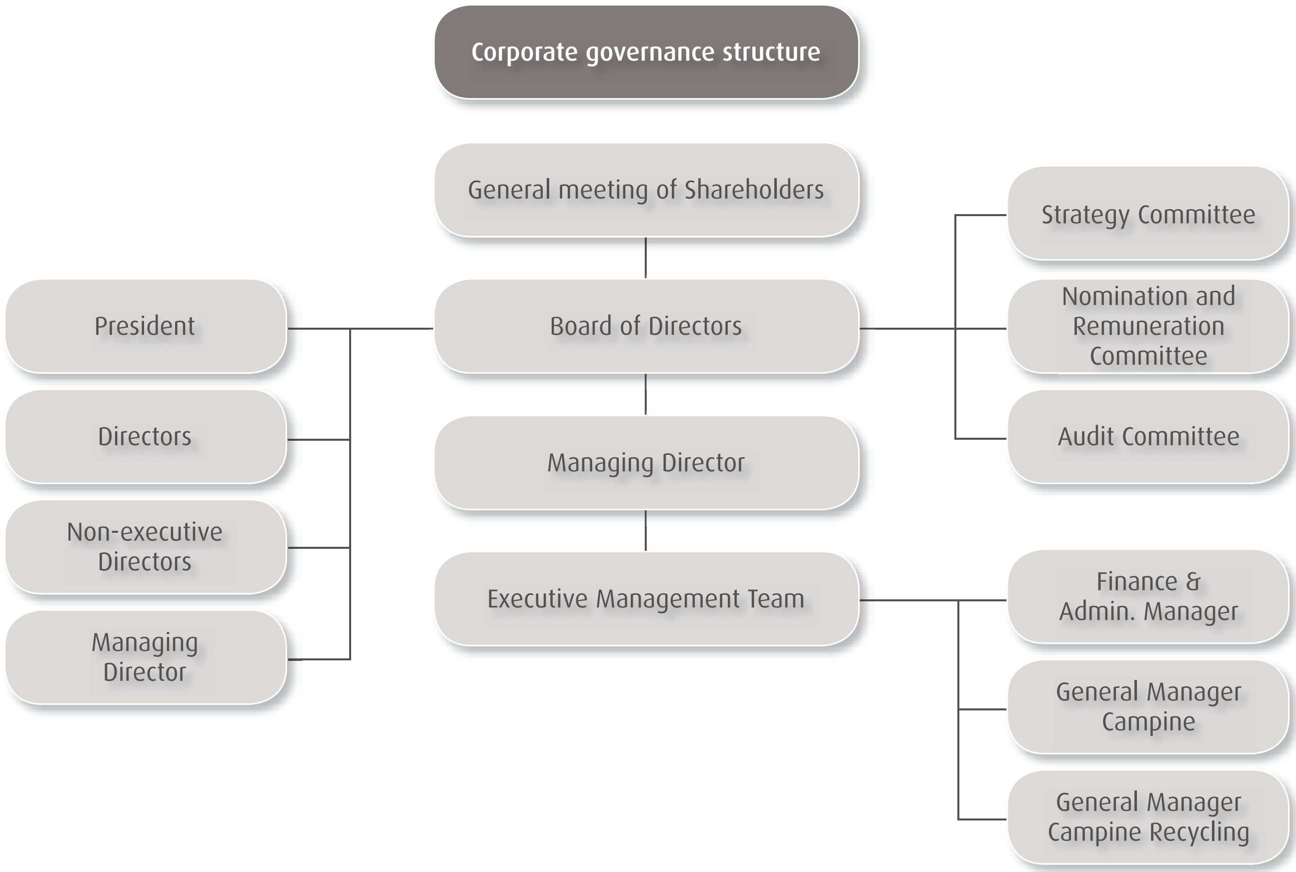
Consistent

Respect

The creation of a nature reserve (as a natural buffer to the nearby residential area) on part of the Campine site, was made in collaboration with the Flemish Community.

To stimulate teamwork, we have defined company values as teamwork drivers. We systematically invest in training toward these values, we also organise a number of team activities and sponsor team activities organised by our personnel.

Corporate Governance 2008



I. INTRODUCTION

The role and responsibilities, nomination procedures and the organisation of the Board of Directors are set out in the Corporate Governance Charter of Campine NV. This charter can be consulted on the website (www.campine.be).

The Board of Directors of Campine NV has carefully studied the Belgian Corporate Governance Code which entered into force on 1 January, 2005 (the "Code"). As a company incorporated under the laws of Belgium and listed on Euronext Brussels, Campine NV adheres to the principles and provisions of the Code, taking into account the company's specific characteristics such as its business environment and its size.

The Board came to the conclusion that Campine's existing corporate governance model already provides a proper balance between entrepreneurship and control, and between performance and conformity with the Code but that certain forms of conduct which are applied throughout the company were not always laid down in formal procedures.

In the coming years the Board will emphasize on the further structuring and defining of existing procedures, with a view to strengthening shareholder trust in a transparent and responsible fashion.

Within the Board the Code serves as a check-list for ensuring the efficient and transparent operation of the Group. The Code acts as a stimulus to the Board and the Management Team to strive for and realise these objectives in the interest of Campine and its stakeholders.

On 9 March 2006, the Board has established the Campine Corporate Governance Charter in accordance with the recommendations of the Code which can be consulted on the website of Campine. The Campine Corporate Governance Charter aims at providing a comprehensive and transparent disclosure of the rules and policies that together with applicable law constitute the governance framework within which the company operates.

II. THE BOARD OF DIRECTORS

II.1 GOVERNANCE STRUCTURE

Campine has historically opted for a 'one-tier' governance structure: the Board is the ultimate decision making body within the company, and enjoys the widest possible powers to undertake all operations which are necessary or useful for achieving the company's purpose, with the exception of those operations which the law or the articles of incorporation reserve for the general meeting of shareholders. The Board gives account to the shareholders at the annual meeting of shareholders on the performance of their mandate.

The Board has delegated the day-to-day management of the company to the Managing Director, who is responsible for the implementation of the general strategy of Campine and its subsidiaries. His responsibility includes the developing and monitoring of the business unit plans for each business unit, as approved by the Board. The Managing Director implements the decisions of the Board. He also puts together the necessary investment programs, which are then presented to the Board for approval.

The Managing Director is assisted by the Executive Management Team, consisting of the Finance & Administration Manager, the General Manager Campine and the General Manager Campine Recycling, each in respect of their specific areas of responsibility.

II.2 ROLE AND RESPONSIBILITIES

The Board determines the company's strategy, provides entrepreneurial leadership and at the same time monitors and controls the risks attached to the company's activities.

The strategy determined by the Board for Campine is to be a profitable organization, offering long-term benefits to its shareholders, employees and other stakeholders, while taking into consideration the environmental aspects of Campine's activities.

Furthermore, the Board has in mutual agreement with the Management Team defined values.

II.3 COMPOSITION OF THE BOARD

Article 13 of the Articles of Incorporation provides that the Board consists of at least three and maximum six members. The number of directors is to be seen in the perspective of the size of the Company.

The directors are appointed by the Shareholders' meeting for a renewable term of maximum three years. In case a directorship becomes vacant due to death, resignation or otherwise, the remaining directors may elect a replacement until the first coming Shareholders' meeting which will decide on the final appointment.

The Board is advised by:

- a Nomination and Remuneration Committee, consisting of the President of the Board and the Managing Director,
- an Audit Committee, consisting of Mr A. De Witte and Mr R. Pearson,
- a Strategy Committee, consisting of the Managing Director, Mr P. De Groote and Mr A. Hempel.

It is the intention of the Board to formalise the operation of these Committees in accordance with the Code. In addition the Nomination and Remuneration Committee will be charged with (i) the preparation of a list of selection criteria to be applied for the appointment and re-election of directors and (ii) the drafting of recommendations in order to ensure a balanced composition of the Board in terms of skills, experience, background and age.

Provision n° 2.2 of the Code requires that the Board should comprise at least three independent directors whereas the company currently only has two independent directors. This is explained by the fact that the company has a relatively small Board of six members, of which five non-executive directors, and one executive director. The number of directors is to be seen in the perspective of the size of the company.

II.4 FUNCTIONING OF THE BOARD

The Board elects a President among its members, who leads the Board and takes the necessary measures to develop a climate of trust within the Board, contributing to open discussion, constructive dissent and support for the Board's decisions.

The President determines the agenda of the Board meeting, after consultation with the Managing Director. The President is responsible for ensuring that the Board operates efficiently and performs its role adequately. The President also presides over the Shareholders' meetings and ensures that they are conducted efficiently.

The Board meets on average four times a year, in February/March, May, August/September and November/December. This frequency enables it to keep regular and continuous track of the consolidated and unconsolidated results, the general state of business and developments at both Campine and its subsidiaries, Campine's investment programmes, any acquisitions and divestments by the Group, development of the management, etc... Nevertheless, the Board shall be called by the President or the Managing Director whenever the company's corporate interest so requires. The Board must be convened upon request of at least two directors.

During the financial year which closed per 31 December 2008, the following Board meetings were held:

Date of the Board meeting	Members present
26 February 2008	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, A. De Witte, P. De Groote
14 May 2008	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, A. De Witte, P. De Groote
28 August 2008	A. Hempel, R. Pearson, G. Krekel, A. De Witte, P. De Groote
25/26 November 2008	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, DW Services Comm. V., P. De Groote

The Board undertakes to periodically conduct a formal evaluation of its own performance and that of any committees installed by it, in order to assess whether (i) the Board operates efficiently, (ii) important issues are debated and prepared properly, (iii) each director makes a constructive contribution to the decision making process. Such evaluation will be prepared by the Nomination and Remuneration Committee, and at the initiative of the President.

II.5 COMPANY SECRETARY

Pursuant to provision 2.8 of the Code the Board should appoint a company secretary reporting to the Board on how Board procedures, rules and regulations are followed and complied with.

Due to the size of the company and the relatively limited number of Board members, the company has not yet appointed a company secretary. The Managing Director, assisted by the company's management assistant, currently ensures that the Board procedures are complied with and that the Board acts in accordance with its obligations under the law, the Articles of Incorporation and the internal rules and regulations.

II.6 THE REMUNERATION OF DIRECTORS

Fixed compensation

The directors receive compensation for the fulfilment of their mandates with the exception of the Managing Director, who is already compensated in his capacity of Managing Director. The individual compensation per director for the financial year closed per 31 December 2008 amounts to 11.250 EUR gross for a complete financial year, irrespective of whether the company makes a profit or a loss. The aforementioned amount shall be automatically increased by 250 EUR for the next financial year. The directors whose mandates have not covered the entire financial year will be paid pro rata to the full months of their mandates.

During the financial year closed per 31 December 2008, the directors received total gross compensation of 56.250 EUR for fulfilling their duties as directors.

Tantièmes

From the net profit after tax and after allocation to the legal reserves, a tantième (profit share) of 8 % – with a maximum of 10.000 EUR per director per financial year – will be allocated to the whole Board, who will distribute it equally amongst the directors, with the exception of the Managing Director, who is already compensated in his capacity of Managing Director. Only those directors who have served on the Board for at least six months during the financial year to which this tantième relates are entitled to the tantième and not pro rata the term of their mandate in the relevant financial year. Directors having served less than six months on the Board during the relevant financial year will not be entitled to any tantième unless the annual shareholders' meeting decides otherwise. The Managing Director may receive the tantième referred to above in case the annual meeting of shareholders by special vote decides thereto upon proposal of the Board. The total amount of tantièmes paid to directors in respect of the financial year closed per 31 December 2008 is 50.000 EUR.

III. THE EXECUTIVE MANAGEMENT TEAM

III.1 CHIEF EXECUTIVE OFFICER

The Board of Directors appoints the Managing Director, who has the title of CEO and who is charged with the day-to-day management of the company.

The Managing Director reports on a regular basis to the Board enabling the latter to supervise the day-to-day management. In particular the Managing Director provides the necessary information on the consolidated and unconsolidated results, on the general state of business and development of both Campine and its subsidiaries, on Campine's investment programs and finally on the possible acquisitions and divestments by the Campine Group.

The Managing Director's responsibilities include developing and monitoring of the business unit plans for each business unit, as approved by the Board, the implementation of the decisions of the Board and the setting up of the necessary investment programs, which are then presented to the Board for approval.

III.2 EXECUTIVE MANAGEMENT TEAM

(i) Role and responsibilities

The Managing Director is assisted by the Executive Management Team, consisting of the Finance & Administration Manager, the General Manager Campine and the General Manager Campine Recycling, each in respect of their specific areas of responsibility.

The Executive Management Team reports to the Managing Director and enables the Managing Director to properly perform his duties of daily management.

In addition to the day-to-day cooperation among the members of the Executive Management Team, monthly meetings are organized for each business unit.

The objective is to establish the focus and priorities of the various departments within these business units, based on the previous month's results, the forecasts for the coming months, the current situation and the strategy to be followed.

These business unit meetings can be attended on an ad hoc basis by a director in order to discuss mutual views concerning priorities and to consult on possible actions and initiatives. This facilitates and speeds up the monitoring of day-to-day management.
Regular inter-business unit meetings are also held to discuss general matters concerning the business as a whole.

(ii) Composition

The Managing Director and the President decide, after consultation of all Board members, on the nomination and removal of the members of the Executive Management Team, other than the Managing Director. The Nomination and Remuneration Committee advises on the nomination and removal of the members of the Executive Management Team.

The Nomination and Remuneration Committee advises on the appointment and evaluation of the members of the Executive Management Team and their remuneration.

(iii) Remuneration

The Managing Director's compensation for carrying out his function, consisting of a fixed and a variable portion, is determined by the Board. The Managing Director and the President decide, after consultation of all Board members, on the remuneration of the members of the Executive Management Team, other than the Managing Director. The remuneration of the members of the Executive Management Team, consisting of both fixed and variable compensation, is based on a market study, using reference functions. The variable part of the remuneration is partly result-related and partly linked to a system of objectives. The Nomination and Remuneration Committee advises on the remuneration of the members of the Executive Management Team.

During the financial year closed per 31 December 2008 none of the members of the Executive Management Team received any shares, share options or other rights to acquire shares of the company or Group.

(iv) Disclosure of the remuneration of the Executive Management Team

The company had decided not to disclose the amount of the Managing Director's and Executive Managers' remuneration on an individual basis. This information will be communicated on a total basis, as prescribed by provisions 7.15 and 7.16 of the Belgian Corporate Governance Code, as this would violate the privacy of the respective individuals.

The company decided to disclose the total remuneration of the Executive Management including the Board of Directors. The remuneration of the members of the Executive Management Team is decided upon by the Nomination and Remuneration Committee, based on market trends and individual performances.

(v) Terms of hiring and termination arrangements

The terms of hiring and termination arrangements of members of the Executive Management Team do not provide any specific compensation commitments, other than standard notice periods, in the event of early termination.

IV. BOARD COMMITTEES

The Board is advised by:

- a Nomination and Remuneration Committee, consisting of the President of the Board and the Managing Director,
- an Audit Committee, consisting of Mr A. De Witte and Mr R. Pearson,
- a Strategy Committee, consisting of the Managing Director, Mr P. De Groote and Mr A. Hempel.

During the financial year which closed per 31 December 2008, the following Board Committee meetings were held:

Board Committee	Date of the meeting	Members present
Nomination and Remuneration Committee	6 October 2008	F.-W. Hempel, G. Krekel
Audit Committee	25 February 2008	R. Pearson, G. Krekel, A. De Witte
	27 August 2008	R. Pearson, G. Krekel
Strategy Committee	16 January 2008	A. Hempel, P. De Groote, G. Krekel
	29 August 2008	A. Hempel, P. De Groote, G. Krekel

The Nomination and Remuneration Committee meets at least once a year. However, the members of the Nomination and Remuneration Committee informally meet on a regular basis.

The Audit Committee meets at least twice a year.

The law of 17 December 2008 regarding the Audit Committee in listed companies entered into force on 8 January 2009. The Group complies with the requirements of this new law.
In this respect the Group confirms that the independent director complies with the law as to independence and competence.

The Strategy Committee meets at least once a year. However, the members of the Strategy Committee informally meet on a regular basis.

It is the intention of the Board to formalise the operation of these Committees in accordance with the Code and to adopt their terms of reference in the coming years.

V. CODE OF CONDUCT, TRANSACTIONS IN SHARES OF THE COMPANY AND RELATED PARTY TRANSACTIONS POLICY

In achieving its business objectives Campine emphasizes the adherence to the highest standards of business integrity and ethics, as well as the observance of all applicable laws and regulations. On 9 March 2006, Campine has adopted a Code of Conduct and a related party transactions policy, of which the text is annexed to the Campine Corporate Governance Charter.

The Code of Conduct contains a chapter on transactions in shares of the company which aims to prevent any abuse, as well as any suspicion of abuse, of inside information by Board members, members of the Executive Management Team or by employees of the company, in particular during periods leading up to an announcement of financial results or of price-sensitive events or decisions.

VI. FAIRNESS STATEMENT

The Board of Directors declares that to the best of their knowledge the financial statements, prepared in accordance with the IFRS, give a true and fair view of the assets, liabilities, financial position and the results of the company, including its consolidated subsidiaries.
The annual report includes a fair review of the development and performance of the business and the position of the company, including its consolidated subsidiaries, together with a description of the principal risks and uncertainties that they face.

Consolidated Financial Statements 2008

1. Consolidated income statement for the year ended 31 December 2008

'000 EUR	Notes	Year ended 31/12/2008	Year ended 31/12/2007
CONTINUING OPERATIONS			
Revenue	3	103.366	127.399
Other operating income		582	394
Changes in inventories of finished goods and work in progress		-3.545	508
Raw materials and consumables used		-80.643	-91.457
Employee benefits expense		-10.896	-11.179
Depreciation and amortisation expense		-3.155	-3.115
Restoration cost	23	-	-1.365
Other operating expenses	4	-7.558	-8.029
Operating profit		-1.849	13.156
Investment revenues	5	26	14
Hedging results	15	3.844	-2.318
Other gains and losses		-	-
Finance costs	6	-655	-978
Profit before tax		1.366	9.874
Income tax expense	7	-306	-3.481
Profit for the year from continuing operations		1.060	6.393
Profit for the year	**8**	**1.060**	**6.393**
Attributable to:			
Equity holders of the parent		1.060	6.393
Minority interest		-	-
		1.060	6.393
EARNINGS PER SHARE (IN EUR)	9		
From continuing operations:			
Basic		0,71	4,26
Diluted		-	-

2. Consolidated balance sheet at 31 December 2008

'000 EUR	Notes	31/12/2008	31/12/2007
ASSETS			
Non-current assets			
Property, plant and equipment	10	10.735	11.257
Other intangible assets	11	117	110
Cash restricted in its use		283	283
		11.135	11.650
Current assets			
Inventories	13	16.728	35.505
Trade and other receivables	14	9.970	21.327
Derivatives	15	305	904
Cash and cash equivalents		6.708	907
		33.711	58.643
TOTAL ASSETS		**44.846**	**70.293**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	4.000	4.000
Translation reserves		-	-
Retained earnings	17	17.719	19.706
Equity attributable to equity holders of the parent		21.719	23.706
Total equity		21.719	23.706
Non-current liabilities			
Retirement benefit obligation	29	861	1.040
Deferred tax liabilities	19	548	878
Bank loans	18	5.588	2.294
Obligations under finance leases	20	-	24
Provisions	23	4.765	4.820
		11.762	9.056
Current liabilities			
Retirement benefit obligation	29	227	239
Trade and other payables	21	7.601	18.820
Derivatives		-	-
Current tax liabilities		1.117	1.720
Obligations under finance leases	20	24	222
Bank overdrafts and loans	18	2.107	16.223
Provisions	23	289	307
		11.365	37.531
Total liabilities		23.127	46.587
TOTAL EQUITY AND LIABILITIES		**44.846**	**70.293**

3. Consolidated statement of changes in equity for the year ended 31 December 2008

'000 EUR	Share capital	Translation reserves	Retained earnings	Attributable to equity holders of the parent	Total
Balance at 1 January 2007	**4.000**	**-**	**15.353**	**19.353**	**19.353**
Realisation of translation reserves upon deconsolidation of a foreign subsidiary	-	-	-	-	-
Profit of the year	-	-	6.393	6.393	6.393
Dividends	-	-	-2.040	-2.040	-2.040
Balance at 1 January 2008	**4.000**	**-**	**19.706**	**23.706**	**23.706**
Realisation of translation reserves upon deconsolidation of a foreign subsidiary	-	-	-	-	-
Profit of the year	-	-	1.060	1.060	1.060
Dividends	-	-	-3.047	-3.047	-3.047
Balance at 31 December 2008	**4.000**	**-**	**17.719**	**21.719**	**21.719**

4. Consolidated cash flow statement for the year ended 31 December 2008

'000 EUR	Notes	Year ended 31/12/2008	Year ended 31/12/2007
OPERATING ACTIVITIES			
Profit for the year		1.060	6.393
Adjustments for:			
Other gains and losses (investment grants)		-14	-15
Investment revenues	5	-26	-14
Other gains and losses		-3.844	2.318
Finance costs	6	655	978
Income tax expense	7	306	3.481
Depreciation of property, plant and equipment		3.155	3.115
Amortisation of other intangible assets		-	-
Gain on disposal of property, plant and equipment		-	-
Increase/(decrease) in provisions (incl. retirement benefit)		-264	589
Others		14	14
Operating cash flows before movements in working capital		1.042	16.859
(Increase)/decrease in inventories	13	18.777	-11.683
Decrease/(increase) in receivables	14	11.357	-908
Increase/(decrease) in trade and other payables	21	-11.219	4.771
Cash generated from operations		19.957	9.039
Hedging results	15	4.443	-3.390
Interest paid	6	-655	-978
Income taxes paid		-1.239	-1.858
Net cash from operating activities		***22.506***	***2.813***
INVESTING ACTIVITIES			
Interest received	5	26	14
Disposal of subsidiary		-	-
Proceeds on disposal of property, plant and equipment		-	-
Purchases of property, plant and equipment	10	-2.640	-4.351
Net cash used in investing activities		***-2.614***	***-4.337***
FINANCING ACTIVITIES			
Dividends paid		-3.047	-2.040
Repayments of borrowings	18	-1.491	-879
Repayments of obligations under finance leases	20	-222	-211
New bank loans raised	18	6.000	-
(Increase)/decrease cash restricted in its use		-	-283
Increase/(decrease) in bank overdrafts	18	-15.331	4.668
Net cash/(used in) from financing activities		***-14.091***	***1.255***
Net increase/(decrease) in cash and cash equivalents		***5.801***	***-269***
Cash and cash equivalents at the beginning of the year		907	1.176
Effect of foreign exchange rate changes		-	-
Cash and cash equivalents at the end of the year		***6.708***	***907***
Bank balances and cash		***6.708***	***907***

5. Notes to the consolidated financial statements for the year ended 31 December 2008

5.1. General information

Campine NV (the Company) is a limited liability company incorporated in Belgium. The addresses of its registered office and principal place of business are disclosed in the Corporate Management & Data. The principal activities of the Company and its subsidiaries (the Group) are described in this annual report.

5.2. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU at 31 December 2008.
The IFRS have been applied for the first time on the consolidated financial statements for the year ended 31 December 2005.
The Group has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2008.

Became applicable for 2008

- IFRIC 11 IFRS 2 "Group and Treasury share Transactions" (applicable for accounting years beginning on or after 1 March 2007).
- IFRIC 12 "Service Concession Arrangements" (applicable for accounting years beginning on or after 1 January 2008).
- IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction". (applicable for accounting years beginning on or after 1 January 2008).
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" (amendments to applied as from 1 July 2008 onwords).

Issued but not yet effective

- IAS 1 "Presentation of Financial Statements" (annual periods beginning on or after 1 January 2009). This Standard replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005.
- Amendment to IAS 27 "Consolidated and Separate Financial Statements" (applicable for annual periods beginning on or after 1 July 2009). This Standard amends IAS 27 Consolidated and Separate Financial Statements (revised 2003).
- Amendment to IFRS 2 "Vesting Conditions and Cancellations" (applicable for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 32 "Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements" – Puttable financial instruments and obligations arising on liquidation (annual periods beginning on or after January 2009).
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" – Eligible Hedged Items (annual periods beginning on or after 1 July 2009).

- IFRS 3 "Business Combinations" (applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). This Standard replaces IFRS 3 "Business Combinations as issued in 2004.
- IFRS 8 "Operating Segments" (applicable for accounting years beginning on or after 1 January 2009).
- Amendment to IAS 23 "Borrowing Costs" (applicable for accounting years beginning on or after 1 January 2009).
- Improvements to IFRS (2008) (normally applicable for accounting years beginning on or after 1 January 2009).
- Amendments to IFRS 1 "First Time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements" (normally prospective application for annual periods beginning on or after 1 January 2009).
- IFRIC 13 "Customer Loyalty Programmes" (applicable for accounting years beginning on or after 1 July 2008).
- IFRIC 15 "Agreements for the construction of real estate" (applicable for accounting years beginning on or after 1 January 2009).
- IFRIC 16 "Hedges of a net investment in a foreign operation" (applicable for accounting years beginning on or after 1 October 2008).
- IFRIC 17 "Distributions of Non-cash Assets to Owners" (applicable for accounting years beginning on or after 1 July 2009).

5.2.1. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

5.2.2. Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

5.2.3. Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

5.2.4. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

5.2.5. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see further).
Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

5.2.6. Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in EUR, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency remain at historical rate.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period (within other operating income/expenses).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in EUR using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

5.2.7. Financial instruments

Since 2006, Campine takes positions in LME lead futures where it sells forward lead via future contracts.
The objective of this activity is to reduce the fluctuations of Campine's net income due to changes in lead prices.
Despite hedging a specific risk in an economic manner, these derivative financial instruments do not respect the strict criteria for the application of hedging accounting under IAS 39. Therefore these instruments are recognised on the balance sheet at fair value, while variations in the fair value of such instruments are directly recognised in the income statement.

5.2.8. Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

5.2.9. Government grants

Government grants are recognised in profit or loss (in other operating income) over the periods necessary to match them with the related costs.

Government grants related to later periods are presented in the financial statements as deferred income.

5.2.10. Retirement benefit costs

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets.

5.2.11. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

5.2.12. Property, plant and equipment

Property, plant & equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

5.2.13. Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

5.2.14. Patents, trademarks and software purchased

Patents, trademarks and software purchased are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

5.2.15. Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

5.2.16. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials is determined at the individual purchasing price (purchasing price increased by purchasing costs). Cost of work in progress and finished products comprises raw materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Value reductions are made for the old and slow moving inventories.

5.2.17. Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

5.2.18. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Cash and cash equivalents are included at fair value.

5.2.19. Bank borrowings

Interest-bearing bank loans and overdrafts are measured at fair value. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

5.2.20. Trade payables

Trade payables are measured at fair value.

5.2.21. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

5.3. Business and geographical segments

5.3.1. Business segments

For management purposes, the Group is organised into three operating divisions Antimony, Plastics & Recycling. These divisions are the basis on which the Group reports its primary segment information.

Principal activities as follows:

- Antimony trioxide (Sb_2O_3) is used as a fire retardant in the textile, plastics, cable and pigment industries and is also applied as a high efficiency catalyst in PET-production.
- Our plastics activities enable us to offer predispersed and ready to use flame retardant masterbatches for processors and compounders to provide a dust-free handling and increase production efficiency.
- Our lead recycling business is based on converting lead from used car and truck batteries and industrial scrap into lead bullion and alloys that are marketed to battery and lead sheet producers (a.o. X-ray protection)

Segment information about the Group's continuing operations is presented below.

'000 EUR 2008	Antimony Year ended 31/12/2008	Plastics Year ended 31/12/2008	Recycling Year ended 31/12/2008	Eliminations Year ended 31/12/2008	Total for continuing operations Year ended 31/12/2008
REVENUE					
External sales	38.588	14.272	50.787	-281	103.366
Inter-segment sales	5.250	-	-	-5.250	-
Total revenue from continuing operations	43.838	14.272	50.787	-5.531	103.366
Inter-segment sales are charged at prevailing market prices					
RESULT					
Segment operating result from continuing operations	-601	834	2.381		2.614
Unallocated expenses					-4.463
Operating profit from continuing operations					-1.849
Investment revenues					26
Hedging results			3.844		3.844
Other gains and losses					-
Finance costs					-655
Profit before tax					1.366
Income tax expense					-306
Profit for the year from continuing operations					**1.060**

'000 EUR 2008	Antimony 31/12/2008	Plastics 31/12/2008	Recycling 31/12/2008	Others 31/12/2008	Total for continuing operations 31/12/2008
OTHER INFORMATION					
Capital additions	489	16	1.752	383	2.640
Depreciation and amortisation	602	333	1.642	578	3.155
BALANCE SHEET					
Assets					
Fixed assets	1.355	739	6.330	2.428	10.852
Cash restricted in its use	-	-	-	283	283
Stocks	9.491	2.000	4.484	753	16.728
Trade and other receivables	4.541	1.363	2.117	1.949	9.970
Derivatives	-	-	305	-	305
Cash and cash equivalent	-	-	-	6.708	6.708
Total assets	**15.387**	**4.102**	**13.236**	**12.121**	**44.846**
Liabilities					
Long term liabilities					
Retirement benefit obligation	-	-	-	861	861
Deferred tax liabilities	-	-	-	548	548
Bank loans	-	-	-	5.588	5.588
Obligations under finance leases	-	-	-	-	-
Provisions	-	-	4.765	-	4.765
Short term liabilities					
Retirement benefit obligation	-	-	-	227	227
Trade and other payables	515	595	1.625	4.866	7.601
Derivatives	-	-	-	-	-
Current tax liabilities	-	-	-	1.117	1.117
Obligations under finance leases	-	24	-	-	24
Bank overdrafts and loans	-	-	-	2.107	2.107
Provisions	-	-	289	-	289
Total liabilities	**515**	**619**	**6.679**	**15.314**	**23.127**

'000 EUR 2007	Antimony Year ended 31/12/2007	Plastics Year ended 31/12/2007	Recycling Year ended 31/12/2007	Eliminations Year ended 31/12/2007	Total for continuing operations Year ended 31/12/2007
REVENUE					
External sales	47.473	18.534	61.829	-437	127.399
Inter-segment sales	7.673	-	-	-7.673	-
Total revenue from continuing operations	55.146	18.534	61.829	-8.110	127.399
Inter-segment sales are charged at prevailing market prices					
RESULT					
Segment operating result from continuing operations	1.976	1.094	15.157		18.227
Unallocated expenses					-5.071
Operating profit from continuing operations					13.156
Investment revenues					14
Hedging results			-2.318		-2.318
Other gains and losses					-
Finance costs					-978
Profit before tax					9.874
Income tax expense					-3.481
Profit for the year from continuing operations					**6.393**

'000 EUR 2007	Antimony 31/12/2007	Plastics 31/12/2007	Recycling 31/12/2007	Others 31/12/2007	Total for continuing operations 31/12/2007
OTHER INFORMATION					
Capital additions	422	275	2.552	1.102	4.351
Depreciation and amortisation	577	429	1.717	392	3.115
BALANCE SHEET					
Assets					
Fixed assets	1.468	1.056	6.220	2.623	11.367
Cash restricted in its use	-	-	-	283	283
Stocks	11.331	2.852	20.603	719	35.505
Trade and other receivables	6.525	2.079	11.909	814	21.327
Derivatives	-	-	904	-	904
Cash and cash equivalent	-	-	-	907	907
Total assets	**19.324**	**5.987**	**39.636**	**5.346**	**70.293**
Liabilities					
Long term liabilities					
Retirement benefit obligation	-	-	-	1.040	1.040
Deferred tax liabilities	-	-	-	878	878
Bank loans	-	-	-	2.294	2.294
Obligations under finance leases	-	24	-	-	24
Provisions	2.000	-	2.820	-	4.820
Short term liabilities					
Retirement benefit obligation	-	-	-	239	239
Trade and other payables	2.455	996	11.132	4.237	18.820
Derivatives	-	-	-	-	-
Current tax liabilities	-	-	-	1.720	1.720
Obligations under finance leases	-	222	-	-	222
Bank overdrafts and loans	-	-	-	16.223	16.223
Provisions	-	-	307	-	307
Total liabilities	**4.455**	**1.242**	**14.259**	**26.631**	**46.587**

5.3.2. Geographical segments

The Group's manufacturing operations are located in Belgium.

The following table provides an analysis of the Group's sales by geographical market.

'000 EUR	Year ended 31/12/2008	Year ended 31/12/2007
Belgium	13.721	8.974
Europe (excl. Belgium)	78.995	106.537
North America	8.397	9.860
Asia	736	848
Others	1.517	1.180
	103.366	**127.399**

5.4. Other operating expense

'000 EUR	Year ended 31/12/2008	Year ended 31/12/2007
Office expenses	733	459
Fees	782	767
Insurances	329	270
Transportation costs	735	936
Interim personnel	647	1.086
Carry-off of waste	2.163	1.969
Others	2.169	2.542
	7.558	**8.029**

5.5. Investment income

	Continuing operations	
'000 EUR	Year ended 31/12/2008	Year ended 31/12/2007
Interest on bank deposits	26	14
	26	**14**

5.6. Finance costs

	Continuing operations	
'000 EUR	Year ended 31/12/2008	Year ended 31/12/2007
Interest on bank overdrafts and loans	649	961
Interest on obligations under finance leases	6	17
Total borrowing costs	655	978
Less amounts included in the cost qualifying assets	-	-
	655	**978**

5.7. Income tax expense

'000 EUR	Continuing operations	
	Year ended 31/12/2008	Year ended 31/12/2007
Current tax	636	3.235
Deferred tax	-330	246
Income tax expense for the year	**306**	**3.481**

Domestic income tax is calculated at 33,99% (2007: 33,99%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Year ended 31/12/2008		Year ended 31/12/2007	
	'000 EUR	%	'000 EUR	%
Profit before tax continuing operations	1.366		9.874	
	1.366		9.874	
Tax at the domestic income tax rate of 33,99% (2007: 33,99%)	464	151%	3.356	97%
Tax effect of expenses that are not deductible in determining taxable profit	137	45%	186	5%
Tax effect of Notional Interest Deduction (NID)	-230	-75%	-205	-6%
Tax settlement previous years	-65	-21%	-	-
Tax effect of utilisation of tax losses not previously recognised	-	-	-	-
Tax penalty (insufficient prepayments)	-	-	144	4%
Effect of different tax rates of subsidiaries operating other jurisdictions	-	-	-	-
Tax expense and effective tax rate for the year	**306**	**100%**	**3.481**	**100%**

5.8. Profit for the year

Profit for the year has been arrived at after charging:

'000 EUR	Continuing operations	
	Year ended 31/12/2008	Year ended 31/12/2007
Net foreign exchange gains/(losses)	8	-191
Lead hedging on LME-exchange (London Metal Exchange) (see note 15)	3.844	-2.318
Research & development costs	-310	-196
Amortisation of capital grants	14	15

5.9. Dividends

On 30 May 2008, a dividend of 2 EUR per share (total dividend 3 million EUR) was paid to shareholders.
In respect of the current year, the directors propose that a dividend of 0,50 EUR per share will be paid to shareholders on 29 May 2009. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders. The total estimated dividend to be paid is 0,75 million EUR.

5.9.1. Earnings per share

As no potential shares – which could lead to dilution – were issued and no activities were ceased the diluted earnings per share equal the basic earnings per share and the total earnings per share equal the earnings per share for continuing operations.
The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

'000 EUR	Year ended 31/12/2008	Year ended 31/12/2007
EARNINGS		
Earnings for purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the parent)	1.060	6.393
NUMBER OF SHARES		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	1.500.000	1.500.000

5.10. Property, plant and equipment

'000 EUR	Land and buildings	Properties under construction	Fixtures and equipment	Total
COST OR VALUATION				
At 1 January 2007	8.253	1.667	33.709	43.629
Additions	1.352	34	2.965	4.351
Transfers	1.284	-1.667	383	-
Disposals	-	-	-	-
At 1 January 2008	10.889	34	37.057	47.980
Additions	870	-	1.719	2.589
Transfers	-	-34	34	-
Disposals	-	-	-	-
At 31 December 2008	11.759	-	38.810	50.569
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2007	5.811	-	27.830	33.641
Depreciation charge for the year	974	-	2.108	3.082
Eliminated on disposals	-	-	-	-
At 1 January 2008	6.785	-	29.938	36.723
Depreciation charge for the year	841	-	2.270	3.111
Eliminated on disposals	-	-	-	-
At 31 December 2008	7.626	-	32.208	39.834
CARRYING AMOUNT				
At 31 December 2008	**4.133**	**-**	**6.602**	**10.735**
At 31 December 2007	**4.104**	**34**	**7.119**	**11.257**

An external valuation expert has performed a fair value exercise on Property, Plant and Equipment, outcome of which indicates that the fair value exceeds the underlying carrying value of PP&E.

The following rates are used for the depreciation of property, plant and equipment:

Industrial, administrative, commercial buildings	5%
Furniture	20%
Vehicles	25%
Installations, machinery and equipment	min 10% – max 33% depending on the life time

The carrying amount of the Group's assets based on finance leases amounts to 325 KEUR (2007: 475 KEUR). The Group has not pledged land and buildings to secure banking facilities granted to the Group.

5.11. Other intangible assets

'000 EUR	Patents, trademarks and software purchased
COST	
At 1 January 2007	246
Additions	-
At 1 January 2008	246
Additions	51
At 31 December 2008	297
AMORTISATION	
At 1 January 2007	103
Charge for the year	33
At 1 January 2008	136
Charge for the year	44
At 31 December 2008	180
CARRYING AMOUNT	
At 31 December 2008	**117**
At 31 December 2007	**110**

The intangible assets included in the table have finite useful lives, over which the assets are amortised.

In 2006 a software package, to realise a more detailed reporting and follow-up of the maintenance and investment aspects (Rimses: 133 KEUR), was purchased as well as an update of the bookkeeping's software application (Synchro: 27 KEUR). Both are amortised over a period of 5 years.

In 2008 a software package, to realise a more detailed reporting and follow-up of the human resources aspects (HR webworx: 51 KEUR), was purchased. The software package is amortised over a period of 3 years.

5.12. Subsidiaries

Details of the Group's subsidiaries at 31 December 2008 are as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Campine Recycling NV	Belgium	99,99 %	100 %	Lead recycling

5.13. Inventories

'000 EUR	31/12/2008	31/12/2007
Raw materials	8.122	23.354
Work-in-progress	948	3.993
Finished goods	7.658	8.158
	16.728	**35.505**

The inventory per year-end includes a value reduction of 3.814 KEUR (2007: 1.247 KEUR) to value inventory at the lower of cost and net realisable value.

5.14. Financial assets

5.14.1. Trade and other receivables

'000 EUR	31/12/2008	31/12/2007
Amounts receivable from the sale of goods	8.459	20.437
Other receivables	1.511	890
	9.970	**21.327**

An allowance has been recorded for estimated irrecoverable amounts from the sale of goods of 681 KEUR (2007: 781 KEUR). This allowance has been determined on a case-by-case basis. Balances are written-off when sufficiently certain that receivable is definitely lost.
The Board of Directors confirms that the carrying amount of trade and other receivables approximates their fair value as those balances are short-term.

5.14.2. Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

5.14.3. Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are after allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. Due to this, the Board of Directors believes that there is no further credit risk provision required in excess of the allowance for bad and doubtful debts.

Roll-forward of the allowances for doubtful debtors

'000 EUR	31/12/2008	31/12/2007
Opening allowance doubtful debtors	781	803
Additions	225	21
Reversals	-	-43
Write-offs	-325	-
Closing allowance doubtful debtors	**681**	**781**

Included in the Group's trade receivable balance are debtors with a carrying amount of 494 EUR (2007: 267 EUR) which are past due at the reporting date but for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 32 days past due (2007: 34 days).

5.15. Other financial assets and liabilities

5.15.1 Derivatives

Campine started in 2006 to take position in LME lead futures where it sells lead via future contracts.
The objective of this activity is to reduce the fluctuations of Campine's net income due to changes in lead prices. Despite hedging a specific risk in an economic manner, these derivative financial instruments do not respect the strict criteria for the application of hedge accounting under IAS 39. These instruments are recognised in the income statement.

The table below summarizes the net change in fair value – realised and unrealised – of 3.844 KEUR included in the income statement during the year ended 31 December 2008. (31 December 2007: -2.318 KEUR).

'000 EUR	Fair value of current instruments	Underlying open positions (tons)	Change in fair value in income statement
Per 31 December 2007	904	5.700	-2.318
Per 31 December 2008	305	900	3.844

5.16. Share capital

'000 EUR	31/12/2008	31/12/2007
Authorised		
1.500.000 ordinary shares of par value 2,67 EUR each	4.000	4.000
Issued and fully paid	4.000	4.000

The Company has one class of ordinary shares which carry no right to fixed income.

5.17. Retained earnings

’000 EUR	Retained earnings
Balance at 1 January 2007	15.353
Dividends paid	-2.040
Profit for the year attributable to equity holders of the parent	6.393
Balance at 1 January 2008	19.706
Dividends paid	-3.047
Profit for the year attributable to equity holders of the parent	1.060
Balance at 31 December 2008	**17.719**

5.18. Bank borrowings (finance lease obligations not included)

'000 EUR	31/12/2008	31/12/2007
Bank loans	7.695	3.186
Bank overdrafts	-	15.331
	7.695	**18.517**

The borrowings are repayable as follows:

'000 EUR	31/12/2008	31/12/2007
Bank loans after more than one year	5.588	2.294
Bank loans within one year	2.107	892
Bank overdrafts on demand	-	15.331
	7.695	**18.517**

The average interest rates paid were as follows:

	Year ended 31/12/2008	Year ended 31/12/2007
Bank overdrafts	5,59%	5,42%
Bank loans	5,44%	4,67%

During 2008 the Group refinanced its exisiting credits by means of long term loans for an amount of 6 mio EUR for a period of 5 years. The investment credits which started in 2006 for a period of 5 years remain. On top of this we have credit facilities amounting to 15 mio EUR.

Bank loans are arranged at fixed interest rates.
Other borrowings [bank overdrafts: 0 KEUR per 31/12/2008 (per 31/12/2007: 15.331 KEUR)] are arranged at floating rates, thus exposing the Group to an interest rate risk.
At 31 December 2008, the Group had available 21.708 KEUR (2007: 3.575 KEUR) of undrawn committed borrowing facilities.

The credit agreements contain a number of covenants regarding solvability, liquidity and profitability. On 31 December 2008 the Group complied with these covenants.

5.19. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods.

'000 EUR	Timing differences on fixed assets	Full costing Inventories	Retirement benefit obligations	Restoration provision	Other	Total
At 1 January 2007	332	233	-9	-	77	633
Charge to equity for the year	-	-	-	-	-	-
Charge/(credit) to profit or loss for the year	-24	-22	-15	-	306	245
Exchange differences	-	-	-	-	-	-
At 1 January 2008	308	211	-24	-	383	878
Charge to equity for the year	-	-	-	-	-	-
Charge/(credit) to profit or loss for the year	-46	-138	5	-	-151	-330
Exchange differences	-	-	-	-	-	-
At 31 December 2008	**262**	**73**	**-19**	**-**	**232**	**548**

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy.

5.20. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
'000 EUR	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Amounts payable under finance leases:				
Within one year	24	228	24	222
In the second year to fifth year inclusive	-	24	-	24
	24	252	24	246
Less: future finance charges	-	-6	-	-
Present value of lease obligations	**24**	**246**	**24**	**246**
Less: amount due for settlement within 12 months (shown under current liabilities)			-24	-222
Amount due for settlement after 12 months			**-**	**24**

All lease obligations are denominated in EUR.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

5.21. Trade and other payables

'000 EUR	31/12/2008	31/12/2007
Trade creditors and accruals	5.812	16.677
Other payables and accruals	1.789	2.143
	7.601	**18.820**

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.
The directors consider that the carrying amount of trade payables approximates their fair value as those balances are short-term.

5.22. Liquidity risk

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.
The table includes both interest and principal cash flows.

	31/12/2008			31/12/2007		
'000 EUR	Within 1 year	1-5 year	> 5 years	Within 1 year	1-5 year	> 5 years
Trade and other liabilities	7.601	-	-	18.820	-	-
Bank overdrafts	-	-	-	16.098	-	-
Bank loans	2.488	6.137	-	1.072	2.459	-
Finance lease obligations	24	-	-	228	24	-

5.23. Provisions

'000 EUR	Sanitation Cost	Other	Total
At 1 January 2008	5.127	-	5.127
Additional provision in the year	-	-	-
Utilisation of provision	-73		-73
At 31 December 2008	**5.054**	**-**	**5.054**

'000 EUR	31/12/2008	31/12/2007
Analysed as:		
Current liabilities	289	307
Non-current liabilities	4.765	4.820
	5.054	**5.127**

Status provisions at 31/12/2008:

- No additional provisions were set up in 2008.
- 73 KEUR was executed in 2008 for specific soil removal from the site within the framework of the 'concrete plan' project, which was set up in 2007 for an amount of 1.365 KEUR and which the company will execute in the period 2008 – 2011.

5.24. Non-cash transactions

No additions to fixtures and equipment were financed by new finance leases during the year.

5.25. Contingent liabilities

No guarantees are given to banks.

5.26. Commitments

In the normal course of business the Group has commitments to buy and sell metals in the future.

5.27. Operating lease arrangements

The Group as lessee:

'000 EUR	31/12/2008	31/12/2007
Minimum lease payments under operating leases recognised as an expense in the year	90	40

At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

'000 EUR	31/12/2008	31/12/2007
Within one year	90	40
In the second year to fifth year inclusive	140	131
After five years	-	-
	230	**171**

Operating lease payments represent rentals payable by the Group for vehicles and equipment. Leases are negotiated for an average term of four years.

5.28. Share-based payments

During the financial year closed per 31 December 2008 none of the members of the Executive Management Team received any shares, share options or other rights to acquire shares of the company or Group.

5.29. Retirement benefit plans

5.29.1. Defined benefit plan

The Group operates a funded defined benefit plan for qualifying employees of Campine and its subsidiary in Belgium. The defined benefit plan foresees a retirement benefit based on the salary and seniority attained at the retirement age of 60. For the financed plans, plan assets consist of mixed port-folio's of shares, bonds or insurance contracts.
The plan assets do not contain direct investments in Campine shares or in fixed assets or other assets used by the Group.

Major actuarial assumptions in use at balance sheet date:

	Valuation at	
	31/12/2008	**31/12/2007**
Discount rate	5,5%	4,5%
Expected return on plan assets	3,6%	3,6%
Expected rate of salary increases	3,0%	3,0%

The amount recognised in the balance sheet in respect of the Group's defined retirement benefit plan is as follows:

'000 EUR	31/12/2008	31/12/2007
Present value of funded obligations	1.535	1.079
Fair value of plan assets	-1.498	-1.081
Unrecognised actuarial gains/(losses)	20	73
Unrecognised past service cost	-	-
Net liability recognised in the balance sheet	**57**	**71**

Amounts recognised in profit or loss in respect of the defined benefit plan are as follows:

'000 EUR	31/12/2008	31/12/2007
Current service cost	80	78
Interest on obligation	63	46
Expected return on plan assets	-46	-36
Actuarial losses recognised in the year	-	68
Past service cost	121	-
Net periodical benefit cost	**218**	**156**

The charge for the year is included in the employee benefits expense in the income statement.
The actual return on plan assets was 4,25% (2007: 4%).

Changes in the present value of the defined benefit obligation are as follows:

'000 EUR	31/12/2008	31/12/2007
Opening defined benefit obligation	71	25
Service cost	80	78
Interest cost	63	46
Calculated return on plan assets	-46	-36
Actuarial losses	-	68
Exchange differences	-	-
Past service cost	121	-
Benefits paid	-232	-110
Closing defined benefit obligation	**57**	**71**

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2004 reporting period.
The Group expects to contribute approximately 100 KEUR to its defined benefit plan in 2009. In 2009 the Group will look into the possibilities to change towards a defined contribution plan.

5.29.2. Disclosure regarding early retirement provision

Early retirement provisions are set up based on agreements with those affected on amounts to be paid until the age of 65 year. The provision at 31/12/2008 amounts to 1.088 KEUR (at 31/12/2007 provision amounted to 1.279 KEUR).

5.30 Market risk

5.30.1. Interest risk

Funding of the Company is done through bank loans and bank overdrafts. On 31 December 2008 bank loans amounted to 7.695 KEUR and bank overdrafts amounted to 0 KEUR. Bank loans are arranged at fixed rates whereas bank overdrafts are arranged at floating rates. As a result, the Company is not exposed to interest rate risk on the bank overdrafts.

5.30.2. Foreign Exchange risk

The Group is managing its foreign currency risk by matching foreign currency cash inflows with foreign cash outflows. The net position is usually a USD payable position.

An increase or decrease of the USD/EUR rate with 10% would have an impact on the income statement of +212 KEUR (in case of 10% increase) or -212 KEUR (in case of 10% decrease) based upon the assets and liabilities denominated in USD per 31 December 2008.

5.30.3. Price risk

Campine started in 2006 to take position in LME lead futures where it sells lead via future contracts. The objective of this activity is to reduce the fluctuations of Campine's net income due to changes in lead prices.
Despite hedging a specific risk in an economic manner, these derivative financial instruments do not respect the strict criteria for the application of hedging accounting under IAS 39. These instruments are recognised in the income statement. (see note 5.15.1. Derivatives).

A movement in 2009 of the LME lead futures price by 10% would have impacts on the income statement.
The immediate effect based on the underlying open position at 31 December 2008 of a price fall of 10% would be +59 KEUR or of a price rise -59 KEUR. That price movement would also affect the margin realizable over a period of 4 months after year end on the inventory on hand as of 31 December 2008 by a larger amount but in the opposite direction. Once prices stabilise for a period the two effects will substantially offset each other.

5.31. Events after the balance sheet date

No important events occurred after the close of the financial year.

5.32. Related parties

The controlling party of the Group is Camhold NV (incorporated in Belgium). F.W. Hempel Intermétaux SA (incorporated in Switzerland) and AGW Commodity Holdings Ltd (incorporated in Great-Britain) are the two other major shareholders. 71,86% of the company's shares are held by three companies as follows:

Name	Number of shares	% of the share capital
1. Camhold NV Nijverheidsstraat 2, 2340 Beerse	540.000	36,00%
2. F.W. Hempel Intermétaux SA Rue de la Servette 32, 1202 Genève, Switzerland	387.900	25,86%
3. AGW Commodity Holdings Ltd 10 Roehampton Gate, London SW15 5JS, Great-Britain	150.000	10,00%

The company received a copy of the announcements of Camhold NV, F.W. Hempel Intermétaux SA and AGW Commodity Holdings Ltd; conform article 74, §6 of the law of 1 April 2007 on public takeover bids. The announcements show that on 5 December 2008 Camhold NV held 540.000 shares – representing an interest of 36,00%.
At that day F.W. Hempel Intermétaux SA held 387.900 shares and AGW Commodity Holdings Ltd. 150.000 shares – representing an respective interest of 25,86% and 10% – totalling in 537.900 shares or an interest of 35,86% as related companies.

Camhold NV is the controlling shareholder of the company. F.W. Hempel Intermétaux SA and AGW Commodity Holdings Ltd. both belong to the Hempel Group.
Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

5.33. Related party transactions

5.33.1. Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:
Purchase from F.W. Hempel Intermétaux SA for an amount of 1.971 KEUR.

5.33.2. Other transactions

Camhold performed certain administrative/management services for the Campine Group, for which a management fee of 60 KEUR (2007: 120 KEUR) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments.
AGW Commodity Holdings Ltd performed certain administrative/management services for the Campine Group, for which a management fee of 40 KEUR (2007: 40 KEUR) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments.

5.34. Rights and obligations not included in the balance sheet

Commercial commitments:
There are firm commitments to deliver or receive metals to customers or from suppliers at fixed prices.

'000 EUR	2008
Commercial commitments for commodities purchased (to be received)	984
Commercial commitments for commodities sold (to be delivered)	1.547

5.35. Compensation of key management personnel

For the financial year 2008, the total remuneration of the Executive Management Team including the Board members amounts to 571 KEUR (2007: 904 KEUR).

During the financial year closed per 31 December 2008 none of the above mentioned persons received any shares, share options or other rights to acquire shares of the company or Group.
The remuneration of the members of the Executive Management Team are decided upon by the Nomination and Remuneration Committee, based on market trends and individual performances.

5.36. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 26 February 2009.

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

To the Shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of CAMPINE NV ('the company') and its subsidiaries (jointly 'the group'), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 44.846 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 1.060 (000) EUR.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the 'Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren'. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information.

We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.
In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2008, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which do not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Antwerp, 27 February 2009

The statutory auditor

DELOITTE Bedrijfsrevisoren/Reviseurs d'Entreprises
BV o.v.v.e. CVBA/SC s.f.d. SCRL
Represented by Luc Van Coppenolle

Corporate matters*

Significant events after the close of the year

No important events occurred after the close of the financial year.

Use of financial instruments by the company, to the extent that these are significant in evaluating its assets, liabilities, financial situation and earnings

Since 2006, Campine takes positions in LME lead futures where it sells forward lead via future contracts. The objective of this activity is to reduce the fluctuations of Campine's net income due to changes in lead prices.

Circumstances which could significantly influence the development of the company

There were no changes in circumstances which could substantially influence the development of the company.

Research and development

Research and development is a constant theme in the improvement of the mastering of our production processes and the applicability of our products in specific markets. In each business unit research projects were started up in collaboration with customers to develop new innovative products.

Risks and uncertainties

Campine, together with all other companies, is confronted with a number of uncertainties as a consequence of world-wide developments. The management aims to tackle these in a constructive way.

Campine pays particular attention to:

- Fluctuations on the commodity markets such as energy and metals;
- Major developments in the field of environment and health/safety including legislation regarding sales (REACH) and stocking (SEVESO) of chemical substances.

Dividend

The Board of Directors proposes that the company pays a dividend of 0,50 EUR gross (total amount 0,75 million EUR), from 29 May 2009 on presentation of coupon no. 4.

Statutory Auditor

In 2008 the statutory audit fees amount to 75.000 EUR for the Group.

The non audit services in 2008 amounted to 57.986 EUR and were related to:

- Audit related services (22.550 EUR)
- Other attestation services (2.550 EUR)
- Tax advice (5.985 EUR)
- Other services (26.901 EUR)

Discharge to Directors and Statutory Auditor

The Board of Directors proposes granting discharge to all Directors and the Statutory Auditor in respect of the exercise of their mandates in 2008.

Statutory appointments

The Board proposes to the General Meeting of Shareholders the definite appointment of DW Services Comm. V., represented by its permanent representative Mr A. De Witte, as director for a period of three years.

The Board proposes to the General Meeting of Shareholders the definite appointment of DELOX NV, represented by its permanent representative Mr P. De Groote, as director for a period of three years.

The mandates of the directors A. Hempel, F.-W. Hempel, R. Pearson, and G. Krekel will end. The Board proposes to the General Meeting of Shareholders to renew the mandates of A. Hempel, F.-W. Hempel, R. Pearson, and G. Krekel for a period of three years.

Subject to renewal, all mandates will automatically expire after the 2012 Annual General Meeting.

* Extract from the official annual report as deposited at the Belgian National Bank in accordance to Belgian Company law.

Corporate Management & Data 2008

Board of Directors

Friedrich-Wilhelm Hempel
President

Shareholder and director of various private companies in Europe.

André Hempel
Board member

Shareholder and director of various private companies in Europe.

Richard P. Pearson
Board member

Chartered Accountant

DW Services Comm. V.*
Independant Board member represented by its permanent representative Mr A. De Witte

General Manager of Ecolab b.v.b.a.

Patrick De Groote**
Independent Board member

CEO Vitalo Group

Geert Krekel
Managing Director of Campine NV and President of the Board of Campine Recycling

Managing Director

Geert Krekel
Managing Director of Campine NV and President of the Board of Campine Recycling

Executive Management Team

Jan Keuppens
Finance and Administration Manager

Daniel Chéret
General Manager***
Campine Recycling N.V.

** Mr. De Witte resigned as board member on 8 October 2008. The Board confirmed his resignation and decided to appoint by means of cooptation and with effect as of October 8, 2008 DW Services Comm. V., represented by its permanent representative Mr. De Witte.*

*** Mr. De Groote resigned as board member as from 31 December 2008. The Board confirmed his resignation and decided to appoint by means of cooptation and with effect as of January 1, 2009 DELOX NV, represented by its permanent representative Mr. De Groote.*

**** The official title of Daniel Chéret is Managing Director, but to avoid confusion with the Managing Director of Campine N.V. we refer to Mr. Cheret as General Manager Campine Recycling.*

Corporate Data

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www.campine.be

Symbol
CAMB

Auditors
Deloitte
Represented by Luc Van Coppenolle

Financial calendar
2009 General Meeting of Shareholders · 12 May, 2009

Payment of dividend
29 May, 2009

Announcement intermediate information
1st semester
3th week of April 2009

Announcement of half-year results
last week of August 2009

Announcement intermediate information
2nd semester
3th week of November 2009

Announcement of 2009 annual results
last week of February 2010

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