campine

Annual report 2009

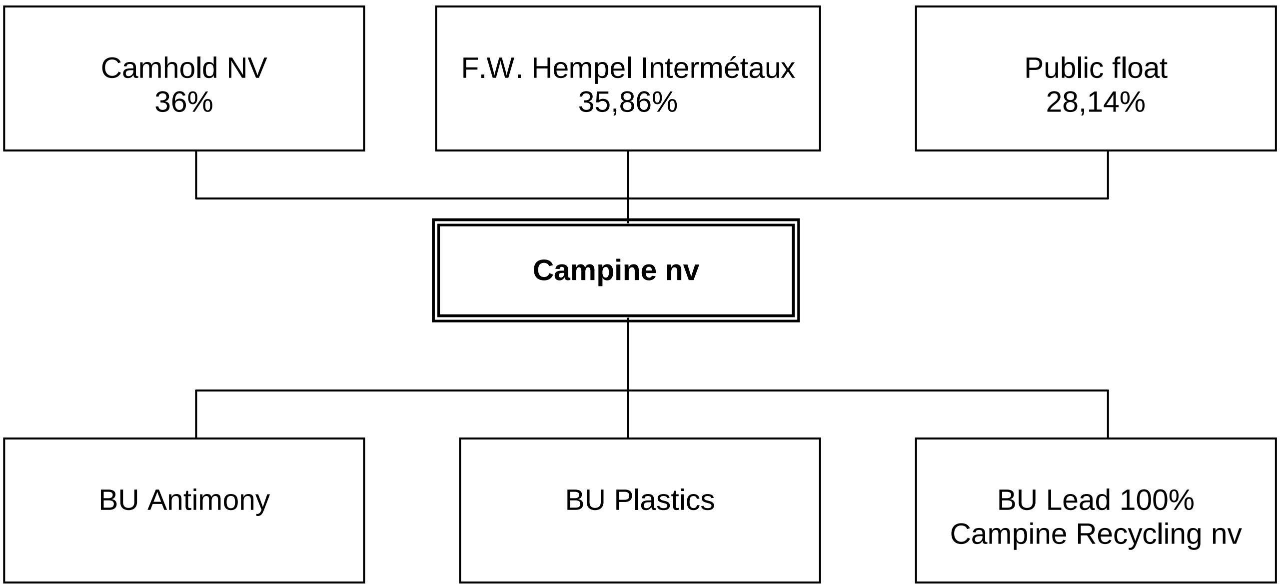
Contents

Financial highlights and business scope

Financial highlights*

	2009	2008
Revenue	80.778	103.366
Operating result	696	- 1.849
Net financial result	- 1.795	3.215
Result before tax	- 1.099	1.366
Tax expense	- 22	- 306
Result after tax for the year	- 1.121	1.060
Result per share	- 0,75	0,71
Current assets	36.489	33.711
Total assets	45.673	44.846
Current liabilities	18.483	11.365
Total liabilities	25.875	23.127
Total shareholders' equity	19.798	21.719

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



Core activities

Campine is a leading specialist in fire retardancy and concentrates, masterbatches for plastics, PET catalysts and lead recycling. The company was founded in 1912 and has been listed on the stock exchange since 1936.

In its production process, Campine processes primarily antimony and lead.

Consistent application of its marketing strategy has enabled Campine to build up significant market positions in a number of specialist markets.

Antimony trioxide (Sb_2O_3) is used as a flame retardant in the textile, plastics and cable industries and is also used as a catalyst in PET production. It also has many and varied applications in the glass, pigments and varistor industries.

In its plastics division Campine produces ready-to-use masterbatches for the plastics industry. These masterbatches are delivered in granulated form to enable customers to dose them easily and dust-free.

In the lead recycling division, Campine Recycling converts lead from spent batteries and industrial waste into lead and lead alloys. These are sold to manufacturers of batteries and lead plates (e.g. for X-ray protection).

A positive look towards the future

What a year. The distance from Babel to Dubai is in a way at the same time short and long. Mankind has not much improved its thinking and behaviour.

Business wise the year 2008 ended on relatively weak prices in lead in the fourth quarter. We started in the first quarter of 2009 on a low level and then moved upwards. By the middle of the year we were 30% higher than at the beginning of the year. The upward trend continued and reached a very high level at the end of the third quarter. The highs of around 2.000 USD and plus were kept until the end of the year.

Market wise it was very volatile and had not much in common with supply and demand. All the movements were based purely on speculation. Therefore it was difficult to manage operations during the year. Prices high, sales low because of weak demand by our customers. The consumers were eager to reduce their stocks in order to generate cash to finance the running costs since bank credits were difficult to obtain.

At the end of the year it started to look better regarding sales of antimony and lead partially because of restocking since customers lived from month to month and needed suddenly material.

So the year was overall not satisfactory for Campine. Production was lower in antimony and plastics, whereby lead quantity wise was kept at a high level but a large part had to be sold to the LME without or with a small premium.

All technical operations worked well and certain improvements on the equipment were realised.

A lot of improvements were realised in the course of the year such as in the environmental field, in emission, health and safety.

Due to new techniques and change of sales programme we hope to improve the effectiveness of the business considerably. In spite of the crisis it can be said that the financial state of the company is very sound and bank facilities are adequate.

We streamlined the organisation in view of the economic outlook and the number of total staff was reduced accordingly. A certain amount was spent on training improved teamwork.

Consequently the Board of Directors is grateful to the management and staff members for their continuous effort to improve the effectiveness of the company.

Contrary to the last year we are now looking positively into the future. We believe that we can increase quantity and margin of our sales in all areas and that the company's result will be good in 2010.

However there is no reason to be euphoric but there is light at the end of the tunnel. Think positive!

F.-W. Hempel
President

En route to excellence

Like many companies, Campine ended 2009 with a negative result. 2009 was the year of global difficulties. The first half was particularly difficult, but in the second half the outlook became considerably more optimistic.

2009 was an extreme test of survival for all our activities. This gave us an opportunity to demonstrate the maturity of our organisation. We kept a firm hand on the tiller by following our long-term vision, while providing adequate answers to the short-term problems.

Thanks to Management of Change, we accurately addressed the core of our concerns. We successfully adapted to a highly volatile market and the at times unpredictable behaviour of certain business relationships. At the same time we continued our investment activities, aimed at improved productivity, higher efficiency, adequate environmental control and a diversified product offering. Our method for this, that of continuous improvement, remains unchanged.

This was facilitated, among other things, by a new management tool - the Management House - that we finalised in the course of 2009. This is an extension of a project dating back to 2007, when we restructured the existing quality system. We have ultimately extended this project to update all aspects of the way we do business. We have identified our critical processes, each with its own risks in terms of economy, safety, health and environment. For each process we have defined the critical performance indicators.

Our Management House has become *the* basic reference for all employees, in which they can find the appropriate procedures and documentation. This unique tool we also use during training sessions, as it guarantees correct application of our policy principles. For us, the Management House provides solid reinforcement of a rigorous business approach. In this way we have under control all key management issues that contribute fundamentally to our existence. These include customer satisfaction (based on our market knowledge and our portfolio of market-conforming products and services), employee skills, our financial structure and environmental care. We have developed sophisticated thinking processes for each of these areas and have made sure that this optimisation is implemented in a professional manner.

Excellence is in our view the only appropriate response to a crisis such as the one we experienced in 2009. It is also and above all the best guarantee for a rapid recovery of proper profitability once the crisis is over.

Some striking facts:

- A restructuring of the entire organisation at all levels was necessary. This was undertaken.
- The strategy of our plastics division has been fundamentally rewritten with the goal of creating its own strong identity.
- The management of strategic purchases has received more attention than ever, given the price volatility of many raw materials and metals.
- Our involvement in the REACH process reflects the importance we attach to this revolutionary development.
- The positive trend in our accident statistics continues and we are now situated at the average level of the sector. Our accident statistics remain low thanks to a positive attitude of our employees supported by our ‘Working together for safety’ sensitisation programme, that continued in 2009.

Geert Krekel
Managing Director

Report of the Board of Directors to the General Meeting of Shareholders on Tuesday 11 May 2010, based on the consolidated annual financial statements of Campine

Campine Group

In 2009 the Campine Group realised a turnover of 80,78 million EUR compared to 103,37 million EUR in 2008 (-22%). The first half net operating loss after net financial result was -2,47 million EUR, the second half showed improvement in all areas with a profit of 1,37 million EUR – giving a full year loss of -1,10 million EUR before tax. The poor first half was due lower demand from our main markets caused by the global economic recession. Significant recovery has now taken place.

The operating profit amounted to 696 KEUR (2008: -1,85 million EUR). Antimony prices recovered slowly during 2009 as did volume. Lead prices also increased during 2009, while volumes were stable.

Net financial loss was -1,80 million EUR compared to a profit of 3,22 million EUR in 2008. The lead hedging resulted in a loss of -1,40 million EUR (a net profit of 3,84 million EUR in 2008).

The aim of lead hedging is to reduce the fluctuations of Campine's net income due to changes in lead prices of purchase, sales transactions and stocks. Over 2009 we realised a loss whereas we generated a profit over 2008. These amounts include the fair value of LME lead hedges per 31 December, which is recorded in the profit and loss statement in accordance with the specific IFRS standards.

The loss after taxes reached -1,12 million EUR, compared to a profit of 1,06 million EUR in 2008.

No dividend is proposed. In 2009 a dividend of 0,75 million EUR (0,5 EUR gross per share) was paid, based on the 2008 results.

The provision for environmental sanitation of 3,7 million EUR on 31 December 2008 has been reviewed during 2009 based on more recent data. On the basis of current information a total of 2,1 million EUR has been released to profit and loss account, being 1,45 million EUR in the first semester and 0,6 million EUR in the second semester. The balance of 1,65 million EUR remains. Planned sanitation works are expected to start in 2010 and information has been given to the neighbouring community.

Added value

In '000 EUR	2009	2008	Difference	
			in EUR	in %
Added value (1)	11.844	11.619	225	2%
Relation towards turnover (%)	15%	11%	/	-4%
Average number employees	160	170	-10	-6%
Added value per employee	74	68	6	9%

(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	2009	2008	Difference in EUR	in %
Stocks	21.427	16.728	4.699	28%
Trade debtors	12.300	8.458	3.842	45%
Other receivables	1.367	1.817	-450	-25%
Total	**35.094**	**27.003**	**8.091**	**30%**
Trade creditors	12.664	5.782	6.882	119%
Taxes	280	1.117	-837	-75%
Other short term payables	2.368	1.819	549	30%
Total	**15.312**	**8.718**	**6.594**	76%
Working capital employed	**19.782**	**18.285**	**1.497**	**8%**

Return on equity

In '000 EUR	2009	2008	Difference in EUR	in %
Result after taxes	-1.121	1.060	-2.181	-206%
Result after taxes per share in EUR	-0,750	0,710	-1,46	-206%
Gross dividend per share in EUR	-	0,500	-0,50	-100%
Net dividend per share in EUR	-	0,375	-0,38	-100%
Equity	19.798	21.719	-1.921	-9%
Return on equity	-6%	5%	/	11%

Volume and turnover per business unit

	Antimony			Plastics			Lead			Total		
	2009	2008	%	2009	2008	%	2009	2008	%	2009	2008	%
Volume in mT	7.948	9.133	-13%	3.150	4.421	-29%	41.424	40.453	2%			
Turnover in '000 EUR	31.497	38.588	-18%	9.626	14.272	-33%	39.736	50.787	-22%	80.859	103.647	-22%
Unit price per mT in EUR	3.963	4.225	-6%	3.056	3.228	-5%	959	1.255	-24%			
Margin (2) in '000 EUR	4.961	4.563	9%	1.707	2.853	-40%	9.650	10.960	-12%	16.318	18.376	-11%

(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.

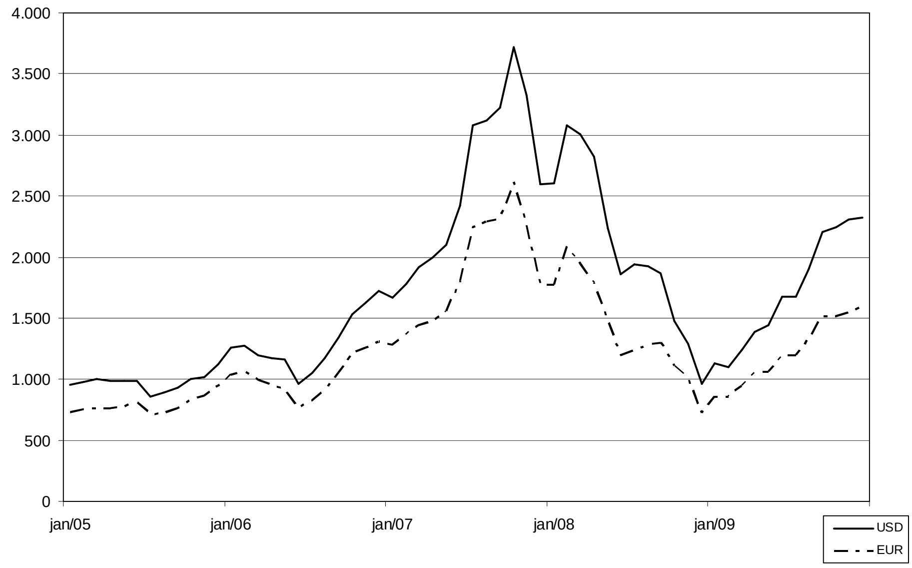
Lead

Campine Recycling processes spent lead batteries and lead-containing waste such as cable sheathing, roofing and old pipes. From this waste Campine Recycling produces a whole range of useful applications such as lead alloys and soft lead. In so doing we protect the environment from contamination.

Results

Turnover decreased significantly to 39,74 million EUR (50,79 million EUR in 2008) (-22%), while the volume of our deliveries rose slightly to 41.424 mT (40.453 mT in 2008) (+2%).

Lead LME cash/mT in USD and in EUR



The LME-lead prices started the year 2009 at a low of 750 EUR/mT. They increased steadily during the year resulting in a level of 1.224 EUR/mT on 30 June 2009 and reaching 1.662 EUR/mT on 31 December 2009.

During the year the volatility of market prices was high.

The volume of lead sold forward on the LME as financial instruments was 900 mT at 31 December 2008. This was increased in stages to 1.500 mT on 30 June 2009 and 3.350 mT on 31 December 2009.

Procurement market

The biggest difficulty lies in procuring the necessary lead-containing wastes, in particular spent lead batteries. The better quality of modern batteries means that these last longer. Also, their life is to some extent dependent on the average use of the car (mileage), which has reduced with the crisis.

Both the cost and availability of our raw materials came under strong pressure. Those producers able to process both lead ore and lead waste opted always for waste. Additional recycling capacity has also been created in recent years.
We therefore undertook an intensive campaign to continue to obtain the necessary batteries. This has, however, pushed up their cost price, with a concomitant negative impact on margins.

Optimising our procurement and creating better purchasing conditions is and remains the main focus for this activity.

Sales market

All manufacturers in the battery industry - the biggest lead consumer - had a difficult year.

For first assembly starter batteries (OE), the decrease was directly linked to lower demand for new vehicles and shifting to smaller cars with smaller batteries. The truck market was also under pressure.

In the industrial sector the market for emergency batteries held up reasonably well, while the traction battery market reduced.

In the second half we observed a genuine improvement in demand.
The construction market (roofing and lead stabilizers) continued steadily.

While we are reasonably optimistic regarding European lead consumption in 2010, we need also to point out that we are seeing certain structural changes in the market that may prove to be highly detrimental. The crisis has accelerated the trend of relocating production facilities to Eastern European countries. Several major starter battery manufacturers in Western Europe have already closed or will close soon.

Production

On our own production side, a main point of focus is the major repairs that are customary in this business. We are also continuing to deepen our process knowledge in order to improve emission control and process efficiency.

In conjunction with an engineering consultancy a robot has been installed for the ingot line.

Antimony

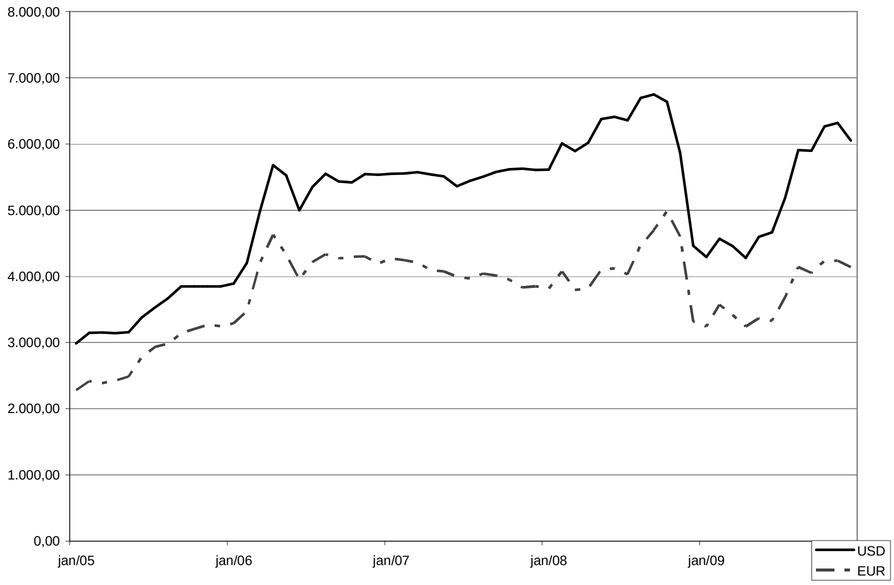
In its production process Campine converts antimony metal (Sb) into antimony trioxide (Sb203). This is used in flame retardant applications and in the production of PET bottles, films and industrial fibres.

Results

Turnover decreased to 31,50 million EUR (38,59 million EUR in 2008) (-18%), while volume reduced to 7.948 mT (9.133 mT in 2008) (-13%).

This result was because the economic crisis has hit hard the markets for antimony oxide: automotive, construction, electricity and electronics.
Low demand for finished products was further weakened by the general destocking right along the supply chain.

Antimony free market 99,6% in USD/mT and in EUR/mT



Antimony metal prices started 2009 at 3.101 EUR/mT. They increased steadily during the year resulting in a level of 3.387 EUR/mT on 30 June 2009 and reaching 4.272 EUR/mT on 31 December 2009.

Antimony is not traded on a formal exchange market, so price hedging is not possible as it is for lead.

In the second half we saw the first welcome signs of a recovery in prices.

Market

Our marketing strategy is directed at setting ourselves apart from our competitors. This we achieve by total attention to the needs of our customers, whom we support with a well-balanced product range. In a highly competitive environment this approach is crucial for having a profitable antimony oxide division and has paid off from an early stage.

We are actively present in the market. Direct dialogue with customers enables us to know and recognize each of their requirements in detail. In so doing we pay attention to all aspects of an excellent service, including logistics.

An important asset is our short production lead time. The ability to respond rapidly to customers' demands reduces their anxiety about the volatile nature of the global antimony market.

The fact of having our own closed-loop production system allows us to recycle internally our own waste production and also enhances our profitability.

Furthermore, we buy our raw materials following a defined strategic approach in order to ensure consistent supply and quality at favourable conditions.

Our antimony division has not simply endured the crisis. On the contrary, we have steadily continued to apply the dynamic approach we had before it hit. Especially in times of crisis, dynamism is the foundation for the success of this business unit.

Plastics

In its plastics division Campine produces ready-to-use masterbatches for the plastics industry. These masterbatches are delivered in granulated form to enable customers to dose them easily and dust-free.

Results

Plastics realised a turnover of 9,63 million EUR (14,27 million EUR in 2008) (-33%). Volume decreased to 3.150 mT (2008: 4.421 mT) (-29%). The first semester was particularly badly effected by the economic recession with a significant improvement in the second semester.

Market

The circumstances have stimulated us to greater professionalism in our marketing approach. We realise very well that high potential lies in a thorough knowledge of the exact needs and expectations of our customers. With this knowledge we can provide customised services and products. This insight is absolutely central to our policy. Certain success stories have already demonstrated its value.

Additionally, we are also focusing on high-potential sectors and regions that we have not fully tapped.

Finally, we shall be adjusting our distribution channels where necessary in order to fully support our marketing strategy.

Our general thrust is to increase the visibility of our plastics division and make known its unique approach to our partners.

This emphasis on the marketing aspects is certainly not at the expense of our continuing efforts for greater production cost efficiency. This is the cornerstone for a long term vision and the satisfaction of our partners.

The REACH regulation is having a major impact on our supply chain. We are therefore investigating very thoroughly the strategic aspects of our purchase of essential inputs.

Production

Our efforts in this area are directed at two differing facets:

- Speeding up the production process;
- Extending the existing parameters database to further finetune our production process.

Support services

Finance and administration

For many companies, their financial situation in a year like 2009 was a problem in itself. We are in the fortunate position of having largely retained past profits in recent years, to use in difficult times which means that we are still in a strong financial position.

Our financial strength enabled us – in spite of lower coverages obtained from credit insurers – to continue to supply our customers in a normal manner. This created at times real commercial opportunities.

In recent years we have invested in developing directly available critical performance indicators. With new working methods and systems we were able to both optimise the data content and shorten the processing time.

Our sound financial position combined with a high degree of professionalism, are two reasons that give us great confidence in the future and in our ability to restore profitability.

Personnel

The poor economic outlook at the end of 2008 led us, from the year-end holiday period onwards, to place a number of our employees on economic unemployment. When it became clear that the crisis would continue, we downsized our organisation at all levels and in all divisions. In this way our personnel has decreased from 180 to 155 people.

In 2009 we successfully completed a number of modernisation projects in the personnel department. These relate to the competence definitions of our workers and salaried staff, and the new job descriptions that form the basis for the evaluation of all our employees.

Permit 2011

Renewing our operating licence was our primary focus of attention in 2009 and will remain so in 2010.

In 2009 we undertook the following preparatory activities:

- In 2009, the revision of the best available technology (BAT) for our industry was completed. It is very important here that the technology we use in our lead recycling activity is included in the list of approved technologies. The BAT report mentions, nonetheless, a number of new technologies we need introduce in the future, for example in order to improve SO_2 emissions. We have therefore already begun a feasibility study on the wet scrubbing of our flue gases.
- Considerable attention is also being paid to water purification. With a company like ours this is a particular issue because of the presence of different activities on a single site. The VITO (Flemish Institute for Technological Development) is currently conducting a thorough study. Campine is very closely involved, especially as regards the antimony aspects.

Our programme of investment in environmental improvement projects continues. These include plans for a new access road to our site. This will displace the connection to the primary road network and reduce nuisance to neighbours.

Regulatory matters

2009 was a crucial year for the implementation of the REACH regulation.

We played a significant leadership role both in the REACH consortium for lead, and in I2A - the corresponding institution for antimony.

The voluntary Risk Assessments for lead and antimony - that we have been supporting for many years - were completed in 2009. The results form the basis of the Chemical Safety Report that REACH requires for this type of products.

In 2009 the revision of the European Batteries and Accumulators Directive was transposed into regional legislation. This provided a good opportunity for constructive dialogue with government institutions involved such as OVAM.

ISO

We report that we have been re-certified for ISO 9001 version 2008 for all our activities. Furthermore, we have extended the ISO 14001 certification of our lead division to all our activities.

Safety and health

Our accident statistics remain low thanks to a positive attitude of our employees supported by our ‘Working together for safety’ sensitisation programme.

The biomonitoring shows a continuing positive trend for both lead and antimony.

Environmental care

Our good emission results were again confirmed in 2009. This we owe to improved process knowledge and an optimised control of process parameters in the area of air, water, odour and noise.

The inquiry into the historical pollution of gardens in nearby Kwikstraat is now fully completed, and a remediation project has been worked out.
The level of pollution and associated health risks are much lower than originally assumed. Only a very limited number of gardens need therefore to be rehabilitated. Work on this will begin in 2010.

Additional studies in the context of the Declaration of Commitment to a ‘Healthy Environment in the Canal Zone West Beerse’ has shown that lead levels in pre-school children in the areas surrounding the non-ferrous companies are well below the norms set by the World Health Organisation.

All this confirms that today’s Campine is integrated into its environment in an excellent and environmentally responsible way.

Prospects for 2010

Results will be affected by the development of metal prices and the economic situation. There are definite signs of industrial demand improving in some sectors.

Customer quality requirements continue to become more severe. Ensuring that we comply with the environmental standards is a major commitment.

Antimony

Consolidation now taking place in the Asian market is carefully followed up. We will continue to focus on short delivery times and higher added value products.

Plastics

We anticipate continued improvement in some markets.

Lead

The automotive industry – our largest market – is in a period of significant restructuring which may take some years. We continue to be well-positioned in the recycling industry.

Corporate matters

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, together with a description of the principal risks and uncertainties that they face.

Independence and competence criteria independent directors
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.

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. 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.

From the beginning of 2009 the company has also started to hedge fixed price-sell contracts with specific customers. Future purchase contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS39 (hedge accounting).

From the beginning of 2009 the company has also started to hedge fixed price-purchase contracts with specific suppliers. Future sell contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS39 (hedge accounting).

The value of these fixed price contracts and the future LME commitments are both shown in the balance sheet; changes in the values will be shown in the profit and loss account.

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 worldwide 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.

Information concerning the possible effects of a public take over bid
The company is represented by 1.500.000 shares. There are no different kind of shares and every share represents one vote. There are no specific legal nor statutory limitations regarding the transfer of these shares, no specific control nor shareholders agreements.
For both, the appointment and substitution of Board members and the modification of the statutes, ordinary legislation is valid. Neither the Board of Directors, nor its individual members have a special power and / or agreement exercisable in case of a public take over bid.

Dividend
No dividend is proposed. In 2009 a dividend of 0,75 million EUR (0,5 EUR gross per share) was paid, based on the 2008 results.

Statutory Auditor
In 2009 the statutory auditor fee for audit services reached 75.000 EUR for the Group.
The non-audit services in 2009 amounted to 15.870 EUR and were related to:
- Other attestation services (8.100 EUR)
- Tax advice (7.700 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 2009.

Statutory Appointments
There are no statutory appointments.

Corporate Governance Declaration 2009

I. Introduction

As a company incorporated under the laws of Belgium and listed on Euronext Brussels, Campine nv (hereinafter also referred to as "Campine" or the "company") adheres to the principles and provisions of the Code, taking into account Campine's characteristics such as its specific business environment and its relatively limited size.

The Board came to the conclusion that Campine's existing Corporate Governance model 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.

This Corporate Governance Charter has been established by the Board on March 9, 2006 in accordance with the recommendations of the Code and 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.

This Corporate Governance Charter has been and will be further up-dated by the Board in case of further developments of, or changes to, the Code or to Campine's Corporate Governance model. In addition, the company will provide in its annual management report factual information as to the application of it Corporate Governance rules.

The Corporate Governance Charter is mentioned on the website www.campine.be / Investor's relations.

II. The Board of Directors

<u>Composition</u>
Campine applies the independence criteria as mentioned in the Corporate Governance Charter.
Currently the Board is composed of six members, being one executive director and five non-executive directors, of whom are two independent directors.

Mr Friedrich-Wilhelm Hempel, Chairman
Shareholder and director of various private companies in Europe.

Mr André Hempel, Board member
Shareholder and director of various private companies in Europe.

Mr Richard P. Pearson, Board member
Chartered accountant.

DW Services Comm. V., Independent Board member represented by its permanent representative Mr A. De Witte.
Board member with ICT and other companies in Belgium and abroad.

DELOX NV, Independent Board member represented by its permanent representative Mr P. De Groote.
CEO Koramic Industries, Director of Agoria Belgium and Board member of various companies.

Mr Geert Krekel, Managing Director of Campine nv
Chairman of the Board of Campine Recycling.

The Code requires that the Board should comprise at least three independent directors and gender diversity. Currently the company only has male directors and two independent directors. This is explained by the fact that the number of directors is to be seen in the perspective of the size of the Company.

There is diversity in general. The Board is small enough for efficient decision-making and on the other side large enough for its members to contribute experience and knowledge from different fields and for changes to be managed without undue disruption. Each director has a specific and complementary role to play on the Board.

Functioning

During the financial year which closed per 31 December 2009, the following Board meetings were held:

Date of the Board meeting	Members present
25 February 2009	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, DW Services Comm. V., DELOX NV
12 May 2009	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, DW Services Comm. V., DELOX NV
26 August 2009	F.-W. Hempel, A. Hempel, R. Pearson, G. Krekel, DW Services Comm. V., DELOX NV
26 November 2009	F.-W. Hempel, A. Hempel, G. Krekel, DW Services Comm. V., DELOX NV

The Board of Directors intends to further officialise the main features of the procedure to evaluate the Board of Directors, its committees and its individual directors in working methods and procedures.

Company secretary

Pursuant to 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.

III. Executive Management Team

Composition

Jan Keuppens
Finance and Administration Manager

Daniel Chéret
General Manager Lead*

Ralph Vluggen
General Manager Plastics

Geert Krekel**
General Manager Antimony

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

** The Managing Director, Geert Krekel, temporarily fills in the position of General Manager Antimony

IV. Board committees

Composition

The Board is advised by:

1. **The Nomination & Remuneration committee,** consisting of the Chairman of the Board and the Managing Director.
   Pursuant to the Code the Board should set up a Nomination committee composed of a majority of independent non-executive directors.
   Pursuant to the Code the Board should set up a Remuneration committee composed exclusively of non-executive directors of which at least a majority of members should be independent.
   However, due to
   - the size of the company and the relatively limited number of – independent – directors;
   - the fact that the remuneration policy of non-executive directors is already fixed, the committee advises only on the remuneration of the Executive Management Team;
   - the fact the Board of Directors decides upon the Managing Director's - direct or indirect - financial situation;

   this committee can be composed of the Managing Director and Chairman of the Board without any conflict of interest.

2. **The Audit committee**, consisting of DW Services Comm. V. and Mr R. Pearson.
   Pursuant to the Code requires each committee should comprise at least three members. Currently the Audit committee only has two members. This is explained by the fact that the number of directors and hence the committee is to be seen in the perspective of the size of the company.

3. **The Strategy committee**, consisting of the Managing Director, DELOX NV and Mr A. Hempel.

Functioning

1. The Nomination and Remuneration committee

The Nomination and Remuneration committee assists the Board in all matters related to the appointment and remuneration of the directors and the Executive Management Team.

2. The Audit committee

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 Audit committee assists the Board in all matters related to the control of the financial reporting process, the annual and consolidated accounts as well as the internal control and risk management of the company.

3. The Strategy committee

The Strategy committee assists the Board in all matters related to the general management and general principals of the company and its subsidiaries.

During the financial year which closed per 31 December 2009 the following Board committee meetings were held:

Board Committee	Date of the meeting	Members present
Nomination and Remuneration committee	22 January 2009	F.-W. Hempel, G. Krekel
	18 September 2009	F.-W. Hempel, G. Krekel
Audit committee	25 February 2009	R. Pearson, G. Krekel, DW Services Comm. V. with Auditor
	11 June 2009	R. Pearson, G. Krekel, DW Services Comm. V.
	25 August 2009	R. Pearson, G. Krekel, DW Services Comm. V. with Auditor
	10 September 2009	R. Pearson, G. Krekel, DW Services Comm. V.
	25 November 2009	G. Krekel, DW Services Comm. V.
Strategy committee	25 February 2009	DELOX NV, A. Hempel, G. Krekel
	25 August 2009	DELOX NV, G. Krekel

The committee's regulations can be found in annex of our Corporate Governance Charter.

The Board intends to further officialise the working of the committees in compliance with the Code in the coming years.

V. Main features of the internal control and risk management system

The company's representation in different areas is integrated in the "internal powers" document.

For fluctuating commitments due to price volatility of the product (raw materials, …) a specific procedure applies.

All processes – from administration to effective production - are managed in our Management House – a documented management system which is based on the different risk analyses systems.

Adjustments to the internal control and risk management system are considered during yearly evaluations by internal and external parties.

VI. Comments on the application of the policy for transactions not covered by the legal provisions on conflicts of interest

All transactions with related parties are conducted at arm's length and in compliance with all legal requirements and the Corporate Governance Charter.

Remuneration Report 2009

1. Remuneration policy

Directors
Non-executive directors do not receive a merit pay such as bonus or any advantage in kind nor advantage related to a pension plan.
Board members who are member of a specialised committee do not receive additional remuneration for that.

The remuneration of the non-executive directors is set in the articles of association as follows:

- 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 Managing Director may receive a compensation as stipulated in the underlying article in the event the annual shareholders' meeting decides so upon proposition of the Board of Directors and such by separate vote.

  The individual compensation amounts to 10.000 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 starting from 2004. The directors whose mandates have not covered the entire financial year will be paid pro rata to the full months of their mandates.

- Allocation of the profits – tantième: The positive balance of a profit and loss account represents the company's net profit. From this net profit will be deducted 5 percent for the legal reserve capital. This deduction ceases to be mandatory when this reserve capital reaches a sum equal to ten percent of the corporate capital. However, the deduction will be resumed if the legal reserve capital is affected. After deduction of the part of the profits for the legal reserve, the Board of Directors can propose to the general shareholders' meeting to allocate all or part of the profit to a special reserve or prospective fund or to establish such a fund. From the net profit thus after tax and after allocation to the legal reserves, a tantième (profit share) of 8% will be allocated to the whole Board of Directors, who will distribute it equally amongst the directors, with the exception of the Managing Director, whereas he is already compensated in his capacity of Managing Director.

  Only the directors that have served on the Board of Directors 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 a tantième as stipulated in this article in the event the annual shareholders' meeting decides so upon proposition of the Board of Directors and such by separate vote.

  The tantième granted to the directors in accordance with the preceding paragraph is capped at a maximum of 10.000 EUR per director per financial year.

Executive Management Team
The Managing Director's compensation for carrying out his office, consisting of a fixed and a variable portion is determined by the Board.

The Nomination and Remuneration committee advises on the nomination, remuneration and removal of the members of the Executive Management Team.

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 company, BU and personal objectives.

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.

2. Remuneration 2009

Based on the above mentioned policy, the following amounts were paid:

Directors

- During the financial year closed per 31 December 2009, the non-executive directors (F.-W. Hempel, A. Hempel, R. Pearson, DW Services Comm. V., DELOX NV) received each a gross compensation of 11.500 EUR for fulfilling their duties as directors.
- No tantièmes are paid in respect of the financial year closed per 31 December 2009.
- During the financial year closed per 31 December 2009 none of the directors received any shares, share options or other rights to acquire shares of the company or Group.
- Geert Krekel, Managing Director on an independent base, is in charge of the daily management and did not receive any compensation for his duty as mere director.

Executive Management Team

- The remunerations are composed as follows: a fixed remuneration and a variable remuneration based on company objectives, BU objectives and personal objectives.
- The company and BU objectives can include profit to be realised, sales, purchase, environmental, health and safety targets as well as targets in the field of process control, innovation, maintenance and possibly other areas. The objectives are set up annually and apply for the entire financial year. The choice of objective areas can change every year depending on economic circumstances, regulations, organisation, strategy and other factors.
  The effective targets are not communicated in detail as this would reveal and make public confidential information on the strategy of the company.
- During the financial year closed per 31 December 2009 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.
- The company had decided not to disclose the amount of the Managing Director's and Executive Manager's remuneration on an individual basis. This information will be communicated on a total basis, as prescribed by the Belgian 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.

Consolidated financial statements 2009

1. Consolidated income statement for the year ended 31 December 2009*

'000 EUR	Notes	Year ended 31/12/2009	Year ended 31/12/2008
Revenue	3	80.778	103.366
Other operating income		701	582
Changes in inventories of finished goods and work in progress		1.120	- 3.545
Raw materials and consumables used		- 63.679	- 80.643
Employee benefits expense		- 10.857	- 10.896
Depreciation and amortisation expense		- 3.185	- 3.155
Changes in restoration provision	23	2.193	-
Other operating expenses	4	- 6.375	- 7.558
Operating result		696	- 1.849
Investment revenues	5	45	26
Hedging results	15	- 1.396	3.844
Other gains and losses		-	-
Finance costs	6	- 444	- 655
Result before tax		- 1.099	1.366
Income tax expense	7	- 22	- 306
Result for the year		- 1.121	1.060
Result for the year	**8**	**- 1.121**	**1.060**
Attributable to:			
Equity holders of the parent		- 1.121	1.060
Minority interest		-	-
		- 1.121	1.060
RESULT PER SHARE (in EUR)	9		
Basic		- 0,75	0,71
Diluted		- 0,75	0,71

* No consolidated statement of comprehensive income is presented as it is not relevant.

2. Consolidated balance sheet at 31 December 2009

'000 EUR	Notes	Year ended 31/12/2009	Year ended 31/12/2008
ASSETS			
Non-current assets			
Property, plant and equipment	10	8.808	10.735
Intangible assets	11	68	117
Cash restricted in its use		308	283
		9.184	11.135
Current assets			
Inventories	13	21.427	16.728
Trade and other receivables	14	13.537	9.970
Derivatives	15	130	305
Cash and cash equivalents		1.395	6.708
		36.489	33.711
TOTAL ASSETS		**45.673**	**44.846**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	4.000	4.000
Translation reserves		-	-
Retained earnings	17	15.798	17.719
Equity attributable to equity holders of the parent		19.798	21.719
Total equity		19.798	21.719
Non-current liabilities			
Retirement benefit obligation	29	868	861
Deferred tax liabilities	19	285	548
Bank loans	18	3.466	5.588
Obligations under finance leases	20	-	-
Provisions	23	2.773	4.765
		7.392	11.762
Current liabilities			
Retirement benefit obligation	29	262	227
Trade and other payables	21	14.659	7.601
Derivatives	15	373	-
Current tax liabilities		280	1.117
Obligations under finance leases	20	-	24
Bank overdrafts and loans	18	2.821	2.107
Provisions	23	88	289
		18.483	11.365
Total liabilities		25.875	23.127
TOTAL EQUITY AND LIABILITIES		**45.673**	**44.846**

3. Consolidated statement of changes in equity for the year ended 31 December 2009

'000 EUR	Share capital	Translation reserves	Retained earnings	Attributable to equity holders of the parent	Total
Balance at 1 January 2008	**4.000**	**-**	**19.706**	**23.706**	**23.706**
Realisation of translation reserves upon deconsolidation of a foreign subsidiary	-	-	-	-	-
Result of the year	-	-	1.060	1.060	1.060
Dividends	-	-	- 3.047	- 3.047	- 3.047
Balance at 1 January 2009	**4.000**	**-**	**17.719**	**21.719**	**21.719**
Realisation of translation reserves upon deconsolidation of a foreign subsidiary	-	-	-	-	-
Result of the year	-	-	- 1.121	- 1.121	- 1.121
Dividends	-	-	- 800	- 800	- 800
Balance at 31 December 2009	**4.000**	**-**	**15.798**	**19.798**	**19.798**

4. Consolidated cash flow statement for the year ended 31 December 2009

'000 EUR	Notes	Year ended 31/12/2009	Year ended 31/12/2008
OPERATING ACTIVITIES			
Result for the year		- 1.121	1.060
Adjustments for:			
Other gains and losses (investment grants)		- 14	- 14
Investment revenues	5	- 45	- 26
Other gains and losses (hedging results)	15	1.396	- 3.844
Finance costs	6	444	655
Income tax expense	7	22	306
Depreciation cost		3.185	3.155
Gain on disposal of property, plant and equipment		-	-
Increase / (decrease) in provisions (incl. retirement benefit)		- 2.151	- 264
Others		14	14
Operating cash flows before movements in working capital		1.730	1.042
Change in inventories	13	- 4.699	18.777
Change in receivables	14	- 3.567	11.357
Change in trade and other payables	21	7.058	- 11.219
Cash generated from operations		522	19.957
Hedging results		- 848	4.443
Interest paid	6	- 444	- 655
Income taxes paid		- 1.122	- 1.239
Net cash (used in) / from operating activities		***- 1.892***	***22.506***
INVESTING ACTIVITIES			
Interest received	5	45	26
Disposal of subsidiary		-	-
Proceeds on disposal of property, plant and equipment		-	-
Purchases of property, plant and equipment	10	- 1.209	- 2.640
Net cash (used in) / from investing activities		***- 1.164***	***- 2.614***
FINANCING ACTIVITIES			
Dividends and tantièmes paid		- 800	- 3.047
Repayments of borrowings	18	- 2.108	- 1.491
Repayments of obligations under finance leases	20	- 24	- 222
New bank loans raised	18	-	6.000
(Increase) / decrease cash restricted in its use		- 25	-
Increase / (decrease) in bank overdrafts	18	700	- 15.331
Net cash (used in) / from financing activities		***- 2.257***	***- 14.091***
Net increase / (decrease) in cash and cash equivalents		***- 5.313***	***5.801***
Cash and cash equivalents at the beginning of the year		6.708	907
Effect of foreign exchange rate changes		-	-
Cash and cash equivalents at the end of the year		***1.395***	***6.708***
Bank balances and cash		***1.395***	***6.708***

5. Notes to the consolidated financial statement for the year ended 31 December 2009

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 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 2009.
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 2009.

Became applicable for 2009

- IFRS 1 *First-time Adoption of International Financial Reporting Standards* (applicable for accounting years beginning on or after 1 January 2009).
- IFRS 8 *Operating Segments* (applicable for accounting years beginning on or after 1 January 2009)
- 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.
- Improvements to IFRS (2007-2008) (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).
- Amendment to IFRS 2 *Vesting Conditions and Cancellations* (applicable for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments* (applicable for accounting years beginning on or after 1 January 2009).
- Amendment to IAS 23 *Borrowing Costs* (applicable for accounting years beginning on r 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 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).
- Amendment to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* (applicable for accounting years ending on or after 30 June 2009).

Issued but not yet effective

- 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 Business Combinations as issued in 2004.
- Improvements to IFRS (2008-2009) (normally applicable for accounting years beginning on or after 1 January 2010).
- Amendments to IFRS 1 *First Time Adoption of International Financial Reporting Standards – Additional exemptions* (applicable for annual periods beginning on or after 1 January 2010).
- Amendment to IFRS 2 *Share-based Payment* (applicable for annual periods beginning on or after 1 January 2010).
- 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).
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* (applicable for annual periods beginning on or after 1 July 2009).
- IFRIC 17 *Distributions of Non-cash Assets to Owners* (applicable for accounting years beginning on or after 1 July 2009).
- IFRIC 18 *Transfers of Assets from Customers* (applicable for Transfers received on or after 1 July 2009).

At this stage, the Group does not expect first adoption of the amendments listed above to standards and new interpretations to have a material impact on the financial statements.

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.

From the beginning of 2009 the company has also started to hedge fixed price-sell contracts with specific customers. Future purchase contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS39 (hedge accounting).

From the beginning of 2009 the company has also started to hedge fixed price-purchase contracts with specific suppliers. Future sell contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS39 (hedge accounting).

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.

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 & Lead. 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 of the Group is presented hereafter.

'000 EUR 2009	Antimony Year ended 31/12/2009	Plastics Year ended 31/12/2009	Lead Year ended 31/12/2009	Eliminations Year ended 31/12/2009	Total Year ended 31/12/2009
REVENUE					
External sales	31.497	9.626	39.736	- 81	80.778
Inter-segment sales	3.519			- 3.519	-
Total revenue	35.016	9.626	39.736	- 3.600	80.778
Inter-segment sales are charged at prevailing market prices					
RESULT					
Segment operating result	312	- 63	3.149		3.398
Unallocated expenses					- 2.702
Operating result					696
Investment revenues					45
Hedging results			- 1.396		- 1.396
Other gains and losses					-
Finance costs					- 444
Result before tax					- 1.099
Income tax expense					- 22
Result for the year					**- 1.121**

'000 EUR 2009	Antimony 31/12/2009	Plastics 31/12/2009	Lead 31/12/2009	Others 31/12/2009	Total 31/12/2009
OTHER INFORMATION					
Capital additions	140	98	816	155	1.209
Depreciation and amortisation	550	319	1.739	577	3.185
BALANCE SHEET					
Assets					
Fixed assets	945	518	5.407	2.006	8.876
Cash restricted in its use	-	-	-	308	308
Stocks	7.879	1.767	11.064	717	21.427
Trade and other receivables	7.050	1.626	3.395	1.466	13.537
Derivatives	-	-	130	-	130
Cash and cash equivalent	-	-	-	1.395	1.395
Total Assets	**15.874**	**3.911**	**19.996**	**5.892**	**45.673**
Liabilities					
Long term liabilities					
Retirement benefit obligation	-	-	-	868	868
Deferred tax liabilities	-	-	-	285	285
Bank loans	-	-	-	3.466	3.466
Obligations under finance leases	-	-	-	-	-
Provisions	-	-	2.773	-	2.773
Short term liabilities					
Retirement benefit obligation	-	-	-	262	262
Trade and other payables	2.608	1.069	6.919	4.063	14.659
Derivatives	-	-	373	-	373
Current tax liabilities	-	-	-	280	280
Obligations under finance leases	-	-	-	-	-
Bank overdrafts and loans	-	-	-	2.821	2.821
Provisions	-	-	88	-	88
Total liabilities	**2.608**	**1.069**	**10.153**	**12.045**	**25.875**

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

'000 EUR	Antimony	Plastics	Lead	Others	Total
2008	31/12/2008	31/12/2008	31/12/2008	31/12/2008	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**

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 31/12/2009	Year ended 31/12/2008
Europe	63.925	92.716
North America	8.762	8.397
Asia	1.412	736
Others	6.679	1.517
	80.778	**103.366**

5.4. Other operating expense

'000 EUR	Year ended 31/12/2009	Year ended 31/12/2008
Office expenses	733	733
Fees	550	782
Insurances	278	329
Transportation costs	692	735
Interim personnel	311	647
Carry-off of waste	1.836	2.163
Others	1.975	2.169
	6.375	**7.558**

5.5. Investment income

'000 EUR	Year ended 31/12/2009	Year ended 31/12/2008
Interest on bank deposits	45	26
	45	**26**

5.6. Finance costs

'000 EUR	Year ended 31/12/2009	Year ended 31/12/2008
Interest on bank overdrafts and loans	444	649
Interest on obligations under finance leases	-	6
Total borrowing costs	444	655
Less amounts included in the cost qualifying assets	-	-
	444	**655**

5.7. Income tax expense

'000 EUR	Year ended 31/12/2009	Year ended 31/12/2008
Current tax	286	636
Deferred tax	- 264	- 330
Income tax expense for the year	**22**	**306**

Domestic income tax is calculated at 33,99% (2008: 33,99%) of the estimated assessable result 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 result as follows:

'000 EUR	Year ended 31/12/2009	Year ended 31/12/2008
Result before tax	- 1.099	1.366
	- 1.099	1.366
Tax at the domestic income tax rate of 33,99% (2008: 33,99%)	- 374	464
Tax effect of expenses that are not deductible in determining taxable result	83	137
Tax effect of Notional Interest Deduction (NID)	- 146	- 230
Tax settlement previous years	5	- 65
Tax effect of fiscal losses not recognised	436	-
Tax penalty (unsufficient prepayments)	18	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	-
Tax expense and effective tax rate for the year	**22**	**306**

5.8. Result for the year

Result for the year has been arrived at after charging:

'000 EUR	Year ended 31/12/2009	Year ended 31/12/2008
Net foreign exchange gains/(losses)	- 3	8
Lead hedging on LME-exchange (London Metal Exchange)	- 1.396	3.844
(see note 15)		
Research & development costs	- 295	- 310
Amortisation of capital grants	14	14

5.9. Dividends

On 29 May 2009, a dividend of 0,50 EUR per share (total dividend 0,75 million EUR) based on the 2008 results was paid to shareholders. In respect of the current year, the directors propose that no dividend over 2009 will be paid to shareholders. This proposal is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

5.9.1. Result per share

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

'000 EUR	Year ended 31/12/2009	Year ended 31/12/2008
RESULT		
Result for purposes of the basic and diluted result per share (result for the year attributable to equity holders of the parent)	- 1.121	1.060
NUMBER OF SHARES		
Weighted average number of ordinary shares for the purposes of the basic and diluted result 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 2008	10.889	34	37.057	47.980
Additions	870	-	1.719	2.589
Transfers	-	- 34	34	-
Disposals	-	-	-	-
At 1 January 2009	11.759	-	38.810	50.569
Additions	270	83	856	1.209
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 December 2009	12.029	83	39.666	51.778
ACCUMULATED DEPRECIATION				
At 1 January 2008	6.785	-	29.938	36.723
Deprecation charge for the year	841	-	2.270	3.111
Eliminated on disposals	-	-	-	-
At 1 January 2009	7.626	-	32.208	39.834
Deprecation charge for the year	891	-	2.245	3.136
Eliminated on disposals	-	-	-	-
At 31 December 2009	8.517	-	34.453	42.970
CARRYING AMOUNT				
At 31 December 2009	**3.512**	**83**	**5.213**	**8.808**
At 31 December 2008	**4.133**	**-**	**6.602**	**10.735**

In 2008 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 time	min 10% – max 33% depending on the life

There are no assets based on finance leases. The Group has not pledged land and buildings to secure banking facilities granted to the Group.

5.11. Intangible assets

'000 EUR	Patents, trademarks and software purchased
COST	
At 1 January 2008	246
Additions	51
At 1 January 2009	297
Additions	-
At 31 December 2009	297
AMORTISATION	
At 1 January 2008	136
Charge for the year	44
At 1 January 2009	180
Charge for the year	49
At 31 December 2009	229
CARRYING AMOUNT	
At 31 December 2009	**68**
At 31 December 2008	**117**

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 2009 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	31/12/2009	31/12/2008
Raw materials	11.701	8.122
Work-in-progress	3.464	948
Finished goods	6.262	7.658
	21.427	**16.728**

The inventory per year-end includes a value reduction of 749 KEUR (2008: 3.814 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	31/12/2009	31/12/2008
Amounts receivable from the sale of goods	12.300	8.458
Other receivables	1.237	1.512
	13.537	**9.970**

An allowance has been recorded for estimated irrecoverable amounts from the sale of goods of 602 KEUR (2008: 681 KEUR). This allowance has been determined on a case-by-case basis. Balances are written-off when sufficiently certain that the 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	31/12/2009	31/12/2008
Opening allowance doubtful debtors	681	781
Additions	11	225
Reversals	-	-
Write-offs	- 90	- 325
Closing allowance doubtful debtors	**602**	**681**

Included in the Group's trade receivable balance are debtors with a carrying amount of 508 EUR (2008: 494 KEUR) 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 3 days past due (2008: 32 days).

5.15. Other financial assets and liabilities

5.15.1 Derivatives

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.

From the beginning of 2009 the company has also started to hedge fixed price-sell contracts with specific customers. Future purchase contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS39 (hedge accounting).

From the beginning of 2009 the company has also started to hedge fixed price-purchase contracts with specific suppliers. Future sell contracts (with the same expiry dates and the same amounts) are closed on the LME. The objective is to reduce fluctuations in the result because of movements in the lead price. These derivatives are defined as "fair value hedge of firm commitment" and fulfil the criteria of IAS39 (hedge accounting).

The value of these fixed price contracts and the future LME commitments are both shown in the balance sheet; changes in the values will be shown in the profit and loss account.

The table below summarizes the net change in fair value – realised and unrealised – of 1.396 KEUR included in the income statement during the year ended 31 December 2009. (31 December 2008: 3.844 KEUR).

'000 EUR	Fair value of current instruments	Underlying open positions (tons)	Change in fair value in income statement
At 31 December 2008	305	900	3.844
At 31 December 2009	- 243	3.350	- 1.396

The fair value of the derivatives are included in the balance sheet as current assets – derivatives for 130 KEUR and current liabilities – derivatives for 373 KEUR. The amount of 130 KEUR is related to the open position of the fixed price contracts on 31 December 2009.

On the financial side this open position represents a loss of 130 KEUR whereas on the operational side the transaction represents a profit of 130 KEUR.

5.16. Share capital

'000 EUR	31/12/2009	31/12/2008
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 2008	19.706
Dividends and tantièmes paid	- 3.047
Result for the year attributable to equity holders of the parent	1.060
Balance at 1 January 2009	17.719
Dividends and tantièmes paid	- 800
Result for the year attributable to equity holders of the parent	- 1.121
Balance at 31 December 2009	**15.798**

5.18. Bank borrowings (finance lease obligations not included)

'000 EUR	31/12/2009	31/12/2008
Bank loans	5.587	7.695
Bank overdrafts	700	-
	6.287	**7.695**

The borrowings are repayable as follows:

'000 EUR	31/12/2009	31/12/2008
Bank loans after more than one year	3.466	5.588
Bank loans within one year	2.121	2.107
Bank overdrafts on demand	700	-
	6.287	**7.695**

The average interest rates paid were as follows:

'000 EUR	Year ended 31/12/2009	Year ended 31/12/2008
Bank overdrafts	2,82%	5,59%
Bank loans	5,41%	5,44%

In order to reduce costs for reservation provisions, the credit facilities amounting to 15 million EUR were reduced to 10,5 million EUR.

Bank loans are arranged at fixed interest rates.
Other borrowings (bank overdrafts: 700 KEUR per 31 December 2009 (per 31 December 2008: 0 KEUR)) are arranged at floating rates, thus exposing the Group to an interest rate risk.
At 31 December 2009, the Group had available 11.195 KEUR (31 December 2008: 21.708 KEUR) of undrawn committed borrowing facilities.

The credit agreements contain a number of covenants regarding solvability, liquidity and profitability. On 31 December 2009 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	Others	Total
At 1 January 2008	**308**	**211**	**- 24**	**-**	**383**	**878**
Charge to equity for the year	-	-	-	-	-	-
Charge/(credit) to result for the year	- 46	- 138	5	-	- 151	- 330
Exchange differences	-	-	-	-	-	-
At 1 January 2009	**262**	**73**	**- 19**	**-**	**232**	**548**
Charge to equity for the year	-	-	-	-	-	-
Charge/(credit) to result for the year	- 182	52	16	-	- 149	- 263
Exchange differences	-	-	-	-	-	-
At 31 December 2009	**80**	**125**	**- 3**	**-**	**83**	**285**

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

The fiscal losses and notional interest deduction carried forward of Campine nv per 31 December 2009 amount to 2.497 KEUR, of which 561 KEUR was recognised to compensate deferred tax liabilities related to this company. No deferred tax asset was recognised for the balance of 1.936 KEUR as the future realisation is uncertain.

5.20. Obligations under finance leases

'000 EUR	Minimum lease payments 31/12/2009	Minimum lease payments 31/12/2008	Present value of minimum lease payments 31/12/2009	Present value of minimum lease payments 31/12/2008
Amounts payable under finance leases:				
Within one year	-	24	-	24
In the second year to fifth year inclusive	-	-	-	-
Less: future finance charges	-	24	-	24
Present value of lease obligations	**-**	**24**	**-**	**24**
Less: amount due for settlement within 12 months (shown under current liabilities)	-	-	-	-24
Amount due for settlement after 12 months	**-**	**-**	**-**	**-**

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	31/12/2009	31/12/2008
Trade creditors and accruals	12.664	5.782
Other payables and accruals	1.995	1.819
	14.659	**7.601**

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.

'000 EUR	31/12/2009			31/12/2008		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Trade and other liabilities	14.659	-	-	7.601	-	-
Bank overdrafts	700	-	-	-	-	-
Bank loans	2.377	3.760	-	2.488	6.137	-
Finance lease obligations	-	-	-	24	-	-

5.23. Provisions

'000 EUR	Sanitation cost	Others	Total
At 1 January 2009	5.054	-	5.054
Change in provision in the year	- 2.100	-	- 2.100
Utilisation of provision	- 93	-	- 93
At 31 December 2009	**2.861**	**-**	**2.861**

'000 EUR	31/12/2009	31/12/2008
Analysed as:		
Current liabilities	88	289
Non-current liabilities	2.773	4.765
	2.861	**5.054**

Status provisions at 31 December 2009:

- The provision for environmental sanitation of 3,7 million EUR on 31 December 2008 has been reviewed during 2009 based on more recent data. On the basis of current information a total of 2,1 million EUR has been released to profit and loss account, being 1,45 million EUR in the first semester and 0,6 million EUR in the second semester. The balance of 1,65 million EUR remains. Planned sanitation works are expected to start in 2010 and information has been given to the neighbouring community.

- In 2009, 93 KEUR was executed for specific soil removal from the site within the framework of the ‘concrete plan’ project, which was set up in 2007 and which the company will execute in the period 2008 – 2011. The provision foreseen in the balance amounts to 1.211 KEUR at 31 December 2009.

5.24. Non-cash transactions

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

5.25. Contingent liabilities

The power to pledge the goodwill was granted to the banks for an amount of 3.850 KEUR.

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	31/12/2009	31/12/2008
Minimum lease payments under operating leases recognised as an expense in the year	109	90

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

'000 EUR	31/12/2009	31/12/2008
Within one year	64	90
In the second year to fifth year inclusive	59	140
After five years	-	-
	123	**230**

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 2009 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	
	31/12/2009	31/12/2008
Discount rate	5,5%	5,5%
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	31/12/2009	31/12/2008
Present value of funded obligations	1.579	1.535
Fair value of plan assets	- 1.428	- 1.498
Unrecognised actuarial result	37	20
Unrecognised past service cost	- 121	-
Net liability recognised in the balance sheet	**67**	**57**

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

'000 EUR	31/12/2009	31/12/2008
Current service cost	96	80
Interest on obligation	78	63
Expected return on plan assets	- 52	- 46
Actuarial losses recognised in the year	-	-
Past service cost	-	121
Net periodical benefit cost	**122**	**218**

The charge for the year is included in the employee benefits expense in the income statement. The actual return on plan assets was 3,75% (2008: 4,25%).

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

'000 EUR	31/12/2009	31/12/2008
Opening defined benefit obligation	57	71
Service cost	96	80
Interest cost	78	63
Calculated return on plan assets	- 52	- 46
Actuarial losses	-	-
Exchange differences	-	-
Past service cost	-	121
Benefits paid	- 112	- 232
Closing defined benefit obligation	**67**	**57**

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 85 KEUR to its defined benefit plan in 2010.

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 December 2009 amounts to 1.063 KEUR (at 31 December 2008 provision amounted to 1.031 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 2009 bank loans amounted to 5.587 KEUR and bank overdrafts amounted to 700 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.

An increase or decrease of the USD/EUR rate with 10% would have an impact on the income statement of +302 KEUR (in case of 10% increase) or -302 KEUR (in case of 10% decrease) based upon the assets and liabilities denominated in USD per 31 December 2009.

5.30.3. Price risk

The value of these fixed price contracts and the future LME commitments are both shown in the balance sheet; changes in the values will be shown in the profit and loss account (see note 5.15.1. Derivatives).

There is no price risk on the fixed price contracts as the impact of price fluctuation on respective fixed purchase and sell contracts are compensated by the impact on the respective sell and purchase contracts on the LME.

A movement in 2010 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 2009 of a price fall of 10% would be +563 KEUR or of a price raise -563 KEUR.

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) is the other major shareholder.
71,86% of the company's shares are held by two 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	537.900	35,86%

The company received a copy of the announcements of F.W. Hempel Intermétaux SA and AGW Commodity Holdings Ltd; conform the provisions of the Law of 2 May 2007 and the Royal Decree of 14 February 2008 on disclosure of major shareholdings in issuers whose shares are admitted to trading on a regulated market which show that on 4 November 2009:

- F.W. Hempel Intermétaux SA held a 35,86% interest in Campine, being 537.900 shares. It is a subsidiary of F.W. Hempel Metallurgical GmbH. The latter is itself a subsidiary of F.W. Metallurgical Holding GmbH which is a subsidiary of F.W. Hempel & Co Erze und Metalle (GmbH & Co) KG which is in its turn controlled by Hempel GmbH (Komplementär GmbH) of which Mr F.-W. Hempel is the controlling shareholder.

- AGW Commodity Holdings Ltd. was holder of Campine nv shares and is a subsidiary of Hempel Special Metals Holdings GmbH. The latter is a subsidiary of F.W. Hempel & Co Erze und Metalle (GmbH & Co) KG which is in its turn controlled by Hempel GmbH (Komplementär GmbH) of which Mr F.-W. Hempel is the controlling shareholder.
- F.W. Hempel Intermétaux SA and AGW Commodity Holdings Ltd belong to the same group of companies.
- F.W. Hempel Intermétaux SA has acquired the 10% participation in Campine nv of AGW Commodity Holdings – being 150.000 Campine nv shares.
- AGW Commodity Holdings Ltd does consequently no longer hold any shares in Campine nv.

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 2.350 KEUR.

5.33.2. Other transactions

Camhold performed certain administrative/management services for the Campine Group, for which a management fee of 60 KEUR (2008: 60 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 (2008: 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	31/12/2009
Commercial commitments for commodities purchased (to be received)	4.946
Commercial commitments for commodities sold (to be delivered)	12.279

5.35. Compensation of key management personnel

For the financial year 2009, the total remuneration of the Executive Management Team including the Board members amounts to 703 KEUR (2008: 571 KEUR).

During the financial year closed per 31 December 2009 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 24 February 2010.

Auditor’s report

STATUTORY AUDITOR’S REPORT TO THE SHAREHOLDERS’ MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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 subsidiary (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 2009, 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 45.673 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of -1.121 (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 2009, 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, 25 February 2010

The statutory auditor
DELOITTE Bedrijfsrevisoren/Reviseurs d'Entreprises
BV o.v.v.e. CVBA
Represented by Luc Van Coppenolle

Corporate Data

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Auditor

Deloitte, represented by Luc Van Coppenolle

Financial calendar

11 May, 2010	General Meeting of Shareholders
	No dividend to be distributed
3rd week of April, 2010	Announcement intermediate information 1st semester
Last week of August, 2010	Announcement of half-year results
3rd week of November, 2010	Announcement intermediate information 2de semester
Last week of February, 2011	Announcement of 2010 annual results