Campine

Interim financial report 30/06/19

under IFRS - 27 September 2019 – 18:30

Obligation regarding periodical information as a consequence of the European transparency regulations. Statement regarding the information given in this interim financial report over 6 months 30/06/19.

Headlines - Financial results

During the first semester of 2019 Campine achieved a revenue of 101,9 mio € (2018: 113,8 mio €). Profit after taxes amounted to 2,33 mio €, (2017: 4,67 mio €). The reduction in sales (-10,4%) and profit (-50,0%) are solely related to the lower metal prices in 2019.

“2019 turns out to be a difficult year.” explains CEO De Vos “The industrial demand for many of our products is currently weak. Additionally, the lead and antimony metal prices, which form the bases of our sales prices, have declined substantially. In the short term, this also puts our margins under pressure.”

Antimony metal prices dropped on average 12,5% compared to the 1st semester 2018, whilst LME lead prices dropped even with an average of 14,4%.

“During the summer months the LME lead prices have recovered and in September the continuous decrease in antimony metal price seems to have reached its bottom. These should both have a positive effect on the results in the last quarter. We expect therefore to end 2019 with a relatively good result seen the difficult market conditions.” adds De Vos.

“We remain a cyclical company, but through diversification, volume growth and increased operational efficiency Campine managed to realise a positive result during a downward market cycle.” concludes Chairman De Groote.

Performances per division

Division Specialty Chemicals

Market and Operations

- The expected growth in the demand for flame retardants did not materialise in 2019. Especially the demand for automotive applications was weak. The uncertainty in many markets and the consecutive price decreases have led to a destocking and maximum postponement of new orders at our customers. Volumes decreased with 8% compared to the 1st semester 2018.
- Sales revenue decreased to 43,7 mio € as a result of lower volumes as well as lower sales prices of our antimony products. The revenue decrease was limited to 8% thanks to a different product mix and higher prices of our other flame retardant masterbatch products.
- The weak demand resulted in higher competition with consequential pressure on the margins. The operating result was also impacted by the devaluation of our stocks due to the lower raw material prices. All this resulted in a break-even result of 0,01 mio € (compared to a profit of 1,87 Mio € in the same period in 2018).

More detailed information can be found in note 3 Segment information.

Division Metals Recycling

Market and Operations

- Over 80% of our lead products are used to produce batteries, of which most go to the automotive sector. Despite the lower demand for car batteries we were able to increase our sales volumes to 34.177 ton (in 2018: 32.896 ton) by securing additional business. Thanks to the new filter installation put in operation in the second half of last year, we were able to make gains in efficiency.
- The average LME lead prices during the first 6 months of 2019 (1.735 €/ton) were considerably lower than those of the first semester 2018 (2.028 €/ton). Since our sales prices are directly linked with the LME, revenues consequently reduced to 65,53 mio € (from 73,57 mio € in 2018), which is a decrease of -10,9%.
- The operating result in our recycling business model suffered from the low primary lead LME prices and reduced accordingly to 3.168 mio € (from 5.240 mio € in 2018).
- The activities from the Metals Recovery business, in which other metals are regained from scraps, contributed again substantially to the profit.

More detailed information can be found in note 3 Segment information.

Outlook 2019 / 2020

We foresee the weak demand to sustain for the rest of the year in all our businesses. An uptake is only expected during 2020. It seems like the decrease of the antimony metal prices has slowly reached its bottom during September, so we expect better results in the Specialty Chemicals division in the 4^{th} quarter. The positive evolution during the summer months of the LME lead prices from below 1.700 €/ton to over 1.850 €/ton should contribute to a better result for the Metals Recycling unit in the 2^{nd} semester.

All in all, Campine expects to close this difficult year 2019 with an average positive result.

Condensed consolidated income statement

'000 €	Notes	**30/06/19**	30/06/18
Revenue	3	**101.919**	113.806
Other operating income	4	**1.697**	1.286
Raw materials and consumables used		**-85.410**	-93.195
Employee benefits expense		**-7.292**	-7.083
Depreciation and amortisation expense		**-1.530**	-1.260
Changes in restoration provision		**-**	-
Other operating expenses	4	**-6.206**	-6.442
Operating result (EBIT)		**3.178**	7.112
Investment revenues		**-**	-
Hedging results:	11	**337**	-124
- Closed hedges		***266***	*150*
- Change in open position		***71***	*-274*
Finance costs		**-185**	-256
Net financial result		**152**	-380
Result before tax (EBT)		**3.330**	6.732
Income tax expense	5	**-997**	-2.060
Result for the period (EAT)		**2.333**	4.672
Attributable to:			
Equity holders of the parent		**2.333**	4.672
Non-controlling interest		**-**	-
RESULT PER SHARE (in €)			
Basic & diluted		**1,56**	3,11

Condensed consolidated overview of the total result for the period

'000 €	Notes	**30/06/19**	30/06/18
Result for the period		**2.333**	4.672
Other comprehensive income:			
Comprehensive income to be reclassified to the profit or loss statement in the future		**-**	-
Comprehensive income not to be reclassified to the profit or loss statement in the future (actuarial results of retirement benefit obligations)		**-**	-
Total result for the period		**2.333**	4.672
Attributable to:			
Equity holders of the parent		**2.333**	4.672
Non-controlling interest		**-**	-

Condensed consolidated balance sheet

'000 €	Notes	**30/06/19**	31/12/18
ASSETS			
Non-current assets			
Property, plant and equipment	7	**10.883**	10.495
Right-of-use assets	16	**255**	-
Intangible assets	8	**196**	223
Deferred tax assets		**15**	83
Cash restricted in its use		**-**	275
		11.349	11.076
Current assets			
Inventories	9	**28.431**	27.740
Trade and other receivables	10 / 14	**25.359**	22.633
Derivatives	11 / 14	**14**	-
Deferred tax assets		**-**	-
Cash and cash equivalents	14	**213**	121
		54.017	50.494
TOTAL ASSETS		**65.366**	61.570
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**4.000**	4.000
Translation reserves		**-**	-
Retained earnings		**25.926**	25.529
- Legal reserves		***965***	*965*
- Other reserves and retained results		***24.961***	*24.564*
Equity attributable to equity holders of the parent		**29.926**	29.529
Total equity		**29.926**	29.529
Non-current liabilities			
Retirement benefit obligation		**1.187**	1.205
Deferred tax liabilities		**54**	-
Bank loans	12	**2.475**	-
Obligations under leases	16	**149**	-
Provisions	15	**1.090**	1.090
		4.955	2.295
Current liabilities			
Retirement benefit obligation		**97**	104
Trade and other payables	13	**19.262**	16.356
Derivatives	11	**2**	59
Current tax liabilities		**455**	4.020
Obligations under leases	16	**106**	-
Bank overdrafts and loans	12	**2.652**	2.035
Advances on factoring	12	**7.911**	7.172
Provisions		**-**	-
		30.485	29.746
Total liabilities		**35.440**	32.041
TOTAL EQUITY AND LIABILITIES		**65.366**	61.570

Condensed consolidated cash-flow statement

'000 €	Notes	**30/06/19**	30/06/18
OPERATING ACTIVITIES			
Result for the period		**2.333**	4.672
Adjustments for:			
Other gains and losses (hedging results)	11	**-337**	124
Finance costs		**185**	256
(Deferred) tax expenses of the total result	5	**997**	2.060
Depreciation of property, plant and equipment		**1.530**	1.260
Change in provisions (incl. retirement benefit)		**-25**	-14
Change in inventory value reduction		**360**	-266
Change in trade receivables value reduction		**-**	38
Operating cash-flows before movements in working capital		**5.043**	8.130
Change in inventories		**-1.051**	-2.729
Change in receivables		**-2.726**	4.963
Change in trade and other payables		**2.906**	2.427
Cash generated from operations		**4.172**	12.791
Hedging results		**266**	150
Interest paid		**-185**	-256
Income taxes paid		**-4.440**	-2.148
Net cash (used in) / from operating activities		**-187**	10.537
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	7	**-1.791**	-2.282
Purchases of intangible assets	8	**-41**	-
Net cash (used in) / from investing activities		**-1.832**	-2.282
FINANCING ACTIVITIES			
Dividends and tantièmes paid	6	**-1.935**	-895
Repayments of borrowings	12	**-900**	-
Repayments of obligations under leases	16	**-59**	-
New bank loans raised		**5.850**	-
Change in cash restricted in its use		**275**	-
Change in bank overdrafts	12	**-1.859**	-3.317
Change in advances on factoring	12	**739**	-3.541
Net cash (used in) / from financing activities		**2.111**	-7.753
Net change in cash and cash equivalents		**92**	502
Cash and cash equivalents at the beginning of the year		**121**	148
Cash and cash equivalents at the end of the period		**213**	650

Condensed consolidated statement of changes in equity

'000 €	Share capital	Retained earnings	Attributable to equity holders of the parent	Total
Balance on 31 December 2017	4.000	20.582	24.582	24.582
Total result of the period	-	4.672	4.672	4.672
Dividends and tantièmes	-	-895	-895	-895
Balance on 30 June 2018	4.000	24.359	28.359	28.359
Total result of the period	-	1.170	1.170	1.170
Dividends and tantièmes	-	-	-	-
Balance on 31 December	4.000	25.529	29.529	29.529
Total result of the period	-	2.333	2.333	2.333
Dividends and tantièmes (see note 6)	-	-1.935	-1.935	-1.935
Balance on 30 June 2019	**4.000**	**25.926**	**29.926**	**29.926**

Notes to the condensed consolidated financial statements

1. Notes to the condensed consolidated financial statements

The condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the EU.

2. Significant accounting policies

The condensed interim financial report applies the same valuation rules and presentation and calculation methods as those applied for the annual accounts of the Group for the financial year ending on 31/12/18, with the exception of the application of new international accounting standards that have become applicable as from 1 January 2019
IFRS 16 *Leases* (see note 16) sets out the principles for the recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, lessees recognize a lease liability (i.e. a liability to make lease payments), and a right-of-use asset (i.e. an asset representing the right to use the underlying asset over the lease term). The right-of-use asset will be depreciated over the term of the lease, unless the lease transfers ownership of the underlying asset to Campine at the end of the lease. In latter case, it will be depreciated over the useful life of the underlying asset. Interest expense are recognized on the lease liability. The lease liability is remeasured upon the occurrence of certain events (e.g. a change in the lease term or a change in future lease payments resulting from a change in index). Such remeasurements of the lease liability are generally recognized as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 Leases is substantially unchanged from previous accounting under IAS 17 *Leases*. Finally, disclosure requirements under IFRS 16 Leases are more extensive when compared with IAS 17 *Leases*.
The Group applies IFRS 16, using the modified retrospective approach (i.e. without restatement of the 2018 figures) and will exclude services from its lease liabilities. On January 1, 2019, the right-of-use assets were measured at an amount equal to the respective lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position immediately before January 1, 2019.
The Group also applies the practical expedients for operating leases of which the contract has a limited duration or operating leases where the underlying assets have a low value. These types of operating leases were disclosed under IAS 17 as future lease payments.
Besides the items above, there have not become any new standards or interpretations applicable as from 1 January 2019 or will become applicable for which management expects a material impact on the figures.

3. Segment information

Geographical information

	30/06/2019 '000 €	%	30/06/2018 '000 €	%
Belgium	3.223	3,2%	4.500	4,0%
Germany	33.727	33,1%	35.958	31,6%
Switzerland	15.747	15,5%	23.682	20,8%
Italy	9.217	9,0%	12.993	11,4%
France	5.093	5,0%	6.825	6,0%
Romania	4.754	4,7%	5.033	4,4%
The Netherlands	4.297	4,2%	4.275	3,8%
United Kingdom	1.003	1,0%	1.886	1,7%
Other European countries	5.978	5,9%	7.601	6,7%
North America	8.385	8,2%	8.185	7,2%
Asia	8.315	8,2%	2.019	1,8%
Others	2.180	2,1%	849	0,7%
	101.919	**100%**	**113.806**	**100%**

There was one customer in the BU Lead who represents more than 10% of the Group's turnover (20,58%). 94% of the turnover of Metals Recycling Segment was realised in Europe whereas 66% of the turnover of Specialty Chemicals was achieved in Europe.

Business divisions

Campine has two operational divisions. The main activities are:

- **Specialty Chemicals** hosts all businesses which serve end-markets with chemical products and derivates. The manufacturing of antimony trioxide used as flame-retardant, polymerization catalyst and pigment reagent) and the production of different types of polymer and plastic masterbatches. The Specialty Chemicals Division comprises the BU Antimony and BU Plastics.

	BU Antimony			BU Plastics			Total		
	30/06/19	30/06/18	Δ	**30/06/19**	30/06/18	Δ	**30/06/19**	30/06/18	Δ
Turnover in € '000	**28.758**	34.015	-15%	**14.896**	13.573	10%	**43.654**	47.588	-8%

The turnover of the Specialty Chemicals Division represents a volume of 7.445 ton (30/6/18: 8.078 ton).

- **Metals Recycling** hosts the businesses in which metals are being recovered from industrial and post-consumer waste streams. The main activity is the manufacturing of lead alloys. To this business is added the growing activity of the recycling of other metals such as antimony and tin. This Division now comprises the BU Lead and BU Metals Recovery

	BU Metals Recovery			BU Lead			Total		
	30/06/19	30/06/18	Δ	**30/06/19**	30/06/18	Δ	**30/06/19**	30/06/18	Δ
Turnover in € '000	**4.936**	5.334	-7%	**60.597**	68.240	-11%	**65.533**	73.574	-11%

The turnover of the Metals Recycling Division represents a volume of 34.177 ton (30/6/18: 32.896 ton).

'000 €	Specialty Chemicals 30/06/2019	Metals Recycling 30/06/2019	Eliminations / Unallocated 30/06/2019	Total 30/06/2019
REVENUE				
External sales	43.654	58.265	-	101.919
Cross-business unit sales in the same segment	-	7.268	-7.268	-
Total revenue	**43.654**	**65.533**	**-7.268**	**101.919**
RESULT				
Segment operating result	10	3.168	-	3.178
Investment revenues				-
Hedging results		337		337
Other gains and losses				-
Finance costs			-185	-185
Result before tax				3.330
Income tax expense			-997	-997
Result for the period				**2.333**

'000 €	Specialty Chemicals 30/06/2019	Metals Recycling 30/06/2019	Unallocated 30/06/2019	Total 30/06/2019
OTHER INFORMATION				
Capital additions (incl right-of-use assets)	452	1.210	484	2.146
Depreciation and amortisation (incl right-of-use assets)	385	864	281	1.530
BALANCE SHEET				
Assets				
Fixed assets (incl right-of-use assets)	2.852	6.738	1.744	11.334
Deferred tax	-	-	15	15
Cash restricted in its use	-	0	-	0
Stocks	13.732	12.451	2.248	28.431
Trade and other receivables	12.464	12.297	598	25.359
Derivatives	-	14	-	14
Cash and cash equivalent	-	-	213	213
Total assets	**29.048**	**31.500**	**4.818**	**65.366**

'000 €	Specialty Chemicals 30/06/2018	Metals Recycling 30/06/2018	Eliminations / Unallocated 30/06/2018	Total 30/06/2018
REVENUE				
External sales	47.588	66.218	-	113.806
Cross-business unit sales in the same segment	-	7.356	-7.356	-
Total revenue	**47.588**	**73.574**	**-7.356**	**113.806**
RESULT				
Segment operating result	1.872	5.240	-	7.112
Investment revenues				-
Hedging results		-124	-	-124
Other gains and losses				-
Finance costs			-256	-256
Result before tax				6.732
Income tax expense			-2.060	-2.060
Result for the period				**4.672**

'000 €	Specialty Chemicals 30/06/2018	Metals Recycling 30/06/2018	Unallocated 30/06/2018	Total 30/06/2018
OTHER INFORMATION				
Capital additions	372	1.861	49	2.282
Depreciation and amortisation	354	698	208	1.260
BALANCE SHEET				
Assets				
Fixed assets	2.372	4.824	1.471	8.667
Deferred tax	-	-	117	117
Cash restricted in its use	-	275	-	275
Stocks	13.252	16.614	1.355	31.221
Trade and other receivables	15.172	13.496	1.844	30.512
Derivatives	-	-	-	-
Cash and cash equivalent	-	-	650	650
Total assets	**30.796**	**35.209**	**5.437**	**71.442**

4. Other operational expense and income

'000 €	**30/06/19**	30/06/18
OTHER OPERATING EXPENSE		
Office expenses & IT	**327**	317
Fees	**873**	803
Insurances	**217**	276
Interim personnel	**219**	201
Expenses related to personnel	**49**	161
Carry-off of waste	**1.515**	1.358
Travel expenses	**139**	119
Transportation costs	**1.422**	1.506
Other purchase and sales expenses	**334**	307
Expenses on operational hedges	**196**	542
Trade receivables value reduction	**-**	38
Research and development	**172**	216
Renting	**67**	79
Subscriptions	**234**	177
Advertising - publicity	**51**	19
Other taxes (unrelated to the result)	**29**	107
Financial costs (other than interest)	**206**	122
Others	**156**	94
	6.206	6.442

'000 €	**30/06/19**	30/06/18
OTHER OPERATING INCOME		
Operating hedge results	**185**	46
Finance income (other than interest)	**-**	62
Recuperation of waste materials	**1.031**	923
Claims	**285**	-
Subsidies	**172**	237
Others	**24**	18
	1.697	1.286

5. Income tax expense

'000 €	**30/06/19**	30/06/18
Current tax	**-875**	-1.975
Deferred tax	**-122**	-85
Income tax expense for the period	**-997**	-2.060

Domestic income tax is calculated at 29.58% (30/06/18: 29,58%) of the estimated assessable result for the year.

6. Dividend paid during the period

Over 2018 a total dividend of € 1,875 mio was distributed (as well as a tantième over 2018 of € 0,06 mio).

7. Statement of changes in property, plant and equipment

'000 €	Land & buildings	Properties under construction	Fixtures & equipment	Total
COST OR VALUATION				
On 31 December 2018	13.639	-	65.240	78.879
Additions	105	-	1.686	1.791
Transfers	-	-	-	-
Disposals	-	-	-	-
On 30 June 2019	**13.744**	**0**	**66.926**	**80.670**
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
On 31 December 2018	12.653	-	55.731	68.384
Depreciation charge for the year	70	-	1.333	1.403
Eliminated on disposals	-	-	-	0
On 30 June 2019	**12.723**	**0**	**57.064**	**69.787**
CARRYING AMOUNT				
On 31 December 2018	986	-	9.509	10.495
On 30 June 2019	**1.021**	**0**	**9.862**	**10.883**

8. Statement of changes in intangible assets

'000 €	Licences, patents & trademarks
COST	
On 31 December 2018	1.842
Additions	41
On 30 June 2019	**1.883**
ACCUMULATED DEPRECIATION AND AMORTISATION	
On 31 December 2018	1.619
Charge for the year	68
On 30 June 2019	**1.687**
CARRYING AMOUNT	
On 31 December 2018	223
On 30 June 2019	**196**

9. Inventories

'000 €	**30/06/19**	31/12/18
Raw materials	**10.128**	7.690
Work-in-progress	**6.474**	7.165
Finished goods	**11.829**	12.885
	28.431	27.740

The inventory per 30/06/19 includes a value reduction of 726 K€ (31/12/18: 366 K€) €) to value inventory at the lower of cost and net realisable value.

10. Trade and other receivables

'000 €	**30/06/19**	31/12/18
Amounts receivable from the sale of goods	**23.759**	21.763
Other receivables	**1.600**	870
	25.359	22.633

An allowance has been recorded for estimated irrecoverable amounts from the sale of goods of 1.011 K€ (31/12/18: 1.011 K€). This allowance has been determined on a case-by-case basis. The Board of Directors confirms that the carrying amount of trade and other receivables approximates their fair value as those balances are short-term.

The total amount from sales of goods of 23.759 K€ includes 17.585 K€ subject to commercial factoring by a credit institute. Based on these receivables, the credit institute deposits advances on the account of Campine (7.911 K€ per 30/06/19, see note 12. Bank borrowings) and afterwards collects the receivables itself. The credit risk stays at Campine and is covered by a credit insurance.

11. Derivatives

The table below summarises the net change in fair value – realised and unrealised – of the positions on the LME lead and tin futures where it sells forward lead and tin via future contracts.

'000 €	Fair value of current instruments	Underlying open positions (tons)	Change in fair value in income statement
On 30 June 2018	-132	1.900	-124
On 31 December 2017	-59	1.675	504
On 30 June 2019	**12**	**1.425**	**337**

The fair value of current instruments is included in the balance sheet in derivatives assets for an amount of 14 K€ and in derivatives liabilities for 2 K€.

The classification of the fair value of the hedge instruments is level 1 (unadjusted quoted prices in an active market for identical assets or liabilities) in the “fair value hierarchy” of IFRS 13.

12. Bank borrowings (lease obligations not included)

'000 €	**30/06/19**	31/12/18
Bank loans - investment credit	**3.600**	-
Bank loans - tax financing	**1.350**	-
Bank overdrafts	**177**	2.035
Advances on factoring	**7.911**	7.172
	13.038	9.207
REPAYABLE BORROWINGS		
Bank loans after more than one year	**2.475**	-
Bank loans within one year	**2.475**	-
Bank overdrafts	**177**	2.035
Advances on factoring	**7.911**	7.172
	13.038	9.207
AVERAGE INTREST RATES PAID		
Bank overdrafts	**2,21%**	3,19%
Advances on factoring	**1,50%**	1,62%
Bank loans - investment credit	**1,50%**	-
Bank loans - tax financing	**0,50%**	-

Campine contracted new investment credits for an amount of 4.500 K€ of which 3.600 K€ was already used on 30/06/19. The repayments will be spread over a period of 3 years with the first repayment in December 2019.
Campine also concluded a financing for the prepayment of taxes on the income year 2018 amounting to 2.250 K€. This tax financing will be fully repaid in 2019. The balance amounted to 1.350 K€ on 30/06/19.

Bank loans are arranged at fixed interest rates. Other borrowings (bank overdrafts and advances on factoring for an amount of 11.688 K€ (31/12/18: 9.207 K€) are arranged at floating rates, thus exposing the Group to an interest rate risk.

Op 30/06/19 the Group had available 17.408 K€ of undrawn committed borrowing facilities (31/12/18: 16.137 K€).

The credit agreements with our bankers contain a number of covenants, based on equity, solvability and stock rotation. On 30/06/19 the Group complied adequately with all covenants:

- the equity (corrected for other assets and deferred taxes) amounted to 29.769 K€ as to a required minimum of 22.000 K€.
- the solvency ratio (45,65 %) complied to the imposed ratio of 30 %.
- Campine complied to the stock rotation ratio.

13. Trade and other payables

'000 €	**30/06/19**	31/12/18
Trade creditors and accruals	**16.148**	13.207
Other payables and accruals	**3.114**	3.149
	19.262	16.356

Trade creditors and accruals principally comprises amounts outstanding for trade purchases and ongoing costs. The Board of Directors considers that the carrying amount of trade payables approximates their fair value as those balances are short-term. There are no trade payables older than 60 days (with exception of disputes), hence an age analysis is irrelevant.

14. Financial instruments

The major financial instruments of the Group are financial and trade receivables and payables, investments, cash and cash equivalents as well as derivatives.

Overview of the financial instruments as on 30/06/19:

'000 €	Category	Book value	Fair value	Level
I. Fixed assets				
II. Current Assets				
Trade and other receivables	A	25.359	25.359	2
Cash and cash equivalents	B	213	213	2
Derivatives	C	14	14	1
Total financial instruments on the assets side of the balance sheet		**25.586**	**25.586**	
I. Non-current liabilities				
Interest-bearing liabilities	A	2.475	2.475	2
Obligations under leases	A	149	149	2
Other non-current liabilities	A	-	-	2
Other financial liabilities	C	-	-	2
II. Current liabilities				
Interest-bearing liabilities	A	10.563	10.563	2
Obligations under leases	A	106	106	2
Current trade and other debts	A	19.262	19.262	2
Derivatives	C	2	2	1
Total financial instruments on the liabilities side of the balance sheet		**32.557**	**32.557**	

Overview of the financial instruments as on 31/12/18:

'000 €	Category	Book value	Fair value	Level
I. Fixed assets				
II. Current Assets				
Trade and other receivables	A	22.633	22.633	2
Cash and cash equivalents	B	121	121	2
Derivatives	C	-	-	1
Total financial instruments on the assets side of the balance sheet		**22.754**	**22.754**	
I. Non-current liabilities				
Interest-bearing liabilities	A	-	-	2
Other non-current liabilities	A	-	-	2
Other financial liabilities	C	-	-	2
II. Current liabilities				
Interest-bearing liabilities	A	9.207	9.207	2
Current trade and other debts	A	16.356	16.356	2
Derivatives	C	59	59	1
Total financial instruments on the liabilities side of the balance sheet		**25.622**	**25.622**	

Categories correspond with the following financial instruments:

A. Financial assets or liabilities (including receivables and loans) held until maturity, at the amortised cost.

B. Investments held until maturity, at the amortised cost.

C. Assets or liabilities, held at the fair value through the profit and loss account.

The aggregate financial instruments of the Group correspond with levels 1 and 2 in the fair values hierarchy. Fair value valuation is carried out regularly.

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities.
- Level 2: the fair value based on other information, which can, directly or indirectly, be determined for the relevant assets or liabilities.

The valuation techniques regarding the fair value of the level 2 financial instruments are the following:

- The fair value of the other level 2 financial assets and liabilities is almost equal to their book value:
  - either because they have a short-term maturity (like trade receivables and debts),
  - or because they have a variable interest rate.
- For fixed-income payables, the fair value was determined using interest rates that apply to active markets.

15. Provisions

Per 30/06/19 The provisions amounted to 1.090 K€ (31/12/18: 1.090 K€). These mainly relate to the soil sanitation obligation on and around the site of the Group and were determined in compliance with the requirements of OVAM – by an independent study bureau.

16. Lease arrangements

The lease liabilities recognized on January 1, 2019 amount to 255 K€. There is no impact on equity on January 1. The weighted average incremental borrowing rate used for discounting of the future lease payments at transition date is 2,9%.

Below reconciliation of the opening balance sheet of the lease liabilities on January 1, 2019 is based on the operating lease commitments at December 31, 2019 (as disclosed in note 5.25 of the 2018 annual report).

	'000 €
Total of future miminim lease payments regarding non-terminable operational lease arrangements (non-discounted) on 31/12/18	**321**
Discounting effect	**-7**
Leases with limited duration and low value	**0**
Total discounted lease liabilities at January 1, 2019	**314**
Consisting of:	
- Non-current lease liabilities	**197**
- Current lease liabilities	**117**

Leased assets relate to company cars. The expected repayments of operating lease liabilities during 2019, which will no longer be recognized as an operating lease expense as was the case in accordance with IAS 17 Leases but rather as a repayment of lease liabilities, amount to 117 K€ on annual basis. A substantial part of this amount will impact the depreciation charges in 2019, whereas only a small part of the amount will impact the financial charges in 2019.

17. Related party transactions

All related party transactions are conducted on a business base and in accordance with all legal requirements and the Corporate Governance Charter.

Trading transactions

During the period, group entities entered into the following trading transactions with related parties that are not members of the Group:

- Purchase of lead waste to Hempel Legierungsmetalle GmbH for 480 K€ (30/06/18: 516 K€).

Other transactions

The companies below passed through personnel and IT expenses to the Campine Group:

- Hempel Special Metals Asia: 36 K€ (30/06/18: 33 K€)
- F.W. Hempel Metallurgical: 158 K€ (30/06/18: 155 K€).
- F.W. Hempel & Co Erze und Metalle: 89 K€ (30/06/18: 64 K€).

The Campine Group passed through personnel and IT expenses to:

- F.W. Hempel & Co Erze und Metalle: 8 K€ (30/06/18: 8 K€).

18. 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.

Major risks and uncertainties inherent to the sector

Campine pays particular attention to the company risks related and inherent to the sector:

- Fluctuations of the prices of raw materials and metal. Prices fluctuate as a result of a changing supply and/or demand of raw materials and end products, but also because of pure speculation.
- Fluctuations in availability and cost of the energy.
- Changes in regulations (Flemish, Belgian, European and global) in the field of environment and safety/health including legislation related to sale (REACH) and storage (SEVESO) of chemical products.
- Market risks include: interest risk, foreign exchange rate, price risk and credit risk.

19. Important events after balance sheet date

The Group went into appeal against the EC fine issued in 2017. An oral hearing took place on 21 November 2018. The legal conclusion is expected in the last quarter 2019.

Between 30/06/18 and the date these interim financial statements were authorised for issue, no important events occurred.

20. Declaration true and fair view

The Board of Directors declares that to their knowledge

- The interim consolidated financial report for the period of 6 months, ending on 30/06/19, gives a true and fair view of the financial position, the financial results of Campine nv, including its consolidated subsidiary ("the Group").
- The interim financial report for the 6 months, ending on 30/06/19, gives a true and fair view of the legal and regulatory required information and corresponds with the condensed interim consolidated financial statements.

21. Approval of interim financial statements

The interim financial statements were approved and authorised for issue by the Board of Directors of 12/09/19.

This information is also available in Dutch. Only the Dutch version is the official version. The English version is a translation of the original Dutch version.

For further information you can contact Karin Leysen (tel. no +32 14 60 15 49) (email: Karin.Leysen@campine.be).

Appendix: New accounting policies (replaces accounting policy 5.2.4 in the annual report 2018)

IFRS 16 Leases

(Applicable for all accounting periods as of January 1, 2019)

Definition of 'lease'

A contract is or contains a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for a consideration.
To determine whether a lease confers the right to control use of a determined asset for a determined period of time, the entity must appreciate whether, throughout the period of use, it has the right to:

- obtain substantially all of the economic benefits from the use of the asset; and
- direct the use of the asset.

To determine the duration of the leases, any options for renewal or termination have been considered as required by IFRS 16 taking into account the probability of exercising the option and only if it is under the control of the lessee.
At the start of the lease, the lessee recognises a right-of-use asset and a lease liability. For leases with a maximum duration of 12 months or leases of assets with low value, Campine applies the practical exemption in IFRS 16. Hence, these leases are not presented on the balance sheet.

Right-of-use assets

The group recognises right-of-use assets on the commencement date of the contract, i.e. the date on which the asset becomes available for use. These assets are valued at the initial cost of the lease liability minus depreciation and any impairment, adjusted to take into account any revaluations of the lease liability. The initial cost of the right-of-use assets includes the present value of the lease liability, the initial costs incurred by the lessee, rent payments made on the start date or before that date, minus any incentives obtained by the lessee. These assets are depreciated over the estimated lifetime of the underlying asset or over the duration of the contract if this period is shorter, unless the group is sufficiently certain of obtaining ownership of the asset at the end of the contract.
Right-of-use assets are presented separately from other assets as a different line under non-current assets.

Lease liabilities

The lease liability is valued at the present value of the rent payments that have not yet been paid. The present value of the rent payments must be calculated using the interest rate implicit in the lease if it is possible to determine that rate. If not, the lessee must use its incremental borrowing rate.
The incremental borrowing rate is the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.
Over the duration of the contract, the lessee values the lease obligation as follows:

- by increasing the carrying amount to reflect the interest on the lease liabilities;
- by reducing the carrying amount to reflect the rent payments made;
- by revaluing the carrying amount to reflect the new value of the lease obligation or modifications to the lease.

Lease liabilities are presented in a separate line on the balance sheet. Payments for the capital reimbursement and the interests are presented under financing activities in the statement of cash flows.

Report on the review of the consolidated interim financial information of Campine NV for the six-month period ended 30 June 2019 (the original text of this report is in Dutch)

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the condensed consolidated balance sheet as at 30 June 2019, the condensed consolidated income statement, the condensed consolidated overview of the total result for the period, the condensed consolidated statement of changes in equity and the condensed consolidated cash-flow statement for the period of six months then ended, as well as selective notes 1 to 21.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Campine NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.
The condensed consolidated balance sheet shows total assets of 65,366 (000) EUR and the condensed consolidated income statement shows a consolidated profit (group share) for the period then ended of 2,333 (000) EUR.
The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Campine NV has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Antwerp, 27 September 2019

The statutory auditor
Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Luc Van Coppenolle*

* Signed by Gert Vanhees, Partner Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises, in the absence of Luc Van Coppenolle