



umicore
materials for a better life



Report to Shareholders and Society
2008

2008 Report to shareholders and society

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About this report

This report covers Umicore's operations for the financial / calendar year 2008. No major changes of scope took place in 2008 and the data in the report is readily comparable with that of 2007. At the beginning of 2008, Umicore set out to further improve its sustainability reporting and to move from C+ level reporting to a B+ level. The relevance of all additional indicators was discussed internally in a steering group chaired by the Chief Executive Officer. Other additional information includes a summary of Umicore's approach to economic, environmental and social management. These elements have been provided on Umicore's website (www.sustainabledevelopment.umicore.com) and should be considered as part of this report.

The economic scope of the report covers all fully consolidated operations. In addition, the contributions of all associate and joint venture companies are included in the financial reporting. Ownership details of fully consolidated companies, associates and joint ventures can be found in the notes to the financial statements. Dialogue with financial analysts and investors results in ongoing adaptations to the economic and financial metrics published.

During 2005 we completed a process to set out our sustainable development approach. This process involved setting five group objectives for both environmental and social performance for the period 2006-2010 which, combined with our 'traditional' economic report, form the basis of this Report to Shareholders and Society and the previous reports for 2005, 2006 and 2007. The objectives were established through a process of broad internal and external consultation that included dialogue with external experts and managers from the different business segments, while also taking into consideration the views of other stakeholders such as environmental groups and various local, national and regional authorities. The data for the environmental and social performance indicators, which are linked to the various objectives, are collected through our environmental and social data management systems. The scope of the environmental and social objectives and indicators, along with a discussion of the progress made in 2008, are reported between pages 40 and 83.

The key social elements of the report are presented to the international trade unions during the joint monitoring committee in March, while the entire document is presented to shareholders at the Annual General Meeting in late April and to a more diverse group of stakeholders afterwards.

The financial statements and notes have been audited by PriceWaterhouseCoopers while assurance regarding the sustainability elements has been provided by ERM Certification and Verification Services. The third-party statements can be found on page 136 to 137 of the report. The report was published on-line on 6 April 2009.

The guiding document for our sustainable development approach is The Umicore Way. This sets out the Group vision and the values we seek to promote. We have also developed a comprehensive framework for ethical business practice through our Code of Conduct and a Corporate Governance Charter which set out our management philosophy and governance principles. These documents are available on our website www.umicore.com.

What we believe

We believe that materials have been a key element in furthering the progress of mankind, that they are at the core of today's life and will continue to be enablers for future wealth creation.

We believe that metal related materials have a vital role, as they can be efficiently and infinitely recycled, which makes them the basis for sustainable products and services.

We want Umicore to be a leader in providing and creating material based solutions which contribute to improvements in the quality of life.

We are committed to the growth of our business through the competence of our people, excellence in operations and technological innovation.

We recognize that our commitment to financial success must also take into account the broader economic, environmental and social impact of our operations.

We subscribe to the following principles in our pursuit of sustainable development:

- We integrate sustainable development considerations within the corporate decision-making process.
- We implement risk management strategies based on valid data and sound science.
- We seek continual improvement of our environmental performance.
- We actively participate in the management and remediation of risks that are the result of historical operations.
- We facilitate and encourage responsible design, use, re-use, recycling and disposal of our products.
- We engage with our stakeholders and implement effective and transparent communication and independently verified reporting arrangements.
- We strive to be a preferred employer of both current and potential employees.
- We uphold fundamental human rights and respect those rights in conducting the Group's operations throughout the world.

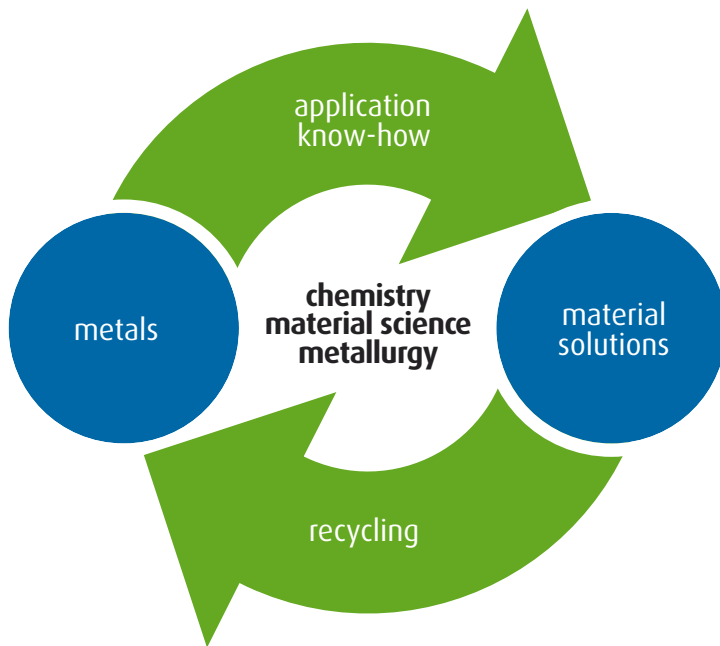
We hold the values of openness, respect, innovation, teamwork and commitment to be crucial to its success. We promote these values and ensure that deficiencies in living up to these values are addressed in an appropriate way.

Excerpt from **"The Umicore Way"**

Who we are

Umicore is a materials technology group. Its activities are centred on four business areas: Advanced Materials, Precious Metals Products and Catalysts, Precious Metals Services and Zinc Specialties. Each business area is divided into market-focused business units, be it in products that are essential to everyday life or those at the cutting edge of new technological developments.

Umicore focuses on application areas where it knows its expertise in materials science, chemistry and metallurgy can make a real difference. Umicore generates approximately 50% of its revenues and spends approximately 80% of its R&D budget in the area of clean technology, such as emission control catalysts, materials for rechargeable batteries and photovoltaics, fuel cells, and recycling.



The Umicore approach to materials technology

We are a member of the World Business Council for Sustainable Development. We are part of the FTSE4Good Index, have been awarded a “best in class” rating by Storebrand Socially Responsible Investments and are part of the Kempen / SNS Smaller Europe SRI Index.



Message to shareholders and society

The world's economic landscape underwent a seismic shift during 2008. The crisis in the world's financial systems created shockwaves that reverberated through the general economy and the cracks that started to manifest themselves in the middle of 2008 are widening further as we progress through the first part of 2009. The depth and extent of the current crisis is, at present, impossible to gauge but it is clear that the challenges to the world's economy are among the most significant that we have faced in many decades. All is not doom and gloom, however. The current crisis offers citizens and policy makers alike the chance to make bold decisions for our collective future, particularly on environmental matters such as tackling climate change. With vision and determination, threat can often be transformed into opportunity. Our challenge at Umicore in the coming months and years will be to safely guide the company through this turbulence and to emerge stronger and in an even better position to contribute to a more sustainable world.

The overall financial performance for our Group in 2008 was similar to the outstanding levels of 2007. In terms of overall segment contributions the performance of the Precious Metals Services business was a particular highlight, generating extraordinary returns in what were highly supportive market conditions for the recycling and trading activities. In the product businesses there was a stark contrast between the exceptionally strong first half year and a second half when the weakening global economy and customer de-stocking started to have a negative impact on our performance. This negative impact was felt most acutely in the fourth quarter, particularly in our Automotive Catalyst business unit. We have a broad and balanced portfolio of activities and certain drivers such as environmental legislation shape the longer-term growth profile of our business. However, in the short-term, volumes and prices for our products remain the key components of our profitability and with demand slipping in almost all end-user industries it is impossible to escape unscathed. The year 2009 will therefore be a challenging year, especially given our exposure to the automotive, electronics and construction segments, markets which have been hit hard by the economic crisis.

Faced with the contraction in market demand we initiated measures to reduce our cost base towards the end of 2008. In this context we reduced the workforce in some business areas and used the flexibility of temporary closures in some plants to reduce expenditures for a limited period. These workforce reductions have been done in a responsible manner, with the business units themselves deciding on the requisite measures depending on the demand situation in their specific markets, rather than through wholesale restructuring measures. A significant portion of our cost base is linked to technology developments and the skills, competences and ingenuity of our people that make breakthroughs possible. We are determined to safeguard such efforts and retain as many of our technological competences in-house as possible – this is the lifeblood of our company in the medium and longer term.

Our balance sheet remains in very good health. At the end of 2008 our level of debt was low, with a significant portion of the debt secured in longer term financing arrangements. This will provide us with a high level of security relative to many competitors in what promises to be a challenging 2009. Our current financial strength is no reason for complacency, however. We will be keeping our focus on cash flow management to ensure that we can continue funding our most important development efforts. Although we have cut back on some investment projects which are not essential in the shorter term, we remain committed to a number of investments which are of key importance in positioning Umicore for longer term growth. The ability to complete these investments – combined with continued research and developments efforts – will be determining factors in Umicore being present in exciting areas for new materials and applications, particularly those linked to "clean" technologies.

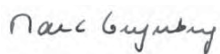
In terms of environmental performance we had a mixed year in 2008. Energy consumption, greenhouse gas emissions and water consumption increased compared to 2007, the

increases being explained largely by an enhanced reporting scope. Despite good progress being made in many sites, there was a less satisfactory performance in terms of metal emissions to water and air and the overall production of hazardous waste. Although the increase in waste generation is partly linked to specific one-off factors in 2008 we will work harder to make further progress in these areas. Good progress was made in the area of occupational health, particularly regarding the workplace exposure to the metals and materials that we produce. In contrast, the safety performance was unsatisfactory. Accident frequency stagnated and accident severity worsened somewhat in 2008 with both metrics falling short of the improvement targets for the year. For some time now we have not been making as much progress as we would have liked on workplace safety, despite strenuous efforts through the Group. Regaining momentum in this area will be one of our top priorities for 2009 and beyond. A specific task force has been set up to identify ways in which further progress can be made with a specific remit to trial innovative methods and to encourage the sharing of best practices through the Group. In 2008 we continued to make good progress towards our 2010 environmental and social objectives. In 2009 we will start to refine our thinking around the scope and scale of a new set of objectives for beyond 2010.

This report represents a balanced and reasonable presentation of our organization's economic, environmental, and social performance for 2008 and forms the basis for taking our engagements to the next level in 2009. We believe that it offers the reader insight into the areas where we have made progress and those where we must make further efforts in the future. We have prepared this report in accordance with the GRI Guidelines Version 3 (G3) and, as previously indicated, have made further additions and improvements compared to previous reports which we hope will add to your understanding of Umicore.

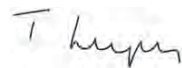
At Umicore, 2008 saw the end of an era with Karel Vinck retiring as Chairman in November. As the new Chairman and CEO we will be inspired by Karel's example in our way of working together. The management will continue to be given ample flexibility and room to conceive and implement strategy and to manage the business. In turn, the Board will continue to play a full role in guiding and monitoring the management team as it faces a new set of strategic challenges and opportunities.

We would like to take this opportunity to extend our thanks and appreciation to Umicore's employees for their commitment in 2008. We continue to place primary importance on the relationship we have with our employees and our other stakeholders. The way in which we harness the feedback we receive from these relationships plays a key role in our learning experience as an organization. To that end we have actively sought in 2008 increased levels of feedback through different forums for example with the international trade unions, suppliers, the broader financial community and with civil society.



Marc Grynberg

Chief Executive Officer



Thomas Leysen

Chairman

Highlights of 2008

Economic Report

- Recurring EBIT at similar levels to 2007 but business slowed markedly in the fourth quarter
- R&D spend of € 166 million, equivalent to 7 % of revenues

Environmental Report

- Environmental performance falls short of expectations
- Progress in reaching environmental objectives on track

Social Report

- Further progress in reaching social objectives
- Break-through plan to improve safety performance

Governance Report

- Smooth succession for Chairman and CEO

Karel passes the torch

Karel Vinck joined Umicore as Chief Executive Officer at the end of 1994. At that moment, Umicore – or Union Minière as it was then known – was able to look back on a rich past but faced an uncertain future.

Karel Vinck immediately sensed that what the group really needed, was a breakthrough programme. He was able to mobilise the company for a better future, using his enormous power of conviction, his personal credibility and his undeniable courage. As Chairman since 2000, Karel actively supported the transformation of Union Minière – a metals producer – into Umicore – a materials technology group.

Karel Vinck was a great Chairman, not only because of his strategic insight and his experience as captain of industry, but first and foremost because of his human qualities, his openness to dialogue at all levels of the company, as well as his warm and personal style. Those qualities allowed him to win the respect, confidence and affection of everyone at Umicore.

Karel joined Umicore when it was still deeply marked by its roots in the 19th century. Fourteen years later, Karel said goodbye to Umicore, which has since turned into a global leader, fit for the 21st century.



Key figures⁽¹⁾

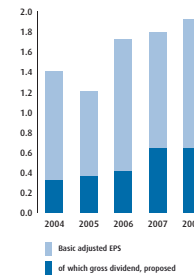
	(in million €)				
	2004	2005	2006	2007	2008
Turnover	5,685.0	6,566.5	8,205.7	8,309.9	9,168.6
Revenues (excluding metal)	1,692.9	1,725.0	1,685.4	1,910.0	2,123.6
EBITDA	441.4	390.1	470.9	528.8	488.8
Recurring EBIT	280.3	233.1	329.2	359.1	355.3
of which associates	31.1	34.0	38.2	26.8	32.0
Non-recurring EBIT	(10.8)	(40.3)	(9.3)	(28.6)	(104.1)
IAS 39 effect	0.0	(9.1)	(6.3)	4.0	(3.6)
Total EBIT	269.5	183.7	313.6	334.4	247.7
Recurring EBIT margin (%)	14.7	11.5	17.3	17.4	15.2
Net recurring consolidated profit, Group share, without discontinued operations	174.3	151.5	218.3	225.7	222.5
Result from discontinued operations, Group share	21.3	20.8	(19.4)	425.8	(0.6)
Net consolidated profit, Group share, with discontinued operations	177.9	142.2	195.8	653.1	121.7
Capital expenditure	145.6	144.6	108.2	152.9	216.0
Net cash flow before financing	118.7	133.1	(213.3)	778.6	195.3
Total assets of continued operations, end of period	2,833.6	2,936.9	3,775.9	3,220.8	3,024.9
Group shareholder's equity, end of period	935.0	971.1	939.0	1,491.2	1,290.7
Consolidated net financial debt of continued operations, end of period	437.6	509.5	773.1	168.0	328.6
Gearing ratio of continued operations, end of period (%)	25.4	33.4	43.9	9.9	19.8
Capital employed, end of period	1,769.1	1,788.4	1,752.4	1,878.0	1,897.8
Capital employed, average	1,836.1	1,713.6	1,714.2	1,820.8	1,989.8
Return on Capital Employed (ROCE) (%)	15.3	13.6	19.2	19.7	17.9
Workforce, end of period	14,026	14,142	13,932	14,844	15,447
of which associates	4,131	4,314	4,879	5,018	5,334

Per data share can be found on page 12-13.

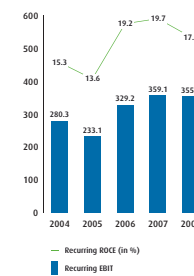
(1) The key figures have been adjusted for discontinued items for the year prior to the discontinuation. This means that 2006 data (but not data from previous periods) has been adjusted for the discontinuation of the Zinc Alloys activities in 2007. Similarly, 2004 data (but not data from 2003) has been adjusted for the discontinuation of the Copper activities in 2005.

Key economic indicators

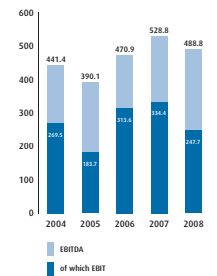
EPS & dividend (in €)



Recurring EBIT & ROCE (in million €)

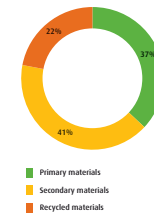


EBIT & EBITDA (in million €)



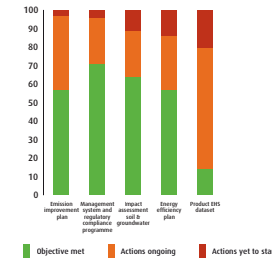
Key environmental indicators

Input materials Umicore

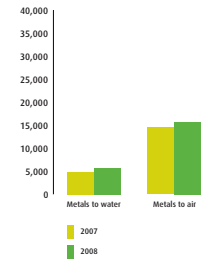


Group Environmental Objectives 2006-2010 Overview status 2008

obj 1-4: as a % of total n° of sites;
obj 5: as a % of total n° of data sets

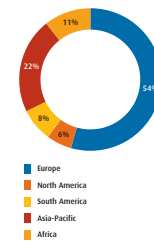


Metal emissions to water and air (kg/year)

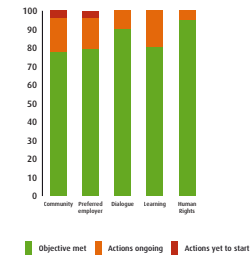


Key social indicators

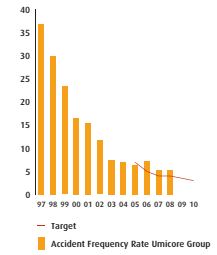
Geographical spread of Umicore's workforce



Overview Group Social Objectives 2006-2010 Overview status 2008



Accident Frequency Rate Umicore Group



Analysis

Revenues

exceeded € 2 billion for the first time

18%

Return on Capital Employed

Strong balance sheet

with net debt at € 329 million

Further progress in reaching social and environmental objectives

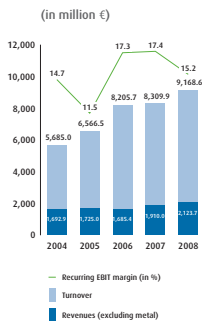
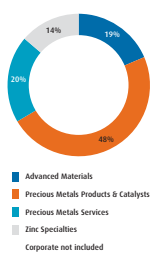
Safety performance

falls short of target

Economic and financial review⁽¹⁾

Revenues

Revenues

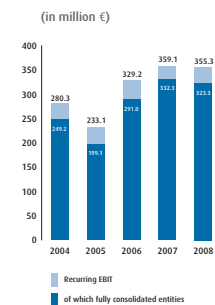
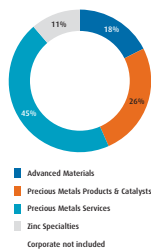


Revenues increased by 10% compared to 2007. This was primarily the result of the full-year inclusion of the activities acquired from Delphi Corporation at the end of the third quarter of 2007. The recurring EBIT margin (revenues / recurring EBIT of fully consolidated operations) fell year-on-year, with the decrease being concentrated in the second half of the year.

The increase in turnover (which includes metals) was in line with the increase in revenues as metal prices on average were at similar levels in 2008 compared with 2007. For Umicore, revenue is a more meaningful metric of "top-line" performance than turnover as it excludes the impact of any metal price fluctuations.

Recurring EBIT

EBIT, Recurring

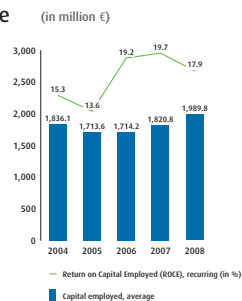
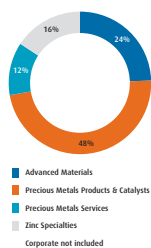


Recurring EBIT was 1% below 2007. The Precious Metals Services business experienced an exceptionally strong year with recurring earnings up by 37%. This was the result of the confluence of excellent supply, high metal prices and outstanding trading opportunities. Advanced Materials and Zinc Specialties both grew strongly in 2008, recording 14% and 9% growth respectively.

The Precious Metals Products and Catalysts business experienced a difficult second semester and as a result recurring earnings for the year fell by 35%.

Capital employed

Capital employed, average

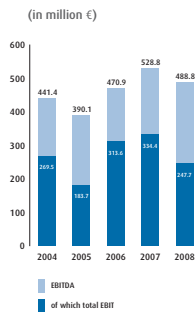
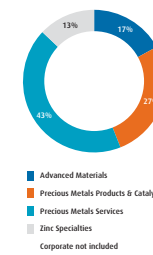


Year-end capital employed was at a similar level to the end of 2007. Average capital employed, however, was 10% higher, largely reflecting the high level of business activity and the impact of very high metal prices on working capital requirements in the first half of the year. The fall in metal prices and lower levels of business activity in the second half led to a reduction in working capital while impairments on inventories and financial assets at year-end also reduced capital employed.

The combination of stable earnings coupled with the increase in average capital employed meant that return on capital employed reached 17.9% in 2008 compared to 19.7% in 2007.

EBIT, EBITDA & non-recurring elements

EBITDA

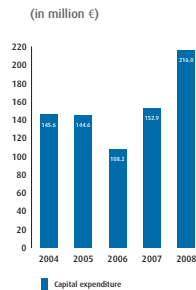
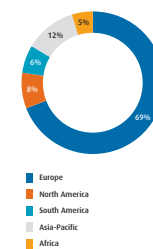


Total EBIT of € 247.7 million was negatively impacted by combined non-recurring elements of € -107.7 million. The bulk of this amount was non-cash in nature and linked to the impairment of both the value of Nyrstar shares held by Umicore and various permanently tied-up metal inventories at year-end. Full details on the non-recurring results can be found in the notes to the financial statements on page 100. Depreciation charges on fixed and intangible assets totalled € 113.4 million, the same level as in 2007.

Although some new investments were completed in 2008 the impact of these on depreciation was offset by various asset sales and impairments. In addition to depreciation, all other non-cash items such as impairments and provisions are added back to constitute EBITDA. In 2008 these totalled € 127.8 million. Overall EBITDA declined by 8% compared with 2007.

Capital expenditure & acquisitions

Capital expenditure



Capital expenditures were more than 40% higher than in 2007.

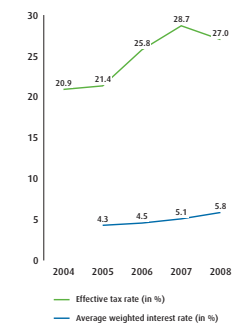
The most significant increases took place in Precious Metals Products and Catalysts, primarily as a result of capability and technology investments for the Automotive Catalyst business around the world. Investments were also well up in Advanced Materials as a result of the investments in new generation lithium ion battery materials production in Asia and in Precious Metals Services where the investment in the new pre-concentration plant in Hoboken was completed. At Group level, some 50% of the total capital expenditures were for growth projects.

Financial cost & taxes

The recurring tax charge for the period of € 73.1 million corresponded to an overall effective recurring tax rate of 27.0% on recurring pre-tax consolidated income, a slightly lower level than in 2007. The total tax charge for the period was € 67.2 million, some € 10 million higher than in 2007.

This increase was due to a higher total level of taxation on various non-recurring items. Net financial charges were higher than 2007 as a result of higher interest payments, net exchange rate losses and non-cash charges related to the discounting rates applied to long-term provisions.

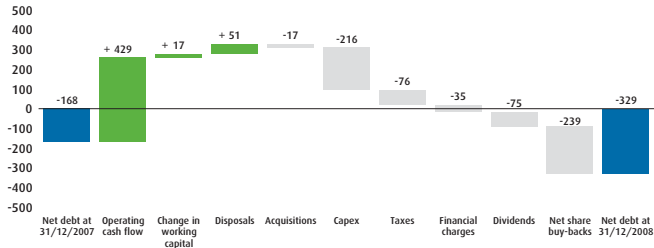
Net interest payments increased as a result of lower interest received from cash deposits and a broader spread of the company's debt in non-euro currencies with higher interest rates.



(1) Data in all charts except net financial debt has been adjusted for discontinued items for the year prior to the discontinuation. This means that 2006 data (but not data from previous periods) has been adjusted for the discontinuation of the Zinc Alloys activities in 2007. Similarly, 2004 data has been adjusted for the discontinuation of the Copper activities in 2005.

Cashflow break-down

(in million €)

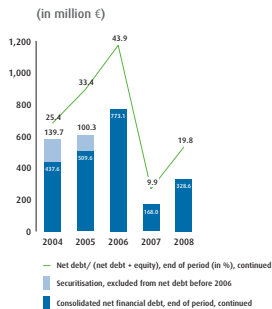
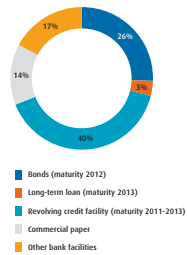


Umicore generated strong operating cash flows during 2008. The net operating cash flow was € 370.3 million. Working capital requirements decreased by some € 17 million with a significant increase in the first half offset by reductions in the second half that were due primarily to falling metals prices.

The cash outflow includes all standard elements such as capital expenditure, acquisitions, dividends and taxes as well as € 239 million of net share buy-backs. By the end of 2008 Umicore had completed 85% of a € 400 million buy-back programme that was initiated in late 2007.

Net debt evolution

Gross debt



The net financial debt at the end of 2008 stood at € 328.6 million.

This was above the exceptionally low levels seen at the end of 2007 when the company had received significant cash proceeds from the IPO of Nyrstar.

Equity decreased somewhat due to the impact of the share buy-backs and various fair value movements. The end-of-year gearing ratio was slightly below 20%, a ratio that management deems to be very healthy.

More than two-thirds of the debt was either medium or long term in nature with maturity dates between 2011 and 2013. Only half of the syndicated credit facility was in use at the end of 2008.

Distribution of economic benefits

Of Umicore's total consolidated turnover, the most significant portion was used to secure the metal component of raw materials. After subtracting other raw materials costs, energy-related costs and depreciation, the remaining economic benefits available for distribution stood at € 851.6 million.

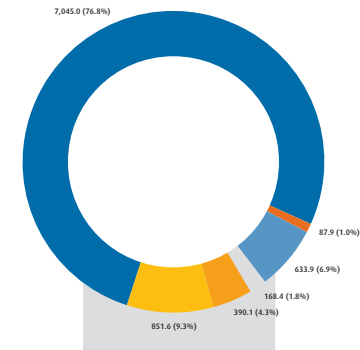
The biggest portion was distributed to employees in the form of salaries and other benefits. Umicore paid taxes to the governments and authorities where it operates and also repaid interest to its creditors.

Gross dividends paid to shareholders stayed at approximately the same level as in 2007 (€ 73 million) assuming that the proposed dividend of € 0.65 per share is accepted by the shareholders at the Annual General Meeting at the end of April 2009. In the graphics, benefits to shareholders do not include a gross amount of € 247 million effectively returned to shareholders by way of the share buy-back operations during the year.

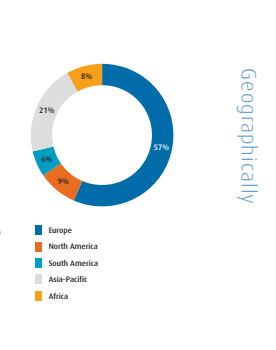
The company put some € 48.8 million of the economic benefits back into the company in the form of retained earnings. This figure deducts the proposed 2008 dividend to be paid and booked in 2009 (adjusted for treasury shares and cancellations to end February 2008) instead of the actual 2007 dividend paid and booked in 2008 and therefore is somewhat different from the official retained earnings to be found in the balance sheet at the end of 2008. The figure also deducts the net cash outflow spent on share buy-backs. Umicore spent some € 1.5 million on charitable donations.

The bulk of employee benefits were in the form of salaries, with the balance being in the form of national insurance contributions, pensions and other benefits. Employee benefits are only reported for fully consolidated entities and therefore cannot be readily compared with total headcount figures, which include associate companies. A full breakdown of employee numbers by region and by category can be found on page 66-67.

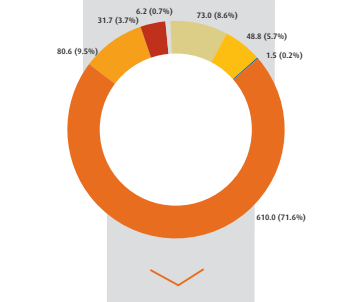
Turnover (including contribution from associates)



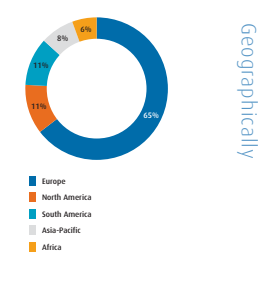
Turnover (split by destination, excluding Precious Metals Management)



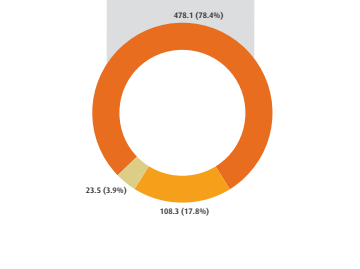
Economic benefits €851.6 (in million €)



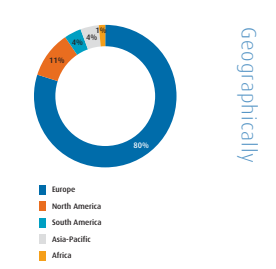
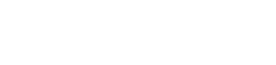
Taxes (consolidated companies only)



Employee Compensation & Benefits €610.0 (in million €)



Employee Compensation & Benefits (consolidated companies only)



Geographically

Geographically

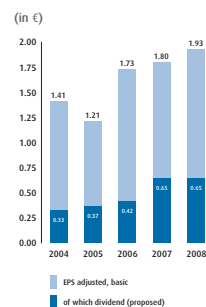
Geographically

Share information

Dividends⁽¹⁾⁽²⁾

If the appropriation of profit proposed to shareholders is approved, a gross dividend of € 0.65 per share will be paid for the financial year 2008. Dividends will be paid out from 6 May 2009 at the branches of the following institutions:

- Fortis Bank
- ING
- Bank Degroof
- Dexia Bank
- KBC Bank
- Petercam S.A.

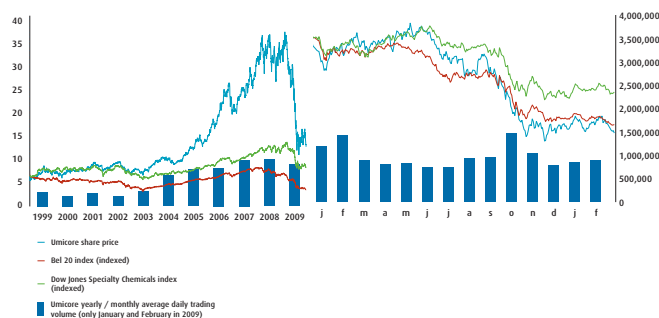


Capital structure

In February 2008 the company completed a one-for-five stock split, with the number of shares increasing from 25 million to 125 million. On 9 December 2008 the company cancelled 5 million shares, thereby bringing the total number of shares outstanding to 120 million.

Umicore bought back € 247 million worth of its own shares in 2008 as part of a €400 million share buy-back programme initiated in late 2007. During the year 643,925 treasury shares were used in the context of the exercise of stock options. At year-end the company held 7,757,722 of its own shares, corresponding to 6.47% of the total shares outstanding.

Share price & trading volumes⁽¹⁾



Key figures per share⁽¹⁾

	2004	2005	2006	2007	2008
(in €/share)					
EPS excluding discontinued operations ⁽²⁾					
EPS, basic	1.27	0.97	1.70	1.81	1.06
EPS, diluted	1.22	0.95	1.67	1.79	1.05
EPS adjusted, basic	1.41	1.21	1.73	1.80	1.93
EPS adjusted, diluted	1.36	1.19	1.70	1.78	1.91
EPS including discontinued operations					
EPS, basic	1.44	1.14	1.55	5.21	1.06
EPS, diluted	1.39	1.11	1.52	5.15	1.05
Gross dividend ⁽³⁾	0.33	0.37	0.42	0.65	0.65
Cash flow before financing, basic	0.96	1.06	(1.69)	6.22	1.69
Total assets of continued operations, end of period, basic	22.92	23.33	29.79	26.82	26.95
Group shareholder's equity, end of period, basic	7.56	7.71	7.41	12.42	11.50
Share price ⁽⁴⁾					
High	12.15	19.97	26.00	36.53	37.10
Low	8.17	11.31	19.09	23.72	10.27
Close	11.97	19.92	25.80	34.00	14.07
Average	9.62	14.81	22.74	30.65	26.55

Capital structure

	2004	2005	2006	2007	2008
Number of shares ⁽¹⁾⁽⁵⁾					
Total shares outstanding, end of period	127,274,375	129,055,250	130,050,125	130,986,625	120,000,000
of which registered shares	31,115	37,995	89,334	149,919	204,160
of which treasury shares	3,658,435	3,155,485	3,304,260	10,911,770	7,757,722
Average number of shares, basic EPS	123,307,955	125,073,349	126,469,895	125,233,789	115,263,300
Average number of shares, fully diluted EPS	128,111,169	127,574,880	128,750,009	126,850,152	116,259,507
Capital, end of period (in million €)					
Issued capital ⁽⁶⁾	563.2	459.7	463.2	466.6	500.0
Group shareholder's equity	1,236.9	971.1	939.0	1,490.8	1,290.7
Market capitalisation	1,762.8	2,570.8	3,355.3	4,453.5	1,688.4
Shareholder base, end of period (%)					
Umicore (treasury shares)	2.87	2.45	2.54	8.33	6.46
Threadneedle Asset Management	-	-	-	-	3.47
Barclays Bank PLC	-	-	-	-	3.19
Schroders	-	5.16	-	-	-
Fidelity	6.06	4.98	-	-	-
Parfina - Banque Degroof	-	3.12	3.10	3.46	3.19
Merrill Lynch	-	3.10	-	-	-
Suez	0.54	-	-	-	-
Free float	100.00	100.00	100.00	100.00	100.00

(1) All data per share and the number of shares have been adjusted for the share split of 5:1, which took place on 29 February 2008.

(2) EPS data has been adjusted for discontinued items for the year prior to the discontinuation. This means that 2006 data (but not data from previous periods) has been adjusted for the discontinuation of the Zinc Alloys activities in 2007. Similarly, 2004 data (but not data from 2003) has been adjusted for the discontinuation of the Copper activities in 2005.

(3) For those investors subject to Belgian withholding tax, the gross dividend is subject to a 25% withholding tax (reduced to 15% on presentation of VVPR strips). The 2008 dividend assumes acceptance by the shareholders of the Board's proposal of a gross dividend of € 0.65 per share.

(4) Share prices for 2005 and before have been restated to take account of the Cumerio demerger.

(5) In 2007 Umicore carried out capital increases amounting to a total of 936,500 shares created as a result of the exercise of stock options with linked subscription rights. All remaining subscription rights were cancelled in late 2007. In the years 2002 to 2006 Umicore carried out a number of capital increases as a result of: an equity offering in November 2003; the exercise of stock options with linked subscription rights; the conversion of options in the ESOP 1999 plan into ordinary shares.

(6) In 2005 the issued capital was adapted following the demerger of Cumerio and the incorporation of share premiums.

Research & Development

The transformation of Umicore from a capital-intensive metals refiner into a materials technology company has fundamentally changed the R&D investment profile of the group. Overall R&D expenditure in 2008 rose by 33%, reaching the equivalent of more than 7% of revenues. Of the total spend of € 166 million, € 16 million was spent at associate companies and € 15.5 million was spent on long term projects at corporate level.

As all of Umicore's businesses share their focus on the technology of materials and closing the materials loop, the business unit-specific R&D operations – which are fully integrated in these units – are supported by an R&D unit at Group level which has set up **core technology platforms** to maximize coherence and synergies among the different businesses:

The **Recycling & Extraction Technology** platform focuses on the development of metallurgical processes to close the materials loop and improve the throughput of metals. Highlights in this platform in 2008 include the development of advanced systems to generate ultra-high-temperature flames for the heating of conversion furnaces.

The **Fine Particle Technology** platform develops micron- and nano-sized materials for specific applications. In 2008, the transfer of manufacturing technology of nano-sized zinc oxides to the related business unit was completed.

Scientific & Technical Operations Support provides support in developing state of the art lab- and pilot installations and research methods. In 2008, the Advanced Research Methods team was able to double its virtual experimentation capacity.

EHS Scientific Competences underpins Umicore's scientific and technological work related to its Environment, Health & Safety (EHS) policies, especially in the context

of tighter regulation of materials and chemicals. **Analytical Competences** finally, provides analytic services. Both platforms help facilitate the market introduction of Umicore products.

Key Innovation Performance Indicators (KPI's) were introduced in 2008 and the collaboration with universities as well as research service partnerships with selected companies were enhanced. The Umicore Scientific Awards for external PhD (Nicolas Marion, N-Heterocyclic carbenes as supporting ligands in homogeneous catalysis) and Master thesis work were granted for the second time. The internal innovation excellence was documented through the first edition of the Umicore Innovation Awards.

Clean Technologies

Umicore in recent years has focused its R&D on "clean technologies" to optimize the use of rare and valuable materials and to reduce environmental impact: "Less is more". Some 80% of its R&D expenditure is currently dedicated to projects in this field which can be grouped in three categories:

"Energy solutions" focuses on materials for storing and producing energy in a sustainable manner. Umicore is a world leader in the production of germanium substrates, the building blocks of high efficiency solar cells which today are used in space applications primarily. In 2008, Umicore decided to invest in a doubling of its germanium substrate production capacity to capture the expected rapid growth of the terrestrial photovoltaic market. Using concentrator technology - relying on a set of mirrors or lenses to focus the sunlight on tiny solar cells - germanium-based solar cells become in certain conditions more cost-effective than traditional, but less efficient, silicon-based photovoltaics.

Umicore is also building the production capabilities to make cathode materials for

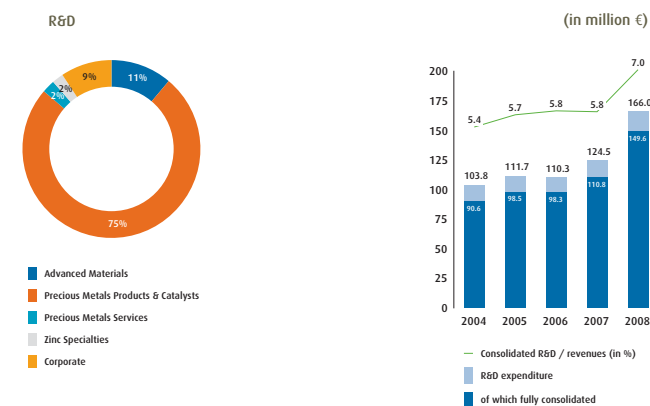
lithium-ion rechargeable batteries for use in new applications such as hybrid electric vehicles. Umicore also focuses on the development of electro-catalyst materials for use in fuel cells which emit only water vapour. This development is partly conducted through SolviCore, a 50/50 joint-venture with Solvay.

"Environmental solution" technologies mitigate the impact on the environment. Examples include Umicore's automotive catalysts – porous structure coated with precious metals solutions which react with the exhaust gases, rendering them harmless - and platinum-engineered materials such as the N₂O abatement catalyst, which help cut the emission of greenhouse gases from the fertilizer industry.

"Recycling solutions" spans Umicore entire range of activities, addressing resource scarcity and emissions by closing the materials loop and steadily decreasing the use of primary materials. Umicore, for example, operates the world's largest recycler of precious metals, recovering 17 metals – including 7 precious metals – from more than 350,000 tonnes of raw materials (by products from other non-ferrous metals refiners, spent automotive and industrial catalysts and electronic scrap).

For an overview of our range of clean technologies, see pages 16-21.

Research & development

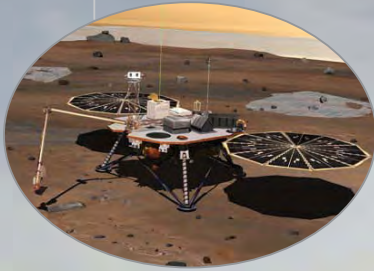


Energy solutions

High-efficiency germanium-based solar cells

Feel the power of the sun on earth, water, in the sky and way out there in space.

SPACE SOLAR CELLS



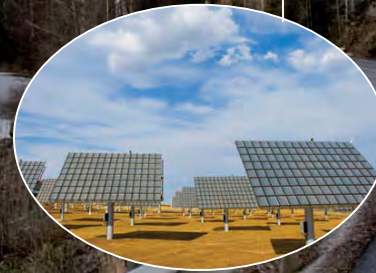
High-efficiency germanium-based solar cells are used in space applications primarily, for example in the Phoenix Mars Lander which touched down on Mars in 2008.

SOLAR BOAT



The winner of the Frisian Solar Challenge in Holland in 2008 used Umicore's germanium substrates.

SOLAR POWER PLANT



High-efficiency germanium-based solar cells are increasingly used in terrestrial applications, such as power plants.

SOLAR CAR



The Umicore Solar Team came in second place during the World Solar Challenge in late 2007, a 3,000 km solar car race connecting the north and south of Australia.

Environmental solutions

Automotive Catalysts: clean air for a clean city

We help clean the air: our precious metals solutions have aided in fundamentally improving the environmental performance of the cars which are currently roaming the streets. We continually improve the performance of our catalytic materials to make sure that the automobile sector meets the increasingly stringent environmental legislation.



AUTOMOTIVE CATALYSTS

Materials with such exotic names as platinum, rhodium and palladium react with harmful emissions from combustion engines, rendering these gases largely harmless.



Recycling solutions

Closing the materials loop: we do not waste anything

Many electronic applications wouldn't be around if it weren't for those sophisticated specialty and precious metals based materials that make them work. Do not worry about what to do with applications once they have outlived their usefulness. Metals have eternal life: they can be infinitely recycled without losing their properties.

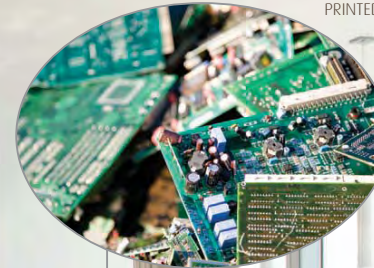
Umicore is the world's largest recycler of precious metals, processing several hundreds of thousands of tonnes of material every year and feeding those precious tonnes of metals back into the economic cycle.

MOBILE PHONES



Obsolete mobile phones contain valuable precious metals such as silver (Ag), gold (Au) or palladium (Pd) which Umicore's complex recycling and refining operation is able to capture. On average 50,000 mobile phones contain about 1 kg of gold and 10 kg of silver. Only about 1-2 % of all phones discarded annually are recycled. The potential for this type of "above ground mining" is therefore huge.

PRINTED CIRCUIT BOARDS



RECHARGEABLE BATTERIES



Umicore also closes the loop for obsolete batteries: using its award-winning VAL'EAS™ process, it is able to recycle rechargeable batteries requiring neither hazardous pre-processing nor separation, with no production of (hazardous) waste or gas.

**MyungKyung Kim, Marketing manager,
Cobalt & Specialty Materials, and her family**



Economic report



Cintia Santato, Export assistant, Precious Metals Chemistry, and husband Fabio

We grow together...

...the Umicore way

Umicore endeavours to provide society with innovative materials which enhance the quality of life while reducing the impact of human activity on the environment. We do this by harnessing our unique experience and expertise in combining materials science, chemistry and metallurgy.

We help set society on a course towards a sustainable future. Our strategic vision of sustainable development is a common thread through all of our activities.

That is our way of doing business: "The Umicore Way".



Rechargeable batteries

Umicore is a world leader in the production of key materials for rechargeable batteries used in laptops and mobile phones.

MyungKyung Kim, Marketing manager, Cobalt & Specialty Materials

Advanced Materials

Profile

The Advanced Materials business group produces high-purity metals, alloys, compounds and engineered products for a wide range of advanced applications. The main materials used are cobalt, germanium and nickel.

The business group is composed of three business units - **Cobalt and Specialty Materials**, **Electro-Optic Materials** and **Thin Film Products** and also comprises a 40% shareholding in Element Six Abrasives - a joint venture with Element Six.

The materials produced by Advanced Materials can be found in a number of clean energy applications including rechargeable batteries and photovoltaics. Some 78% of Advanced Materials' raw materials needs are sourced from end-of life or secondary materials.

For a more detailed profile of the Advanced Materials business along with information on its sustainability context please visit: www.umicore.com/en/businessGroups/am/am.htm

Year performance and highlights

The business recorded strong growth with progression in revenues, which were up by 19% and recurring EBIT, up by 14%. The increase was driven by an improved performance in the Cobalt and Specialty Materials businesses, with all product areas showing good annual growth. Although the full year developments were positive in this business, there was a considerable drop in sales volumes in the fourth quarter as the effects of the global economic downturn started to have an effect on customer demand. The Electro-Optic Materials business recorded another excellent year with high levels of sales throughout 2008. The Thin Film Products business saw sales fall but there were promising developments in the introduction of new products. The contribution of associate companies was down due to a lower net result from Element Six Abrasives.

Total capital expenditures were higher than in 2007 driven by investments in rechargeable battery materials and germanium substrates.

Analysis overview

Recurring EBIT

+14%

+ 19%
Revenues

Strong growth in
Cobalt & Specialty Materials

Business review

In **Cobalt and Specialty Materials** annual sales volumes of cathode materials for Li-ion rechargeable batteries were at the same level as in 2007. Customer demand softened towards year-end as sales of portable electronic equipment started to fall. In addition, battery producers started to destock materials which had been built up in anticipation of continued linear growth in battery demand. In 2008 Umicore announced investments in South Korea and China, which are focused on increasing Umicore's capabilities in the introduction of new cathode materials.

Sales volumes of extra fine cobalt powders for both diamond and hard-metal tooling applications were down 9% year-on-year. Sales of cobalt and nickel products for applications including ceramics, tyre production and plating were down slightly in 2008, whereas sales of cobalt and nickel products for catalytic applications continued to grow throughout the year. Refining and recycling volumes were well up due to an increased availability from primary sources and intensified efforts to source secondary materials.

In **Electro-Optic Materials** sales of substrates were well up in 2008. The growth was due to increased demand from the satellite sector complemented by higher sales levels for terrestrial concentrator photovoltaic and LED applications. In 2008 these newer applications made up some 15% of total substrate sales. Umicore announced the development of a new substrates production facility in the US which is scheduled for completion in early 2010. This will provide the capability to serve these emerging markets for germanium substrates.

Sales of blanks for infra-red optics applications showed strong progression year-on-year while deliveries of low-germanium containing GASIR® assemblies were down.

In **Thin Film Products** sales of materials used in electronic applications dropped sharply at year end while sales of ophthalmic-related products remained stable through the year. In the area of large area coatings, revenues were well up year-on-year. Development work and market introduction of new rotary indium tin oxide and aluminium zinc oxide targets made excellent progress through the year.

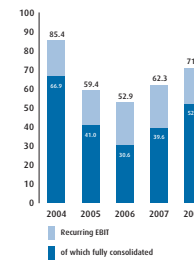
Sales volumes of products for oil and gas applications increased. Sales volumes of products used in the woodworking and metalworking sectors fell with the bulk of the slowdown being felt in the fourth quarter; the reduced activity in the construction and automotive markets led to lower orders as customers ran down inventory levels. Sales volumes of hard metal products were also down. The net contribution of **Element Six Abrasives** to Umicore's recurring results was negatively impacted by adverse currency movements during the year.

In figures ...

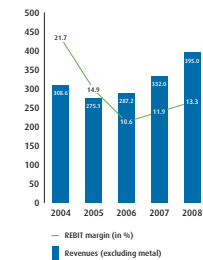
	2004	2005	2006	2007	2008
Turnover	552.5	456.4	606.4	831.2	982.9
Revenues (excluding metal)	308.6	275.1	287.2	332.0	395.0
EBITDA	106.3	83.6	77.1	83.5	86.3
Recurring EBIT	85.4	59.4	52.9	62.3	71.1
of which associates *	18.6	18.4	22.3	22.6	18.7
Total EBIT	76.6	57.7	43.6	55.1	48.3
Recurring EBIT margin (%)	21.7	14.9	10.6	11.9	13.3
Capital expenditure	24.9	22.2	15.8	20.3	52.3
Capital employed, average	408.5	387.0	380.9	422.5	468.4
Return on Capital Employed (ROCE) (%)	20.9	15.4	13.9	14.7	15.2
Workforce, end of period	4,075	4,330	5,515	5,821	6,198
of which associates *	2,574	2,935	4,139	4,261	4,550

* Ganzhou Yi Hao Umicore Industries Co. Ltd., Jiangmen Chancsun Umicore Industry Co. Ltd., Todini and Co., (all Cobalt & Specialty Materials); Element Six Abrasives 2007 figures were restated as the Thin Film Products business unit was moved from the Precious Metals Products & Catalysts business group to Advanced Materials.

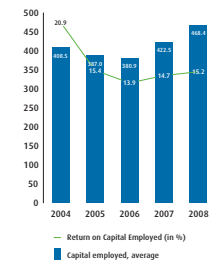
Recurring EBIT (in million €)



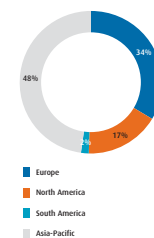
Revenues (in million €)



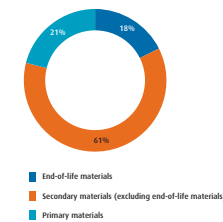
Capital employed (in million €)



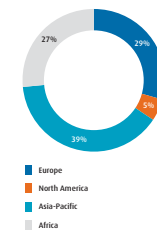
Turnover (by destination)



Resource efficiency



Workforce, end of period





Natthaya Kusolmanomai, Accountant,
Jewellery and Electroplating;
Panot Theppratra, Assistant
Production Manager and QMR,
Jewellery and Electroplating

Precious metals products

Umicore is a key supplier of precious metals alloys for use in high-quality jewellery.

Precious Metals Products and Catalysts

Profile

Precious Metals Products and Catalysts produces a range of complex functional materials based on precious metals and its expertise in technology platforms such as catalysis and surface technology. The business is organized in five business units: **Automotive Catalysts, Catalyst Technologies, Jewellery and Electroplating, Platinum Engineered Materials** and **Technical Materials**.

Precious Metals Products and Catalysts plays a significant role in the abatement of global automotive emissions through its automotive catalysts products. It is also involved in the development of materials and membranes for fuel cell applications.

Secondary and end-of-life materials account for some 23% of the input materials for the business (excluding the effect of automotive catalyst substrates). The business is Umicore's single biggest investor in research and development.

For a more detailed profile of the Precious Metals Products & Catalysts business along with information on its sustainability context please visit:

www.umicore.com/en/businessGroups/pmcp/pmcp.htm

Year performance and highlights

The year was marked by a strong first half followed by a much weaker second half.

Annual revenues were up by 10% (due primarily to the inclusion for the full year of sales from the former Delphi Automotive Catalyst operations) while operating profit fell by 34%.

The Automotive Catalyst business felt the full force of the downturn in the automotive sector in the fourth quarter. This was exacerbated by customer destocking towards the end of the year. The Technical Materials business also experienced a strong reduction in sales levels in the second half as a result of falling demand from the automotive and construction sectors.

The Jewellery & Electroplating business performed strongly, benefiting from its closed-loop offering, while Platinum Engineered Materials also performed well throughout the year with the completion of a number of customer projects in the glass industry. Catalyst Technologies performed better year-on-year.

Analysis overview

Recurring EBIT

-34%

+10%
Revenues

Sales fell significantly
in the fourth quarter

Business review

Global car production fell by 4% in 2008. Against this backdrop Umicore's **Automotive Catalysts** sales volumes were up year-on-year. However, this was mainly related to the integration of the former Delphi activities. Catalyst sales fell sharply in the fourth quarter and this volume reduction, combined with a broader production base and higher research spending, led to reduced profitability. Umicore's sales volumes in Europe were up year-on-year, with sales of diesel particulate filter volumes continuing to grow well. In North America, car production slowed through the year and the trend was exacerbated by destocking throughout the supply chain. The North American market also trended towards smaller vehicles. Asian car production grew in 2008, although a slowdown became apparent in the second half. Umicore sales volumes in Asia increased, primarily as a result of the integration of the former Delphi activities in China. In South America Umicore's sales volumes were stable year-on-year.

Umicore continued to broaden its technical product and process capabilities in anticipation of longer term market developments. Additional test, research and production capabilities were added around the world.

In **Catalyst Technologies** there was higher demand from fine chemical and pharmaceutical customers. A new production plant for APIs (Active Pharmaceutical Ingredients) opened in October in Pilar, Argentina. With the growing spotlight on electrified drivetrain technology, came an increase in funding by government and major OEMs, extending to fuel cell research, which benefited Umicore's development activities in this area.

In **Platinum Engineered Materials** sales were above 2007 levels, due mainly to increased capital expenditure in the LCD glass industry. Orders did, however, drop towards year end. Umicore also penetrated adjacent technical and optical glass manufacturing markets. Sales of platinum gauzes remained stable throughout the year.

In **Technical Materials**, revenues for contact materials were stable although sales volumes trended down sharply at the end of the year as a result of lower demand from the automotive and construction sectors. In the brazing alloy activity the market for pastes used in tooling, automotive and HVAC applications fell significantly in the second half.

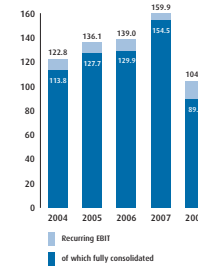
In **Jewellery and Electroplating**, silver blanks used for coinage and industrial applications were in strong demand while sales volumes of semi-finished gold products were comparable to the previous year. Sales volumes of electroplating solutions were down as demand weakened for products used in applications related to the electrical and automotive sectors. Recycling volumes for gold and silver were well up.

In figures ...

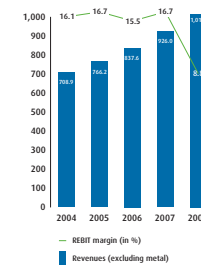
	2004	2005	2006	2007	2008
Turnover	1,678.7	1,860.6	2,502.2	2,880.2	3,282.8
Revenues (excluding metal)	708.9	766.2	837.6	926.0	1,016.9
EBITDA	166.6	177.7	181.1	193.5	136.6
Recurring EBIT	122.8	136.1	139.0	159.9	104.7
of which associates *	9.0	8.4	9.1	5.4	14.8
Total EBIT	122.4	135.3	132.2	149.3	91.9
Recurring EBIT margin (%)	16.1	16.7	15.5	16.7	8.8
Capital expenditure	49.2	43.6	32.7	39.2	73.3
Capital employed, average	581.9	610.1	695.1	726.2	913.9
Return on Capital Employed (ROCE) (%)	21.1	22.3	20.0	22.0	11.5
Workforce, end of period	3,273	3,420	4,022	4,311	4,403
of which associates *	178	220	263	248	272

* ICT Co. Japan, ICT Inc. USA, Ordeg Korea, (all Automotive Catalysts); SolviCore (Catalyst Technologies)
2007 figures were restated as the Thin Film Products business unit was moved from the Precious Metals Products & Catalysts business group to Advanced Materials.

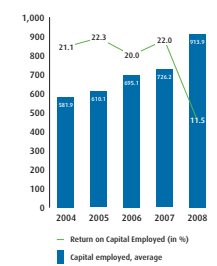
Recurring EBIT (in million €)



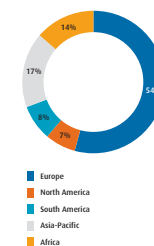
Revenues (in million €)



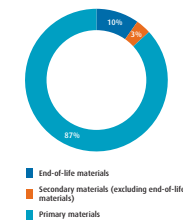
Capital employed (in million €)



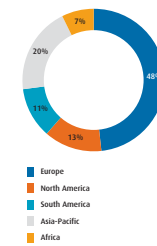
Turnover (by destination)



Resource efficiency



Workforce, end of period



Precious Metals Services

Profile

Precious Metals Services is the world market leader in recycling complex waste streams containing precious and other non-ferrous metals. It is divided into two business units: **Precious Metals Refining** and **Precious Metals Management**.

The refining operations can recover some 17 precious and other non-ferrous metals from a wide range of complex industrial intermediate materials and from precious metals-bearing scrap from electronic and catalytic applications. It sources these materials from a truly global supply base. Precious Metals Refining is unique in the range of materials it is able to recycle and the flexibility of its operations. Input materials come almost completely from secondary sources (industrial by-products and end-of-life materials).

The business group's resource efficiency (use of recycled plus secondary sources) amounts to 92 %. The operations offer the ultimate example of closing the materials loop and using the infinite recyclable properties of metals to the maximum.

For a more detailed profile of the Precious Metals Services business along with information on its sustainability context please visit: www.umicore.com/en/businessGroups/pmr/pmr.htm

Year performance and highlights

The business generated outstanding and somewhat exceptional results in 2008 with revenues and recurring EBIT up by 17% and 37% respectively. The refining operations continued to benefit from excellent supply conditions.

The availability of materials from both secondary and end-of-life sources was excellent and the unit also benefited from a good mix of treated materials. Higher average received prices of precious and specialty metals also contributed to the outstanding performance.

The Metals Management activities generated much higher returns than usual as a result of the extraordinary conditions in the world's precious metals markets. Capital expenditures were significantly higher in 2008 as a result of the completion of the investment in the new pre-concentration plant in Hoboken which became operational in mid-year.

Recycling of electronic scrap

Umicore is the world's largest recycler of precious metals from a wide range of sources, including electronic scrap from old mobile phones

Alexandre Barbosa de Oliveira
Santos; Production operator,
Precious Metals Refining

Analysis overview

Recurring EBIT
+37%

+17%
Revenues

All business conditions were
favourable in 2008

Business review

Refining revenues in **Precious Metals Refining** grew relative to the previous year, as a result of higher received metal prices, higher input volumes, further improvements to the input mix and better average treatment terms year-on-year.

Supply conditions for most materials remained excellent. Arrivals of by-products from the non-ferrous and precious metals refining industry were up in 2008. High volumes of most recyclables were also processed, especially industrial catalysts. In the second half of the year, some non-ferrous and precious metals producers announced production cut backs that may affect supply in 2009. The recovery of spent automotive catalysts also decreased toward year end. In a worsening economic environment the lifetime of a car tends to be extended and this started to affect the availability of used catalysts.

Despite overall declining metal prices, the metal price component in the revenues increased, compared to 2007, reflecting prices that were locked in previous periods. This was one of the main reasons behind the unit achieving such a strong second half performance when the market prices fell sharply. The contractual arrangements in place will give a degree of downside protection should low metal prices persist in 2009. The unit generated higher revenues from secondary metals and by-products such as sulphuric acid, the price of which trended down towards the end of the year.

The new pre-concentration plant investment was completed in the first half of 2008 and became operational at the beginning of the second half of the year, thereby further increasing the operational flexibility of the Hoboken plant and reducing inventory levels and working capital requirements.

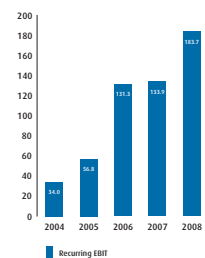
Concerning **Precious Metals Management**, industrial demand for metals was strong through the first half of the year but slowed and continued to decline, particularly in the last quarter. Conversely, investor demand for gold ingots rose to levels not seen for many years. In the financial crisis, which deepened through 2008, demand for these products far outstripped global inventories and production capacity.

Precious metal prices experienced unprecedented volatility in 2008. While many precious metals prices reached all-time highs in the first half, prices fell sharply in the second semester. Such price volatility provided excellent trading opportunities throughout the year, thereby contributing well above average to the business group results.

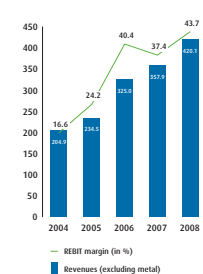
In figures ...

	2004	2005	2006	2007	2008
Turnover	2,282.9	3,133.0	4,005.7	3,465.6	4,145.3
Revenues (excluding metal)	204.9	234.5	325.0	357.9	420.1
EBITDA	59.0	97.7	162.4	173.3	218.2
Recurring EBIT	34.0	56.8	131.3	133.9	183.7
Total EBIT	31.8	56.6	121.5	128.9	182.0
Recurring EBIT margin (%)	16.6	24.2	40.4	37.4	43.7
Capital expenditure	20.9	23.5	20.9	52.1	60.9
Capital employed, average	289.9	254.7	276.2	246.0	229.5
Return on Capital Employed (ROCE) (%)	11.7	22.3	47.5	54.4	80.1
Workforce, end of period	1,289	1,297	1,314	1,452	1,514

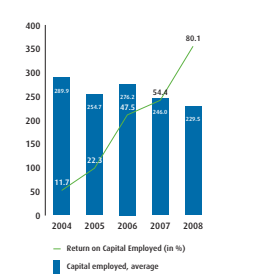
Recurring EBIT (in million €)



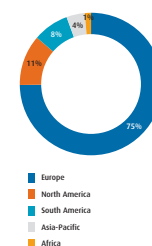
Revenues (in million €)



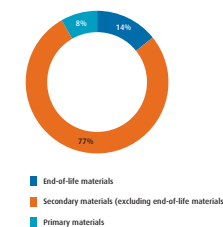
Capital employed (in million €)



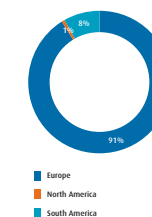
Turnover (by destination)



Resource efficiency



Workforce, end of period





Zinc chemicals and sunscreens

Umicore's nano zinc oxides are used for sunscreen applications. Scientific studies have demonstrated their advantages over organic UV-blockers

Pascal Verbiest and his children,
Head of Product Development,
Zinc Chemicals

Zinc Specialties

Profile

Zinc Specialties develops zinc-based chemicals, powders and materials for a wide variety of products including paints, catalysts, building materials and primary batteries.

Zinc Specialties is organized around three business units: **Zinc Chemicals, Building Products** and **Zinc Battery Materials**. One of the principal properties of zinc is its excellent corrosion resistance, thereby enhancing the durability of the products on which it is coated.

Zinc Specialties is a significant recycler of zinc, with 32% of the feed coming from recycled sources. "Closing the loop" is a central pillar of the business strategy.

For a more detailed profile of the Zinc Specialties business along with information on its sustainability context please visit: www.umicore.com/en/businessGroups/zn/zn.htm

Year performance and highlights

The revenues for the year were down by 1% while recurring EBIT was up by 9%.

The improved performance was largely due to a better contribution from the Building Products activities which overcame the production difficulties that had impacted the business in the second half of 2007.

The Zinc Chemicals operations performed at a high level, although sales volumes fell towards year-end as customer demand weakened in a number of end-markets. As anticipated, the Zinc Chemicals activities also received a lower zinc price in 2008 compared with 2007.

The smaller Zinc Battery Materials business performed well as a result of higher sales of more advanced products. All business areas started to feel the impact of reduced demand in the fourth quarter.

Analysis overview

Recurring EBIT
+9%

-1%
Revenues

Improved returns
from Building Products

In figures ...

Business review

In **Zinc Chemicals** sales volumes in all product categories were lower year-on-year. This was particularly the case in the fourth quarter when customers reduced orders significantly. In fine zinc powders there was a decline in deliveries of paint grade powders to paint manufacturers serving the Asian sea-container market. Sales of chemical grade products were also lower, largely as a result of lower demand from the European zinc smelting industry. Sales of zinc oxides were lower, primarily as a result of lower demand from tyre producers and ceramics manufacturers. Average product premiums for the different product categories were strong throughout 2008, although the volume declines also placed pressure on premiums in the last weeks of the year.

In the recycling operations the availability of materials remained tight through the year and the drop in the zinc price – notably in the second half – led to lower recycling margins.

In July 2008, the business unit acquired Anandeya Zinc Oxides, located in Goa, India. The acquisition of this zinc oxide producer will help Umicore provide broader support for its customers in India and the Middle East. The experience gained in the transaction will also benefit the Umicore Group in its pursuit of further growth possibilities in India.

In **Building Products** sales volumes for the year were up 4% compared to 2007. There was a slowdown in deliveries in the fourth quarter as a result of the downturn in the European construction market – particularly in Germany and France. This was primarily a feature of new-build residential construction, a market which accounts for approximately 40% of Umicore’s revenues in this business unit. Activity levels in renovation, non-residential and new geographical markets helped compensate somewhat for the downturn in new residential construction. Sales of higher value added products, including pre-weathered zinc, continued to grow and made up more than 30% of the total sales by volume for the first time. Average product premiums for the year were somewhat higher than the levels of 2007.

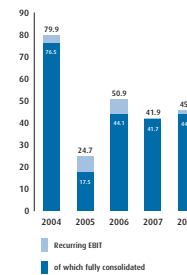
A review of the different options regarding the future of the lead sheet activity in Overpelt, Belgium, has been completed. Umicore announced its intention to close this operation and initiated consultation with the Works Councils and union representatives.

The **Zinc Battery Materials** business posted a stable performance through most of the year with sales of higher-grade materials well up year-on-year. Deliveries of powders fell significantly in the last quarter, however. The Chinese operations performed well throughout the year, moving away from export-driven sales and adopting a successful domestic sales focus. Product premiums in Europe and Asia remained stable throughout the year.

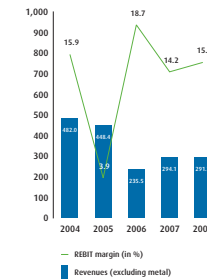
	2004	2005	2006	2007	2008
Turnover	933.8	940.8	982.9	1,056.1	719.5
Revenues (excluding metal)	482.0	448.4	235.5	294.1	291.7
EBITDA	134.0	65.1	66.5	61.7	65.5
Recurring EBIT of which associates *	79.9	24.7	50.9	41.9	45.7
Total EBIT	3.4	7.2	6.8	0.2	1.7
Recurring EBIT margin (%)	82.3	(25.4)	45.2	34.8	29.3
Capital expenditure	15.9	3.9	18.7	14.2	15.1
Capital employed, average	41.5	47.2	25.2	25.5	18.5
Return on Capital Employed (ROCE) (%)	360.5	383.5	277.4	359.5	301.4
Workforce, end of period of which associates *	22.2	6.4	18.3	11.6	15.2
	4,048	3,977	2,027	2,172	2,229
	1,173	1,159	477	509	512

* Rezinal (Zinc Chemicals); Ieqsa (Building Products)

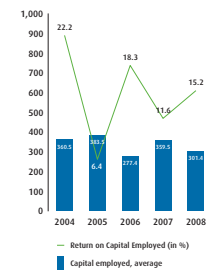
Recurring EBIT (in million €)



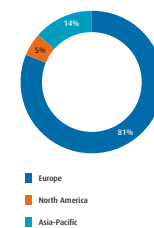
Revenues (in million €)



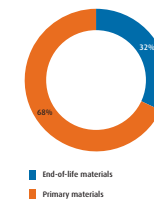
Capital employed (in million €)



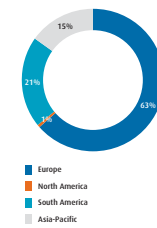
Turnover (by destination)



Resource efficiency



Workforce, end of period



Environmental report



Claudio Vasconcelos; Engineering quality supervisor, Technical Materials, and his family

We live together...

...the Umicore way

In 2000, Umicore adopted five-year objectives to improve its environmental performance, acknowledging that success must also take into account the broader environmental impact of its operations and products, as well as the needs of future generations. These objectives - along with a parallel set of social targets introduced in 2005 - constitute the cornerstone of Umicore's sustainable development approach. Every year, based on a set of performance indicators, the progress made towards achieving these targets is analysed, reported and acted upon.

In 2004, Umicore laid out the principles of its pursuit of sustainable development in "The Umicore Way", a beacon guiding the group on the road to a sustainable future.



"The remediation of the Bankloop is an accomplishment of which Olen residents as well as future generations can be proud. The issue had been dragging on for years and started to weigh on the local community. The technical implementation of the project was not easy. Communicating with the local population was clearly part of a learning process and did not always proceed smoothly. But the creation of the Dialogue & Consultation working group made it clear that Umicore was determined to implement the remediation in full transparency."

Nico Mijndonckx (front) resides in Olen (Belgium) and is the chairman of the Dialogue & Consultation working group which coordinated the consultation of the local population on the remediation of the Bankloop brook, which runs alongside the Umicore site in Olen. Nico is seen here with Olen EHS manager Ludo De Ridder (back).

Group Environmental Performance Analysis

Scope

This section offers an evaluation of Umicore's environmental performance for 2008 in comparison with 2007. The analysis focuses on the material environmental aspects most of which form the basis of the Group environmental objectives for the period 2006-2010 (see pages 68-77). Only data from consolidated sites where Umicore has operational control are included in this report.

Five sites that were acquired during 2007 were added to this performance analysis while one site was closed, bringing the total number of reporting sites to 63. The environmental data of the business unit Thin Film Products, previously reported in the business group Precious Metals Products & Catalysts, are now integrated in the business group Advanced Materials.

Within the scope of Umicore's reporting framework, the majority of the sites reported their environmental performance at the end of the third quarter together with a forecast for the fourth quarter.

The four sites with the largest environmental impact (in 2008: Hoboken, Changsha, Hanau, Olen) reported their full-year figures. For various reasons, full year figures were also available for a further six sites (Angleur, Eijsden, Pforzheim, Viviez, Overpelt, Florange).

A sensitivity analysis done on three indicators (metal emissions to air, metal emissions to water and energy consumption) indicated that the potential overestimation of the environmental performance during the fourth quarter - because of the economic slowdown - would amount to a maximum of about 3% of the total annual data.

Umicore uses a central environmental database for all sites to report their data, thereby ensuring a consistent interpretation of definitions of the key indicators. More details on Umicore's environmental management approach are available at www.umicore.com.

The key performance data are summarized in the table on page 49.

Due to improved data collection at site level, some performance data reported in the 2007 report have been subject to minor adjustments.

Analysis

22% Recycled materials

15,757 kg metals emitted to air compared to 14,532 kg in 2007

Resource efficiency and recycling

Recycling of metals-related materials is at the core of Umicore’s business. In order to quantify this aspect, the company reports on its ‘resource-efficiency and recycling capabilities’; each business unit is required to identify the origin of its incoming materials using the following definitions.

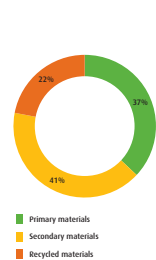
- Primary materials: materials that are being used for the first time. These materials are mainly ores and concentrates.
- Secondary materials: by-products of primary material streams
- Recycled materials: materials that have ended their first life cycle and will be re-processed through recycling, thereby entering a 2nd, 3rd ...life.

Incoming materials are regarded as primary by default if their origin is unknown.

The collected data are expressed in terms of total tonnage of incoming material.

In 2008, 37% of Umicore’s incoming materials were of primary origin, compared to 38% in 2007. Twenty-two percent of the incoming materials were recycled materials while secondary materials accounted for 41% (figure 1).

FIGURE 1
Input materials Umicore (in %)



Water consumption

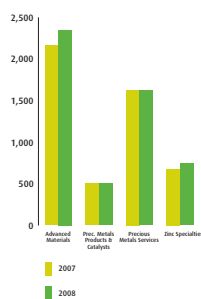
Total water consumption covers the use of water for process and sanitary purposes.

Total water consumption increased slightly from 4,971,000 m³ in 2007 to 5,220,000 m³ in 2008, representing an increase of about 5 %. The site in Overpelt (Zinc Battery Materials and Building Products) reported an increase in the use of groundwater from 43,000 m³ in 2007 to 107,700 m³ in 2008 mainly due to the reporting of real consumption data compared to estimated figures received in 2007 from the owner of the site, Nyrstar. The increase for Advanced Materials is mainly due to the transfer of the Thin Film Products sites to this business group as well as a slight increase in mainly surface water use at the Olen site (Electro-Optic Materials and Cobalt & Specialty Materials) (figure 2).

Energy consumption

In order to provide a detailed picture of Umicore’s energy consumption, information is collected on all relevant energy carriers. This includes data on electricity, heavy fuel, gas-oil, natural gas, liquefied propane gas (LPG), coal as well as data on the energy content of purchased compressed air and steam. The two main office buildings (Brussels and Bagnolet) also reported their energy consumption.

FIGURE 2
Water consumption (1,000 m³)



In 2008, total energy consumption stood at 7,838 terajoules, up from 7,637 terajoules in 2007. The main increase is observed in the business group Precious Metals Products & Catalysts, which is largely explained by the integration of four new sites in the reporting scheme. The slight decrease in Zinc Specialties is caused by the lower production volumes at the site in Changsha (Zinc Chemicals) (figure 3).

Indirect energy consumption by primary energy source was 202.3 terajoules.

The revamping of the office building in Brussels decreased energy consumption by about 20% compared to 2007 levels.

Waste

Each Umicore site is required to report separately volumes of hazardous and non-hazardous waste as defined by local legislation. The figures below do not include the excavated contaminated soil from the various rehabilitation projects.

The generation of hazardous waste increased from 27,578 tonnes in 2007 to 54,405 tonnes in 2008 (figure 4)

An important increase in hazardous waste generation was noted in Advanced Materials, from 9,887 tonnes in 2007 to 21,400 tonnes

in 2008. This was mainly due to a change in feedstock at the site in Olen (Electro-Optic Materials and Cobalt & Specialty Materials) which generated residues that needed to be sent to a waste handler for further treatment. Furthermore, a new nickel recycling activity generated waste water that needed to be treated by an external waste handler.

Finally, the reduced internal recycling of sludge from the waste water treatment plant and an increase in construction debris added further to the site’s hazardous waste volumes. Efforts are being made to decrease the volumes of hazardous waste in 2009.

The regional environmental authority requested the site in Hoboken (Precious Metals Refining) to dispose of the historical stock of calcium arsenate residues. To that end, these residues were sent to landfill in the beginning of 2008, resulting in hazardous waste volumes of 25,085 tonnes compared to 12,645 tonnes in 2007. As it concerned a non-recurring disposal, volumes will again decrease in 2009. Excluding the calcium arsenate, hazardous waste volumes for the site decreased by 15% compared to 2007 levels.

Finally, the site in Viviez (Building Products) had to send zinc residues to an external waste handler instead of shipping it for further treatment to Nyrstar in Auby.

FIGURE 3
Energy consumption (in Tj)

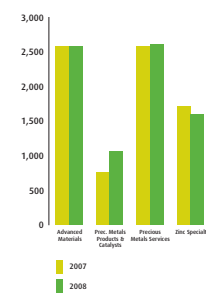
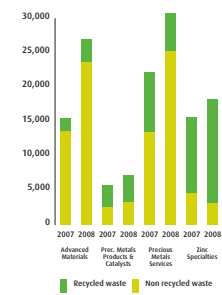


FIGURE 4
Total waste produced (in tonnes)



The total recycling rate of hazardous waste for the Group stood at 13.1%.

Volumes of non-hazardous waste decreased from 31,481 tonnes in 2007 to 28,739 tonnes in 2008 mainly due to less slags at the site in Hoboken (Precious Metals Services). Seventy one percent of the non-hazardous waste was recycled compared to 66% in 2007.

Emissions to water and air

Emissions to surface water

Following seven years of constant reductions, metal emissions to water rose from 4,858 kg in 2007 to 5,709 kg in 2008 (figure 5). The higher emission rate for Advanced Materials is due to higher activities in Maxton (Cobalt & Specialty Materials) compared to 2007. Nickel emissions at the site in Viviez (Building Products) increased due to a higher activity level but also a change in the process for producing pre-weathered zinc sheets.

In 2008 a total of 306,373 kg of “chemical oxygen demand” (COD) was discharged (data not presented in overview table) compared to 268,534 kg in 2007. The increase at some of the sites in Belgium in the reported numbers is a likely overestimation due to the chemical analysis. This will be further evaluated in 2009.

Emissions to air

In 2008, total metal emissions to air amounted to 15,757 kg, up from 14,532 kg the year before (figure 6).

The apparent increase observed in Precious Metals Products & Catalysts is due to a more accurate sampling at the sites in Bangkok (Jewellery and Electroplating) and Burlington (Automotive Catalysts). While the local emissions standard was not exceeded, the site in Pasir (Zinc Chemicals) emitted higher concentrations of zinc because of a temporary leak in a bag filter. Improved maintenance will prevent similar incidents in the future.

Some sites showed a reduction of metal emissions to air.

The site in Hoboken (Precious Metals Refining) was able to reduce its metal emissions to air due to, amongst other factors, decreased emissions at the precious metal concentration plant, lower emissions from the lead blast furnace and a switch from fuel to natural gas combustion.

Similarly, the site in Changsha (Zinc Chemicals) reduced its zinc emissions significantly after the installation of a new gas cleaning installation.

FIGURE 5
Metals emitted to water (in kg)

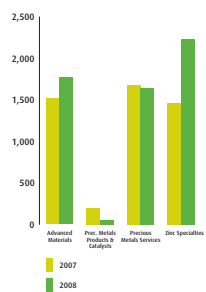
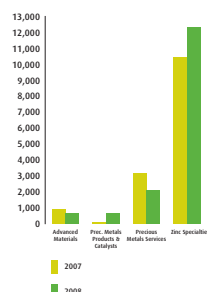


FIGURE 6
Metals emitted to air (in kg)



The SO₂ emissions to air decreased from 810 tonnes in 2007 to 561 tonnes in 2008.

NO_x emissions decreased from 534 tonnes to 415 tonnes in 2008 (see overview table).

Emissions of ‘volatile organic compounds’ (VOC) were reported for the second year. However, due to different interpretations of the VOC definition at some of the sites, a global performance figure cannot be reported. The company has initiated a project to achieve more consistency in the interpretation and reporting of this indicator.

After two years of data evaluation, the emission of ozone depleting substances is deemed to be not material for the company.

Greenhouse gases

The greenhouse data relate to reported emissions associated with both scope 1 (direct greenhouse gas emissions) and scope 2 (emissions from purchased electricity, steam and compressed air).

Total CO₂ emissions in 2008 amounted to 589,256 tonnes, up from 565,599 tonnes in 2007 (figure 7). The increase in the business group Precious Metals Products & Catalysts is due to four new sites being added to the reporting scope. The decrease

in Advanced Materials is due to more natural gas - instead of fuel - combustion in 2008 at the site in Olen.

The slight decrease in CO₂ emissions in Zinc Specialties is linked to lower production volumes in Changsha (Zinc Chemicals). Emissions of CH₄ amounted to 4.83 tonnes CO₂ equivalent; N₂O emissions amounted to 38,099 tonnes CO₂ equivalent. The total global warming potential (based on the three relevant greenhouse gases: CO₂, CH₄ and N₂O) increased from 599,362 in 2007 to 627,568 tonnes CO₂ equivalent in 2008.

Regulatory compliance

In 2008, close to 64,000 environmental measurements were carried out at all of Umicore’s industrial sites compared to some 47,000 the year before. These measurements are done to verify environmental compliance with the applicable regulatory requirements, permits and/or local standards. They typically include waste water sampling and ambient air monitoring as well as environmental noise measurements.

The increase in the number of measurements in Advanced Materials is due to enhanced cobalt monitoring at the sites in Maxton and Fort Saskatchewan (Cobalt & Specialty Materials). The increase in the

FIGURE 7
CO₂ emissions (in tonnes)

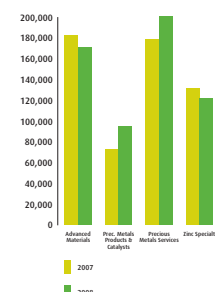
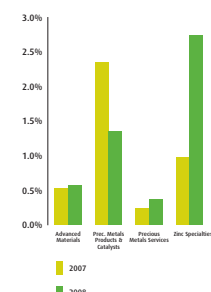


FIGURE 8
Compliance excess rate (in %)



Overview of key environmental performance indicators for the Umicore Group per business segment

number of measurements in Precious Metals Products & Catalysts is due to the new sites reporting for the first time.

In 2008, 801 of these measurements exceeded the environmental standard compared to 763 in 2007. As a result, the overall excess rate for 2008 came down to 1.25 % compared to 1.59% in 2007 (figure 8).

The decrease in the business group Precious Metals Products & Catalysts is mainly caused by the reduction of non-compliant measurements at the sites in Guarulhos, Schwäbisch Gmünd and Pforzheim. On the other hand, the increase of non-compliant measurements in the business group Zinc Specialties is due to an increase at the sites in Viviez (higher nickel emissions to water) and Pasir (non compliant environmental noise measurements).

Biodiversity

The company believes that its current activities have little adverse impact on the biodiversity of the environment in which its sites are operating. The historical contamination caused by past activities is dealt with through specific soil and groundwater remediation projects (see page 60-61).

In 2008, all sites were requested to report whether they operated in, or adjacent to sensitive areas related to biodiversity. Nine sites reported this to be the case compared to six in 2007. This increase is mainly due to more accurate evaluation and reporting on this indicator. References were either official registers of protected areas (e.g. Angleur, Hoboken, Auby, Bray-et-Lû, Manaus) or impact assessment reports (e.g. Olen). Umicore is involved in several biodiversity projects under the EU Natura 2000 network, in particular at the protected site in Angleur where natural species are being reintroduced.

Umicore's policy includes performing a detailed environmental impact assessment as part of all major investments, acquisitions and transfers of land.

Overall conclusions

While some good progress was registered at several sites, the consolidated results for most of the indicators for 2008 increased compared to 2007. The expanded scope of the reporting and, in some instances, more accurate reporting, played a role in this increase. Specific incidents (e.g. metal emissions to air) and non-recurring situations (e.g. hazardous waste) have also contributed to the performance.

Umicore is convinced that the further implementation of the Group objectives and associated improvement plans (see page 51-59) will enable the sites to identify early and prevent situations that work against the goal to continually improve performance.

Business segment		Advanced Materials		Precious Metals Products & Catalysts		Precious Metals Services		Zinc Specialties		Umicore Group	
		2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Water consumption	1000 m ³	2,167	2,350	499	501	1,627	1,624	677	745	4,971	5,220
Energy consumption	terajoules	2,574	2,577	766	1,064	2,580	2,605	1,717	1,593	7,637	7,838
Total waste produced	tonnes	15,455	27,032	5,750	7,122	22,208	30,832	15,645	18,158	59,058	83,144
Hazardous waste Recycling	tonnes %	9,887 5.08	21,400 3.49	2,193 66.80	2,291 51.80	13,008 0.30	25,089 0.44	2,489 74.09	5,625 90.24	27,578 13.97	54,405 13.08
Non hazardous waste Recycling	tonnes %	5,567 22.44	5,632 43.97	3,557 47.53	4,831 54.07	9,200 93.92	5,743 93.14	13,156 69.43	12,533 79.04	31,481 65.80	28,739 70.79
Metals to water	kg	1,516	1,769	203	57	1,678	1,647	1,461	2,235	4,858	5,709
Metals to air	kg	878	676	72	670	3,175	2,130	10,406	12,280	14,532	15,757
SO _x emissions	tonnes	38	10	2.5	2.5	585	466	185	83	810	561
NO _x emissions	tonnes	171	130	87	88	168	133	108	64	534	415
CO ₂ emissions	tonnes	182,851	170,733	72,661	95,155	178,488	201,354	131,599	122,013	565,599	589,256
Compliance excess rate	%	0.52	0.57	2.34	1.35	0.24	0.37	0.97	2.73	1.59	1.25

Group Environmental Objectives 2006-2010

Scope

Umicore has established five Group environmental objectives for the period 2006-2010. These objectives are in line with 'The Umicore Way' and constitute, together with the Group social objectives (pages 68-77), Umicore's Sustainable Development approach.

These objectives promote continual improvement in the company's performance on environmental aspects that are material to the Group. Since these objectives build upon the performance achieved during the previous years, they offer the sites the flexibility to contribute at their own pace to the overall targets set for 2010. As such, they complement the actions already undertaken by many sites, as part of their environmental management.

To ensure adequate progress and a good comprehension of the objectives, Corporate EHS has organized workshops in different business units and regions to discuss action plans and exchange best practices with site environmental managers.

This section presents the progress achieved in 2008 for the five environmental objectives.

The information obtained on the status of the objectives was collected using the Group's environmental data management system. During 2008, additional questions have been added to the database in order to obtain a better understanding of the plans that have been implemented at the site. The external verifier (Environmental Resources Management Certification and Verification Services Limited - ERM CVS) evaluated the reported progress as part of its environmental data verification.

In line with Umicore's reporting procedure, five sites, acquired during 2007, were added to the scope of the Group environmental objectives whilst one site was closed. This increases the total scope of the reporting to 63 industrial sites compared to 59 last year.

Objectives 1, 2 and 3 apply to all 63 industrial sites whereas objective 4 on energy efficiency also includes the two main office buildings (Brussels and Bagnolet). Objective 5 on product safety is reported at business unit level.

In the graphs, the status is reported as a percentage of the total number of sites indicating respectively whether the objectives have been met, the actions are ongoing or have yet to start.

- objective met : all the requirements related to the objective are met
- actions ongoing: actions have been launched related to one of the targets
- actions yet to start: no actions haven been undertaken on any of the elements related to the objective

"Improving our environmental performance required hard work as well as an outstanding team effort, supported by technical assistance from our business unit and the EHS department. The result would not have been achieved without efficient internal communication and thorough training efforts for the operators prior to system commissioning."

Terry Liu - EHS Manager, Umicore Hunan Fuhong Zinc Chemicals Co. Ltd. The site in Changsha (China) installed a new gas cleaning installation which drastically cut the emissions of zinc to air.

Objective 1

All industrial sites are to implement improvement plans based on BAT (best available techniques balancing the costs to the operator against the benefits to the environment) for all type of point sources to air and water from process operations.

- For all the sites with metal emissions to air and water above 1 tonne / year, a numerical target is required.
- Where relevant, industrial sites must demonstrate continual improvement in the control of diffuse sources.

The aim of this objective is to establish a systematic approach to emission management at all sites, taking into account social and economic challenges.

At the end of 2008, 57% of the sites had implemented a plan that fulfilled all the requirements of the objective to further control and manage their relevant emissions both to air and water, compared to 42% in 2007. Furthermore, 40% of the sites are in the process of developing and implementing such a plan (figure 6).

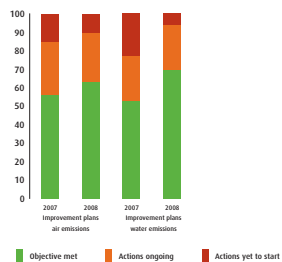
Improvement plans for air emissions have been implemented at 63% of the sites compared to 56% last year. Seventy percent of the sites already have an improvement plan in place for water emissions, an improvement of 17% compared to 2007 (figure 1).

During the data collection, more detailed information has been collected to allow for a better understanding of the plans that have been, or are being, implemented. Besides the necessary tools that are in place to ensure regulatory compliance, many sites have improved their procedures to include specific key elements such as a regular review of the emission points, a follow-up of the best available technology, more accurate sampling programmes that are not necessarily limited to compliance sampling, regulatory review, etc.

These elements improve the quality of the site procedures and are often integrated in the site's environmental management system.

FIGURE 1

Improvement plans emissions to air and water (in % of total number of sites)



In total, 23 sites reported that diffuse sources are relevant: 16 of these sites already had a control programme in place. These programs include elements such as regular cleaning and sprinkling of roads, improved ventilation of buildings and the coverage of bulk materials. None of the newly acquired sites reported diffuse source emissions to be relevant.

Four sites emitted more than 1 tonne of metal to air and three sites discharged more than 1 tonne of metal to water. In accordance with the Group objective, these sites have all set a numerical reduction target for the period until 2010.

Two sites set an absolute emission target for the year while the third expressed the target in a percentage decrease and the fourth defined a flow-related number. These targets are tailor-made for the site taking into account the most relevant follow-up indicator. For example, the site in Changsha (Zinc Chemicals) has set a target of one tonne or less of metal emissions to air by 2010 while the site in Angleur (Zinc Chemicals) targets an emission level of less than 2.5 milligramme/m³.

As these are quite different targets set across different sites, obtaining an overall aggregation of these targets is difficult.

In October 2008, the site in Changsha (Zinc Chemicals) started up a gas cleaning installation on the flue gas stacks.

The site had noticed that due to technical issues - such as leakages in the sealing - zinc vapours were being discharged into the atmosphere. In the context of the Group environmental objectives, the site started a two-year study programme to design a new gas cleaning installation.

At the end of 2008, the local environmental protection bureau was invited to perform additional air samplings to evaluate the effectiveness of the new gas cleaning installation. The dust concentration level (67.9% zinc) emitted into the air dropped from around 200 mg/m³ to about 5 mg/m³.

Although the production rate decreased during the last months of 2008, the site is convinced that this new installation has significantly contributed to decreased emissions of zinc to air.

Objective 2

All industrial sites will implement an independently certified environmental management system.

All sites have to comply with the applicable laws and regulations and company standards and monitor their compliance regularly.

Umicore believes strongly that the presence of certified management systems is a driver for continual improvement of the site's environmental performance. Also, regulators, customers, shareholders, NGOs and the public at large increasingly recognise standardized environmental management systems as part of good business and management practices.

Seventy-one percent of the sites have already implemented both a certified environmental management system and a compliance programme (figure 2) up from 44% in 2007.

In 2008, 79% of the sites had put in place an environmental management system certified against ISO 14001 compared to 66% in 2007 (figure 2) while another 12% of the

sites have started a project to implement an environmental management system. Five sites were exempted from implementing a certified management system because an in-depth analysis had demonstrated a minimal environmental impact. These sites mainly deal with warehouse activities located in an industrial area.

Seventy-nine percent of the sites had an internal programme in place to systematically check and implement new regulatory requirements compared to 59% last year (figure 2). These programmes include an internal audit procedure and a procedure to track and assess the relevance of new environmental regulations in their region.

The site in Quapaw (Electro-Optic Materials) has recognized the need to further improve its business by managing the environmental impacts of the operations in a more systematic fashion.

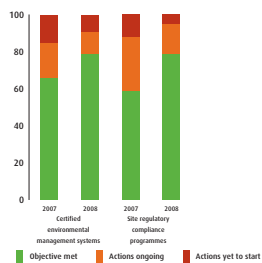
An environmental team explored and reviewed the processes, procedures and practices to ensure that each of these was stable enough to continuously improve the environmental performance in line with the commitment to sustainable development.

The site listed every single aspect and impact and grouped activities as a basis for the development of a structured environmental management system.

To that end, the site has implemented an electronic document management system to follow up not only the environmental performance but also training and procedure updates. All operators were involved in the project to ensure a proper "buy-in".

These efforts were rewarded on October 28, 2008 when the site was awarded the ISO 14001 certification.

FIGURE 2
Environmental management systems and regulatory compliances programmes (in % of total number of sites)



Objective 3

All industrial sites are to assess the nature, extent and related risk of the impact that their current and past activities are causing or have caused to soil and groundwater. For those sites where significant risks have been identified remedial action should be initiated by the end of 2010.

The 'Umicore Way' clearly states that the company "actively participates in the management and remediation of risks that are the result of historical operations". This objective is designed to improve the understanding of the historic risks of existing sites.

This commitment already resulted in risk and impact assessment projects as well as remedial actions at major sites in several regions of the world (see page 60-61).

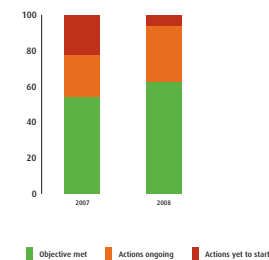
Today, it is Umicore's policy to include soil and groundwater investigations in any acquisition project. These investigations have also been conducted for the five newly reporting sites that were acquired in 2007.

At the end of 2008, 63% of the sites had already implemented an assessment programme in line with the requirements of the objective compared to 54% last year. Together with external experts, Umicore is evaluating the soil and groundwater investigations to assess whether additional remediation projects need to be implemented.

For 25% of the sites, remediation activities are on-going or are required. For 41% of the sites, remediation is not required or has already been completed.

In line with the requirements of the 3rd environmental Group objective the industrial unit of Guarulhos (Precious Metal Products & Catalysts) performed a soil and groundwater assessment. The company, with the support of external consultants and in close collaboration with the Brazilian environmental authorities, is currently involved in exhaustive exploratory investigations to evaluate actions needed to contain and remediate any contamination.

FIGURE 3
Impact assessment plans soil & groundwater (in % of total number of sites)



Objective 4

All sites (including office buildings) must have an approved and implemented energy efficiency plan.

For sites with an energy consumption of more than 75,000 gigajoules per year, a numerical target based upon BAT (“best available techniques balancing the costs to the operator against the benefits to the environment”) is required.

The scope of this objective includes all industrial sites as well as the two main office buildings in Brussels and Bagnolet. Fifty-seven percent of the sites have an energy efficiency plan in place compared to 36% in 2007. A further 29% of the sites are implementing such a plan (figure 4). During the 2008 data collection period, additional information was requested to better understand the plans that have been, or are being, implemented.

Key elements of these plans range from energy audits to a detailed analysis of the energy consumption, the identification of the important energy consumers at site level, the identification of a relevant output measure, process optimization, a follow-up of the best available technology to more simple measures such as energy efficient lighting and staff awareness programmes.

Seventeen sites had an energy consumption exceeding 75,000 gigajoules (ref. 2006). Fourteen sites have set a numerical reduction target in terms of energy efficiency as required by the objective.

These targets use different ‘measures of output’ (e.g. energy use per piece or energy use per tonne produced) relevant to the type of activity and will be followed up at site level.

For one site, the setting of a numerical target has become irrelevant because of the closure of a production line while two other sites have a project running to evaluate energy efficiency measures taking into account the more complex process parameters.

Umicore evaluated the so-called scope 3 green house gas reporting (ref Greenhouse Gas Protocol, WBCSD, revision 1, 2004) for eight of its business units. The first results show that purchased materials account for a significant proportion of the overall greenhouse gas emissions of the company while a relatively modest emission level was linked to transport of products.

These results need to be further evaluated and validated before firm conclusions can be drawn. The project will continue in 2009. In addition, the company is finalizing an assessment of physical risks related to climate change.

The Operations Support (OS) competence center (Hanau) has developed a practical process to improve the energy efficiency of production processes, office buildings or even entire sites, including an on-line energy monitoring system.

The deliverables of the process include a detailed listing of identified energy saving and CO₂ reduction opportunities along with recommended measures, such as design concepts, to realize these opportunities.

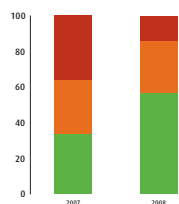
OS supported a project at the Umicore head office in Brussels. Each floor has appointed an ‘energy efficiency team’ to implement initiatives to reduce the use of energy.

Typical measures include switching off lighting and computers outside office hours, a more efficient use of printers and copy machines as well as the use of energy saving light bulbs. Additional measures will require modest technical adaptations.

These rather simple measures have already yielded a 20% reduction in energy use. Good practices are shared among the different teams. Each floor is equipped with an on-line energy monitoring device.

FIGURE 4

Energy efficiency plans (in % of total number of sites)



■ Objective met ■ Actions ongoing ■ Actions yet to start

Objective 5

All business units are to have a basic EHS data set available for all their products.

Umicore considers proper hazard communication to workers and customers to be a priority. To that end, an integrated product data system has been implemented to allow for the publication of up-to-date and compliant material safety data sheets (MSDS) for all Umicore products.

At the end of 2008, more than 820 products had been validated in IPDS (Integrated Product Data System) while another 1,200 were in preparation. The database has over 100,000 MSDS sheets available, covering 110 countries and 41 languages.

This objective is to further improve hazard communication by enhancing our knowledge about the physical, chemical and toxicological properties of the products beyond the information that is already taken into account in the current MSDS sheets.

More guidance was developed to provide a consistent interpretation of the scope of this objective and a more detailed reporting methodology was implemented. This allows for a further reduction of double counting of substances in the business units.

Around 800 datasets are required for substances falling within the scope of this objective. For 14% of these substances, a complete data set is available and datasets are being developed for 65% of these substances.

It has to be acknowledged that for those substances purchased on the market, information will become available within the timelines set by REACH. These timelines will extend the status of 'under active development' beyond the 2010 deadline.

FIGURE 5
Additional products data sets
(in % of total numbers of data sets)



REACH

REACH came into force in June 2007 and is generally considered to be the most comprehensive risk assessment policy for chemicals in order to increase the protection human health and the environment.

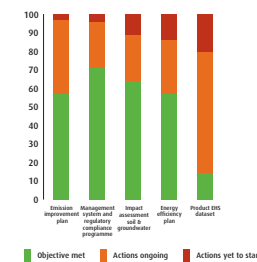
In order to comply with this new regulation, Umicore has put in place a REACH network of managers and experts within the business units, coordinated by a Group REACH Implementation Manager. The implementation programme started with its first focus on identifying all raw materials, intermediates and substances within the scope of REACH. During this process, suppliers were questioned on their intentions relating to REACH, while customers were kept informed on all relevant REACH matters. By the December 1, 2008 deadline, Umicore had submitted to the European Chemical Agency a total of 842 pre-registrations for 17 Umicore Legal entities.

Umicore is seeking the most efficient way to prepare for registration and is monitoring the evolution of the SIEF ("Substance Information Exchange Fora") closely. It is actively involved in setting up and operating consortia with other companies in order to join forces in developing the necessary data for its most important substances. By the end of 2008 Umicore had joined 11 consortia, while others are being considered.

Conclusion

During 2008, good progress was made in implementing the Group objectives in order to meet the 2010 targets. Indeed, for objectives 1 to 3, over 90% of the sites have either implemented or are in the process of implementing a plan whereas for objective 4, 85% of the sites have taken action in line with the requirements (figure 6). Umicore will maintain this momentum through a continued follow-up of all the sites in order to make further progress through 2009. While the Group environmental performance declined in 2008, the company is convinced that the implementation of these objectives at the sites will lead to a sustained improved performance in future years. The Group has started the process to develop a next set of environmental objectives beyond 2010.

FIGURE 6
Group environmental objectives
2006-2010: overview status 2008
(obj. 1-4: as a % of total n° of sites)
(obj. 5: as a % of total n° of data sets)



Progress on addressing historical legacy

Umicore made further progress in its pursuit to erase its legacy of historical pollution. The following section provides an overview of the different remedial actions taken during 2008.

Flemish Region of Belgium

On 23 April 2004, Umicore signed a covenant with the regional waste authorities (OVAM) and the Regional Minister of the Environment in the Flemish Region of Belgium by which Umicore committed to spend € 62 million over 15 years to remediate the historical pollution at four sites, of which two - Balen and Overpelt - now belong to Nyrstar, and some surrounding residential areas.

In Hoboken the remediation of the nearby residential areas of Moretusburg and Hertogvelden was completed. The contaminated top layer of the soil for some 900 gardens was excavated and safely stored. The gardens were cleaned and the interior of all houses were cleared of dust. At the site, soil excavation works and groundwater containment actions are being prepared and discussed with the relevant authorities. The regional public health administration - supported by Umicore - undertook a biological monitoring programme for lead among children living in the vicinity of the plant. While slightly higher lead levels were witnessed closer to the plant, all readings except one were well below the level recommended by the Centers for Disease Control and Prevention (CDC) (10 microgramme per decilitre of blood). A follow-up by the public health authorities has been foreseen for the child exceeding the recommended level.

In Olen, the on-site groundwater remediation was continued and historical chromium residues were removed and safely stored. The excavation of the sediments in the Bankloop brook was completed.

In 1985-1986, the site in Olen built a state-of-the-art storage facility to ensure the long term conservation of a number of radioactive waste materials. The storage facility was authorised as a temporary one until a long term solution could be validated by the Belgian Government

Umicore is engaged in finding a long term sustainable solution for the pending environmental issue linked to the historical storage facilities of low level radioactive waste. Therefore, Umicore initiated a study to understand the risks and to define the measures that need to be taken to ensure the safe longer term storage of this material. As part of this process, Umicore invited the advice and support of the involved authorities (FANC, NIRAS/ONDRAF and OVAM). Concurrently, Umicore initiated discussions with the agencies to come to a common understanding with a view to ensuring the financing and transfer of responsibility for the long term storage of those materials.

In the context of the 2004 covenant with OVAM and the Flemish Region, a joint fund of € 30 million (half of which was contributed by Umicore, the other half by the regional authorities) was created to address historical contamination in a 9 km radius around the four operational plants of Balen, Overpelt, Hoboken and Olen. Highlights in 2008 include the removal of zinc ashes in the vicinity of five schools and a biological monitoring programme run by the Flemish authorities to verify the residual exposure of the local population to cadmium and arsenic. The results of the biomonitoring programme made it clear that cadmium and arsenic levels have substantially decreased since the 1990s and are now well below acceptable limits. Furthermore, the project to remove the zinc ashes from all private driveways in the entire perimeter covered by the covenant was initiated. With the help of the local communes, inhabitants were invited to declare the presence of zinc ashes on their property. Specific actions are expected to start in 2009.

Walloon Region of Belgium

The site of Grâce-Hollogne (a former thermal zinc treatment plant which was closed in 1982) was transferred to the regional authorities for further development.

In accordance with the agreement with the competent authorities, after years of groundwater monitoring, Angleur has initiated an in-depth modelling and risk assessment study in order to assess the behaviour and the risks related to the identified groundwater contamination.

France

In Viviez, Umicore completed the voluntary remediation of Laubarède which was used in the past to store concentrates and waste. Approximately 10,000 m³ of contaminated soil were excavated and safely stored. The remediation of Laubarède is only a small portion of the overall programme for Viviez that is to be executed between 2009 and 2013. Discussions with authorities are ongoing and the final permit necessary to execute the remedial actions is expected soon.

The site in Calais was shut down in 2006. The demolition of the industrial installations and the removal of contaminated soil were completed in 2008. It included the covering of the entire site (17 ha) with clean soil which would make the land available for new industrial development.

Germany

Umicore and its predecessor companies can look back on a long history of mining in Germany, which ended with the closure of the Lüderich zinc mine near Cologne in 1978. A number of underground mining concessions are still in Umicore's possession. The collapse of shafts and tunnels of mining areas which are no longer in use can sometimes lead to subsidence at the surface. In 2008, some shafts were permanently sealed and appropriate provisions were taken to cover possible future expenditure. Repairs were also made to the drainage channels of a former tailings pound. A new company (Umicore Mining Heritage GmbH & Co. KG) was set up to manage these former mining properties.

With the support of an external expert, Umicore has updated the level of financial provisions to cover structural risks that might be generated by those former mine sites.

The clean-up of historical soil contamination was completed at the Schwäbisch Gmünd site, while the groundwater remediation has been initiated.

USA

Umicore continues to treat groundwater at a former mining site in Colorado (USA). Umicore is reviewing other technologies aimed at decreasing the metal concentration in the discharge and thus decreasing the volume of solid waste material produced. In the course of a scheduled EHS compliance audit, a previously unidentified surface water discharge was discovered. Further investigations and remediation efforts are on-going. Initial consultation with the local authorities suggests a spring 2009 remediation target.

Social report



Adrian Cisneros, Maintenance coordinator,
Jewellery and Electroplating, and his family

We work together...

...the Umicore way

A company – very much like society itself – is a living organism; a team of people who are jointly responsible for the success of business. Companies also form an integral part of the local communities in which they are embedded. Providing for the well-being of employees and local stakeholders is therefore essential in successfully growing a business in a sustainable manner. A safe and healthy working environment for all, transparency, dialogue, respect, teamwork are key ingredients.

In 2006, Umicore adopted five-year social objectives to map out a path for all to follow, based on the principles of “The Umicore Way”: addressing local stakeholder concerns and continually improving working conditions and prospects for its employees.

"We went into the integration phase not knowing what Umicore was all about. Of course it wasn't a perfect process but certainly as good as could be expected. The one thing that clearly distinguishes Umicore from other companies is the transparency of its ideas and values; "The Umicore Way" as an open and honest value system, something that was made clear from the start when the local site management invited each employee for a personal interview. The result: "The Umicore Way" is bringing a new life to our site."

Tom Sprunger, HR Manager, Tulsa (Oklahoma, United States). Tulsa is a former Delphi Catalyst production plant which was integrated into the Umicore organisation in 2007, following the acquisition of the automotive catalyst activities of Delphi that same year.



Human Resources

Some of the major Human Resources challenges and projects are highlighted on this page. Subsequent pages review the progress made on the Social Objectives. Data is shown for 104 consolidated Umicore sites. Additional key performance indicators are highlighted, to illustrate some of the underlying actions. The social report concludes with an overview of the health and safety performance of the company.

Headcount evolution

In 2008, the workforce of the fully consolidated companies grew by 287 to reach 10,113 at the end of December. Thirty-four people joined Umicore via an acquisition of the Zinc Chemicals business unit in India in August. Organic growth accounted for the remaining increase, despite a decrease of 59 in the fourth quarter compared to the previous quarter, reflecting falling activity levels. In the course of the year, the following sites were affected by restructuring: discontinuation of the Electronic Powders business in Canada and a reduction of the workforce at one of the Chinese sites of Technical Materials. There were 463 temporary workers at the end of 2008 (representing 4.6% of the total headcount).

At year-end, the headcount of the associated companies amounted to 5,334, an increase of 316 employees compared to the previous year, mainly influenced by the integration of acquisitions made by Element Six Abrasives.

Faced with the contraction in market demand Umicore initiated measures to reduce its cost base towards the end of 2008, including workforce reductions (400 in the consolidated companies and a further 400 in the associates) which have been done in a responsible manner, with the business units themselves deciding on the required measures.

More details on the headcount are available on pages 66-67 (world map).

Integration of new acquisitions

In the course of 2008, a number of business units worked on the integration of operations

that were acquired at the end of 2007. The Automotive Catalysts business unit acquired sites from Delphi in the United States, France and South Africa.

The Cobalt & Specialty Materials business unit acquired Corn. Van Looke in Belgium and Jewellery and Electroplating acquired Imperial Smelting in Canada. As mentioned previously, in August 2008 the Zinc Chemicals business unit acquired Anandeya in India.

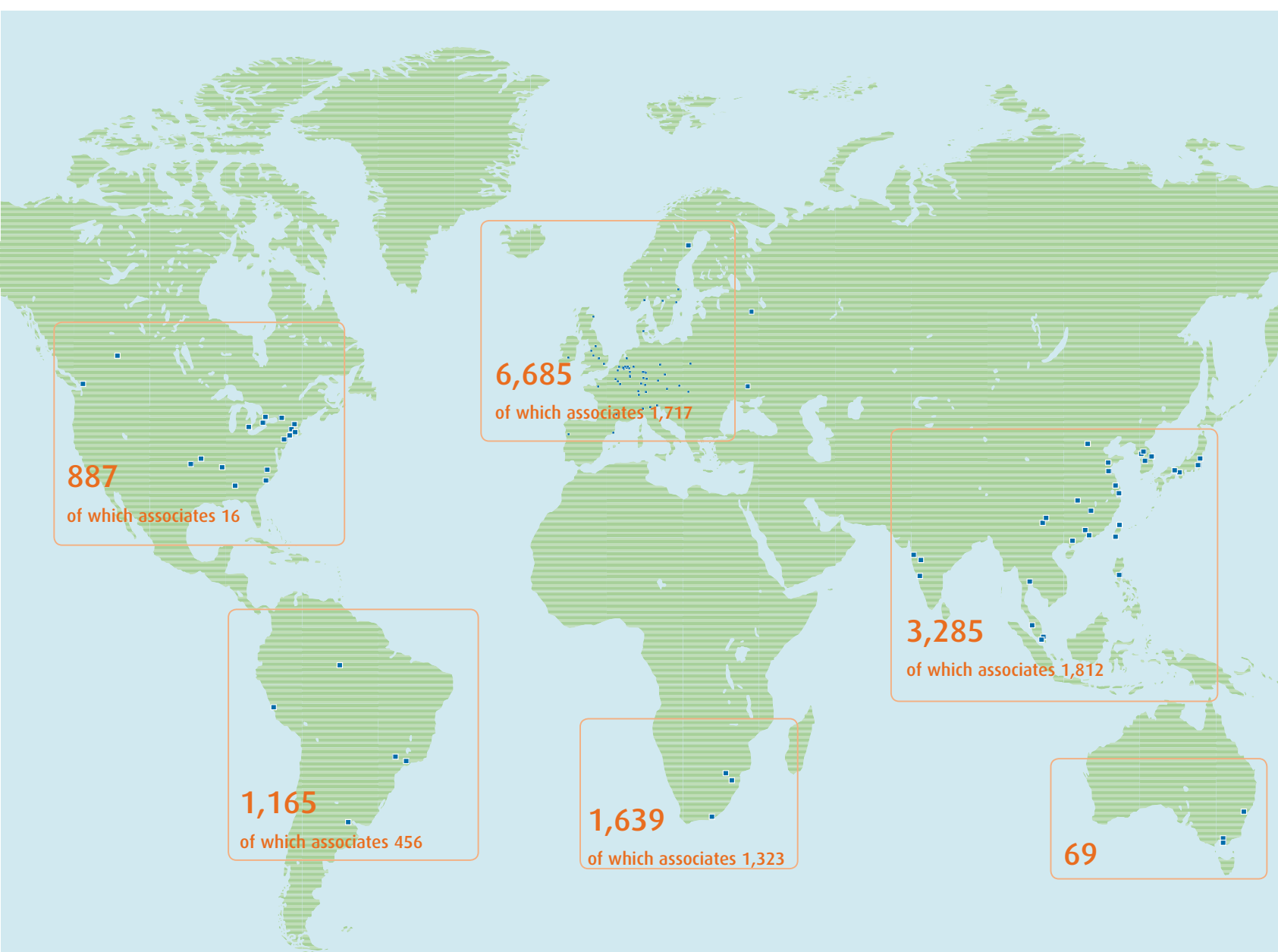
All these units put action plans in place to integrate these new acquisitions. The most comprehensive plan was put in place by Automotive Catalysts to allow for the integration of their new sites: ever since the completion of the transaction to acquire the automotive catalyst business of Delphi Corp., the business unit has been involved in significant integration projects in the USA, France, South Africa, China, Mexico, Australia, and Luxembourg. By the end of 2008 more than 80% of these integration projects were completed. The projects involved more than 250 people and were primarily managed through workshops that allowed the employees to seek out the best possible solutions. The main areas covered by the integration projects were the product and process technologies, sales and marketing activities, procurement and the implementation of Umicore's HR, EHS and financial policies.

South America

In Brazil, engineering work continued in respect of a previously announced move of certain activities from Guarulhos to Americana. The exact scope of the move and the required investment should be defined in the course of 2009.

In Argentina, the new Catalyst Technologies plant in Pilar was officially inaugurated in October 2008 by Belgian Crown Prince Philippe, Argentinian and Belgian authorities as well as Umicore Chairman Thomas Leysen. The plant successfully started up in January 2009.

International presence & workforce



Umicore presence

	Production sites	Other sites	Employees
Europe			
Austria	1		130
Belgium	8(1)	1	3,086(62)
Czech Republic		1	2
Denmark		1	15
France	6	2	849
Germany	10(2)	2(1)	2,435(388)
Hungary		1	7
Ireland		1(1)	628(628)
Italy	1	4(1)	85(15)
Liechtenstein	1		114
Luxembourg		1	9
Netherlands	2		128
Norway	2		61
Poland		1	16
Portugal	1		44
Russia	1		7
Slovakia	1		38
Spain		2(1)	16(2)
Sweden	2(1)	1	225(190)
Switzerland	1	2(1)	47(16)
Ukraine	1(1)	1	393(391)
United Kingdom	3(2)	4(2)	67(25)
Asia/Australia			
Australia	1	2	69
China	13(4)	6(2)	2,560(1,577)
India	1	1	48
Japan	2(1)	2(1)	126(76)
Malaysia	1		60
Philippines	1		96
Singapore	1		21
South Korea	2(1)	1	277(155)
Taiwan	1	2(1)	23(4)
Thailand	1	1	76
Americas			
Argentina	1		33
Brazil	3	1(1)	682(6)
Canada	3		224
Peru	1(1)		450
United States	9	5(2)	663(16)
Africa			
South Africa	3(1)	1	1,639(1,323)
Total	85(15)	47(14)	15,447(5,334)

Figures in brackets denote "of which associate companies". Where a site has both production facilities and offices (eg Hanau, Germany) it is classified as a production site only

Group Social Objectives 2006-2010

Umicore has established five Group social objectives for the period 2006-2010. These objectives are in line with 'The Umicore Way' and constitute, together with the Group environmental objectives (pages 50-59), Umicore's Sustainable Development approach.

These objectives promote continual improvement in the company's performance on social aspects that are material to the Group. Since these objectives build upon the performance achieved during the previous years, they offer the sites the flexibility to contribute at their own pace to the overall targets set for 2010.

The social objectives apply to 82 sites. This number is somewhat lower compared to the 2007 reporting (84 sites). This is the result of adding sites that were acquired in 2007 and of removing some of the very small offices from the reporting scope.

In the graphs, the status is reported as a percentage of the total number of sites indicating respectively whether the objectives have been met, the actions are ongoing or have yet to start.

- 'objective met': all the requirements related to the objective are met
- 'actions ongoing': actions have been launched related to one of the targets
- 'actions yet to start': no specific actions have yet been taken on any of the elements related to the objective

The social objectives are also valid for the small sites (typically below 10 employees), although progress on the improvement plans is not formally reported.

All 104 consolidated sites report the additional key performance indicators, such as training hours or voluntary leavers, using the Group social data management system. In addition, 28 non-consolidated sites report their headcount numbers.

In this section, more details are provided on the status of each social objective and additional key performance indicators.

The external report verifier (ERM CVS) reviewed the actions related to the objectives as part of its assurance of Umicore's Sustainability performance included in this report.

"Like so many of my colleagues I want to find out more about where the department I'm part of fits into the overall strategy and objectives of Umicore. Plenty of information exists on all our technologies and objectives and that information has to find its way through the organisation in a structured manner.

Our recommendations have resulted in more, and more comprehensive, information meetings. Moreover, we owe it to ourselves to include, in our own presentation material, a link with the general objectives. Because of this exercise I've learned a lot on the transformation of our group and the clean technologies we're involved in."

Julie De Mesmaecker, Compensation department, Human Resources Belgium & Northern Europe: she headed a working group within HR Belgium in the spring which provided recommendations on how to improve - within her own HR working environment - internal transparency on the general strategy and objectives of the Group as well as the HR Belgium organisation.

Objective 1

All industrial sites must develop and implement a local plan to address accountability to the local community. This plan must identify relevant stakeholders and determine the process through which to address stakeholder concerns, as well as set out the voluntary initiatives towards the local community in which the site wishes to engage.

Most of Umicore's sites (78 % "objective met" and 18 % "actions ongoing") have either deployed or are in the process of developing a local plan to identify and engage with their local stakeholders. Many sites are engaged in a dialogue with their local community. Some sites have a long-standing tradition in this regard: they distribute local magazines and brochures to the surrounding community, mainly focusing on their environmental performance. In a number of sites, formal local or regional stakeholder meetings are held. This was for example the case at the site in Olen (Belgium) in May 2008, where Umicore's sustainable development approach was presented, followed by a question and answer session with the participants from the local community. In most other sites, local stakeholder mapping is followed up by contacts with, and initiatives towards, particular stakeholder groups.

In 2008, Umicore initiated a new group policy on donations and charitable contributions. The group has committed to allocate each year about 0.5% of its consolidated EBIT (earnings before interest and tax) to donations and charitable contributions.

About two thirds of this amount is to be spent by the site management on local initiatives in the communities surrounding Umicore's operations. The remaining one third is allocated at corporate level to be spent mainly on projects and initiatives to promote sustainable development topics. In 2008 Umicore allocated some € 1.5 million (equivalent to 0.6 % of the consolidated EBIT) to donations and charitable contributions. The "in kind" efforts such as time spent by Umicore employees, are not systematically reported. In 2009 further efforts will be made to streamline the implementation of the new policy and the reporting against this target.

A number of sites invited neighbours and the family members of their employees to visit their operations. In 2008, this was for example the case in Olen (Belgium), Heusden-Zolder (Belgium) and Arab (Alabama, USA).

An "Olen open house" initiative was organised in September to celebrate the 100th anniversary of the Olen site in Belgium. Hundreds of visitors took part in the guided tours. This event ran parallel to a charity race during which Umicore people and their families were able to run a sponsored 100 km relay for the benefit of their own choice of charity. Twenty-five teams of Umicore employees and their family members each collected € 1,000 for their respective charities.

Many sites were involved in charity initiatives, either to support projects in their local area or for the benefit of more general initiatives.

Umicore also supported a fundraising initiative to help the victims of the **earthquake in China**. On May 12 a large earthquake struck the city of Wenchuan in China's Sichuan Province, causing significant loss of life, injuries and destruction. One Umicore employee started collecting donations to help the stricken population, with management soon encouraging all sites to participate. In total, over RMB 1 million (some € 93,129) was ultimately collected, most of which was donated to the Red Cross.

That same month, employees from Umicore Singapore took part in a **beach cleaning exercise** in the Pasir Ris Park located in eastern **Singapore**. They, along with their family members, joined students in a waste cleaning effort at the seashore, thereby helping to restore the seashore and improve the natural habitat of the local wildlife. The event - for many a first experience of working with colleagues in a social context - helped spread environmental awareness among all Umicore Singapore employees.

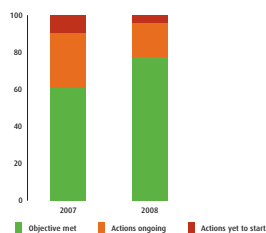
The French initiative "**Planète Urgence**" aims to protect the environment and help reduce the inequality between the developed and the developing world. The organisation invites companies to financially support development projects which last a number of weeks and are undertaken by their own employees during their holiday. Umicore France financially supported four employees who embarked on a Planète Urgence project. Two employees went on an environmental mission to Cameroon and two more were part of an educational mission in Mali and Burkina Faso. These volunteers were able to make a significant contribution via a short-term commitment which is compatible with both their professional and private lives.

On Earth Day, April 22, fourteen employees at Umicore Providence (USA) took part in an effort to **clean the Woonasquatucket River**, which runs very close to the Umicore site. Over the years, the river had become polluted with garbage and debris. Ever since volunteers started restoring the river in 2002, wildlife has increasingly been spotted along the river.

Umicore **Brazil** started a **new funding project for a public school In Americana**, close to the Umicore plant. This secondary school houses 150 ten- to fourteen-year-olds, who all come from an impoverished community. The school only has a limited budget available for investments and operations. The school director's first priority was to improve the attractiveness of the school towards the local population by upgrading its physical appearance. Umicore rebuilt the entrance area and installed a new roof to protect the pupils against the rain. Automotive Catalysts Brazil contributed the bulk (€ 10,000) of the investment. The inauguration took place in March 2009 in the presence of the local mayor and representatives of the department of education. The school will be in need of more support for its library and physical education facilities. In the long term, Umicore aims to set up educational programmes, including offering apprenticeships within the company.

In South Africa, the lack of education for disadvantaged youngsters remains a serious challenge. The **Umicore program in Port Elizabeth**, in close cooperation with the Eastern Province Child & Youth Care Centre, has succeeded in making a difference for six young adults who have been able to complete their high school education. The success of this programme has resulted in its expansion: a remedial school was established, helping children to acquire solid basic skills for their subsequent mainstream schooling. A pre-school programme will be added in 2009 along with a learning centre for 20 youngsters as well as a home, where graduates from the Umicore programme will be mentored by Umicore employees to help them to cope with the challenges of daily life.

Accountability to local community



Objective 2

All sites must develop and implement a local plan to be a preferred employer.

Taking into account the local culture and labour practices, this plan should strive to: retain our employees, create a positive image towards future valuable employees, encourage our employees to develop their careers.

Umicore made further progress towards achieving this target by 2010. Ninety-six percent of the sites have either already deployed a plan or are in the process of preparing their improvement plans. Two additional Key Performance Indicators (KPIs) confirmed the positive trend of the previous years.

Only 3.56% of the employees decided to leave the company on a voluntary basis. This worldwide average figure contains regional variations, with Asia and North America showing higher numbers.

In most cases however, this number is lower than the regional average (all companies). Also the percentage of days lost through sickness (absenteeism rate) of 2.71 % is low relative to industry standards.

Umicore received external recognition for being a preferred employer. In Belgium, the company was selected – for the fourth consecutive time - among 41 companies as one of the **“Best companies to work for”**. Umicore can continue to use this recognition during the year 2009 in recruitment campaigns.

In Germany, Umicore Hanau was the first industrial company in the region to receive the distinctive work-and-family certificate, an award which it received again in 2008.

This award recognises the role Umicore plays in providing a balance between work and family life, and represents another important milestone on the road to being recognised as preferred employer.

At the North American sites of Auburn Hills and Quapaw, Umicore was awarded the 2008 “company of the year” distinction by the local chamber of commerce.

In order to improve its reputation within the academic community, Umicore presented for the second time the *“Umicore Scientific Award”*, (for an amount of € 10,000) which is granted to a PhD graduate who, through his/her research, has significantly contributed to science in those fields that are crucial for the future growth of both Umicore’s business and the prospect of a sustainable society.

Three additional *“Umicore Awards”* (each for an amount of € 2,500) were granted to masters graduates.

The Belgian Umicore recruitment team launched a national employer branding media campaign and attended 12 job fairs and campus events (such as Leuven, Liège, Brussels, Antwerp and Ghent).

In North America, Umicore attended job fairs at Kettering University (USA) and Edmonton (Canada). Several sites organized visits for schools and universities and other stakeholders. Umicore also participated in the BEST (Board of European Students in Technology) summer school.

In Germany, apprenticeship is widely used as an educational method, combining professional experience with school teaching. Most of Umicore’s sites in Germany offer such opportunities. At the end of their training period, the apprentices are evaluated by an independent jury and, on a yearly basis, the best students receive an award.

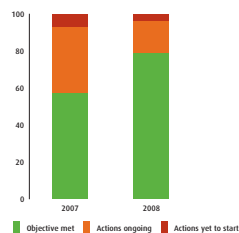
The Jewellery & Electroplating site in **Pforzheim saw one of its apprentices – a precious metals assayer - being awarded at national level.**

It was the second time that one of Pforzheim’s trainees was invited to Berlin to be honoured by the president of the German Chambers of Commerce and Industry (DIHK) and the German Federal Employment minister for best performance.

Umicore Greater China organised a social event to which members from all the Umicore sites in China were invited. The aims were to further strengthen the Umicore values and boost the pride of belonging to the company. Inspired by the 2008 Olympic Games in Beijing, **Umicore organised its own Mini Olympics.**

On 20 September, 120 employees gathered in Nanjing, including 36 athletes from nine sites who competed in four different sport disciplines. During the award dinner, the collective efforts as well as the success of the winners were celebrated.

Preferred employer



Objective 3

All sites must develop and implement a local plan for constructive internal dialogue and open communication. Taking into account the local culture and labour practices, this plan should strive to: value the feedback from employees; enhance participation in the regular Group-wide people surveys and ensure adequate follow-up actions; appraise employees regularly; ensure constructive dialogue with employees and their representatives.

The implementation of objective 3 is well on track. Ninety percent of sites have already fully deployed their local plan, while the remaining sites have initiated such a plan. Many platforms for dialogue are in place, ranging from formal works council meetings to general meetings with all employees (so called "town hall meetings").

Following the 2007 people survey, all sites and units are now implementing local improvements plans. At most of the sites, the local employees were intensively involved in the development of these action plans.

For the operations acquired in the course of 2007, a special edition of the Umicore people survey was organised in the spring of 2008. This exercise was based on the 2007 Umicore people survey and was conducted in five countries in two languages.

The participation rate was very high, with 90% of the new employees completing the survey. For some of the new employees this was the first time they had completed such a survey and most people appreciated the opportunity to offer their opinion.

The largest group concerns the former Delphi sites, which are now part of the Automotive Catalysts business unit. The results of their survey showed relative strengths for the following categories: equal opportunity, commitment towards safety and environment, engagement and customer focus.

The areas for improvement, compared to the existing Umicore operation were "perceived competitive position", reflecting the difficult period they went through before the acquisition, learning and development, preferred employer and accountability to local community.

The results also indicated that the integration process compared very favourably when benchmarked against other companies' integration processes over a similar time period.

Meanwhile, all sites are working on specific action plans focused on their improvement needs in preparation for the next group-wide people survey, which is planned for 2010.

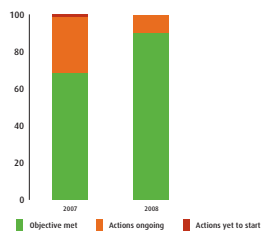
In 2007, Umicore signed an agreement with two key international trade unions on the global Group-wide implementation of its policies on human rights, equal opportunities, labour conditions, ethical conduct and environmental protection.

The implementation of this agreement with the International Metalworkers' Federation and the International Federation of Chemical, Energy, Mine and General Workers' Unions, is monitored by a joint committee that met for the first time in early 2008 to review Umicore's efforts and results in terms of sustainable development.

The external report verifier (ERM CVS) was present during the meeting.

In 2008, a total of 394 working days were lost through strikes. These days were spread over sites in Belgium, France and South Africa. All these events were linked to political events or country-wide activities and were not related to social conflicts within the Umicore sites themselves.

Internal dialogue & open communication



Objective 4

All sites must develop and implement a local plan to encourage learning and development of our employees.

In 2007, all Umicore sites had already implemented, or were in the process of implementing a local plan for learning and development. This trend continued in 2008. The average number of training hours remained largely stable, with an average of 51.21 hours per person (about 6.5 days per person).

A significant portion of these training hours are related to on-the-job training. Although further efforts have been taken to improve the reporting on these training efforts, they have yet to be consistently captured throughout the Group. Next to this form of training, a wide variety of classroom-type training sessions is offered at different levels of the company. Some examples:

At **group level**, a three-week training programme is organised on **Leadership and General Management**. The programme is organised in Europe, North America and Asia. During this intensive training period, participants not only learn about the formal topics of the programme, they are also exposed to different cultures, and most importantly they have the opportunity to build a strong internal network that will support them throughout their career and will help drive the innovation process within Umicore, via the exchange of ideas.

Based on this programme, the HR department of Umicore **Greater China** created a similar format, whereby mid-level managers from all the Chinese

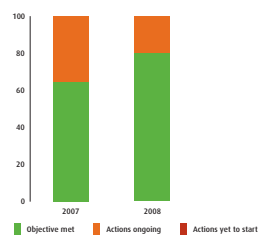
operations follow a regional **leadership programme**. Also in China, 40 newly hired or promoted managers participated in a 2-day **"Know Umicore"** programme to improve their understanding of the Group and business unit activities and to introduce them to the "Umicore Way", the Code of Conduct and the Sustainable Development objectives.

In **France**, dedicated training sessions were set up to prepare team leaders for organising **career interviews** with all employees. These types of interviews were launched for the first time in France. In Belgium, several new training modules were organised on topics such as Change Management, Positive Influencing and Problem Solving.

At site level, the example of Balzers (**Liechtenstein**) stands out. The 2007 people survey highlighted improvement of "communication" as a key action point. Therefore, **communication training for all employees** was organised on site. The objectives of this programme are to foster a better understanding and cooperation on all levels, the promotion of verbal communication and the ability to provide positive feedback.

The last example illustrates that learning can also take place in a less formal setting. The open house day in **Arab (Alabama, USA)** was combined with a **safety awareness day** in June 2008. The purpose of the event was to offer the local community, family and friends the opportunity to get to know Umicore and to promote safety awareness. Employees were invited to have pictures made with their family, while wearing the personal protection equipment required to perform their job. These pictures have been posted inside the plant, as a daily reminder on safety. An "I stay safe for ..." banner was made with all employees and family members putting their hand prints on the banner.

Learning and development



Objective 5

All sites must develop and implement a local plan to apply the group policies for equal opportunity and diversity, respect of Human Rights and Umicore's Code of Conduct.

All sites have implemented Umicore's Code of Conduct and the Human Rights policy. Some sites are still in the process of drafting and formalising their local action plans to address equal opportunity.

Regarding equal opportunities, the percentage of female employees slightly decreased by half a percentage point. Both on management and senior management level, the proportion of female managers increased with half a percentage point. The combination of both trends slightly reduces the gap between the ratios for the entire female workforce on the one hand, and the female management population on the other. Through career review panels that will take place in 2009, further attention will be devoted to equal career opportunities for both men and women.

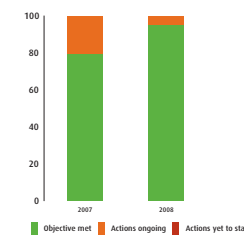
Action plans are being implemented in a number of countries to address the inclusion of people with a handicap. In France, the site of Bray was the frontrunner in 2007: all job profiles were screened and many profiles were adapted to employees with a handicap. In 2008, this example was followed by the other French sites. At the German site in Hanau, an old building was converted into a facility to help people with a handicap integrate into everyday life. In cooperation with the local region, highly professional

services are being offered in the field of paper-to-electronic record transfer and the secure destruction of the original paper records. This independent centre provides services to the different companies operating at the large industrial site of Hanau. At the Brazilian site in Guarulhos, special efforts are underway to hire and integrate deaf employees.

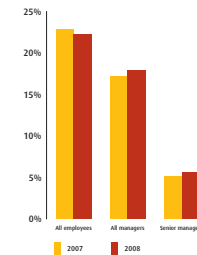
All of Umicore's worldwide operations have been internally screened for the risk of breaching the right of freedom of association and collective bargaining, incidents involving child labour as well as forced or compulsory labour. The conclusion was that none of the Umicore operations is at risk. In total, 67.82% of the global workforce are either unionised or covered by a collective labour agreement.

In order to further promote the Umicore values, the Code of Conduct and the Sustainable Development principles (including Human Rights), a training tool was developed at the end of 2007: the "Umicore Way Game". This training kit was devised in the form of a board game. In early 2008, a number of different language versions were provided to the various regions. In total, well over 1,000 employees have played the game so far. The roll-out will continue in the coming years.

Equal opportunities, diversity, respect of human rights



Gender balance (% female workforce)



Occupational health & safety

Scope of Health Reporting

Umicore is progressively integrating systematic occupational health indicators in its central EHS database. Indeed, in 2008, for the first time the business units Automotive Catalysts, Technical Materials, Cobalt & Specialty Materials and Precious Metals Refining - representing a total of 26 sites with a total workforce of about 5,000 employees equivalent to some 50% of the workforce of the consolidated sites - reported their occupational health data in the central database. Unless otherwise specified, the occupational health data relate to Umicore's employees working at these sites. Umicore has the intention to further expand the scope of its occupational health reporting during 2009. Only data from consolidated sites where Umicore has operational control are included in this report.

2008 review

Umicore believes that a healthy workforce is vital to the success of Umicore's business.

The main occupational health risks are related to exposure to hazardous substances such as platinum salts, lead, arsenic, cadmium and physical hazards, mainly noise. In order to better understand and define these occupational health hazards and risks, Umicore is involved in a number of scientific studies with industry associations (e.g. the Cobalt Development Institute, the Nickel Institute) or universities.

Key data on occupational health diseases and biomarkers of exposure are reported in the central EHS database and compared to reference values to monitor progress in performance. Each site is requested to implement an occupational health programme in line with its risks. The objective of these programmes is to avoid exposure to hazardous substances in order to prevent adverse health effects.

In case exposure exceeds the reference values, measures are taken to improve the working conditions. In addition, if an occupational disease is diagnosed, workers are temporarily or permanently assigned to a modified job. Nine sites were certified against OHSAS 18001.

Occupational diseases

In 2008, four employees were diagnosed with an occupational disease as part of the workforce of the reporting business units.

Industrial noise is an important occupational health risk. In total, 1,120 employees were exposed in a working environment where the 80 decibel level could not always be respected. Three employees were diagnosed with noise-induced hearing loss. The Umicore EHS audit programme often identifies industrial noise as an action item for further reduction measures and better personal protection.

At the Umicore site in Olen (Cobalt & Specialty Materials), one case of contact dermatitis due to cobalt exposure was diagnosed amongst some 450 individuals exposed.

Eleven sites covering four business units where platinum salts are handled (Automotive Catalysts, Catalyst Technologies, Precious Metals Refining, Jewellery and Electroplating) have implemented a sensitization screening programme based on the guidelines of the occupational health working group of the International Platinum Association ("Guidance for the medical surveillance of workers exposed to complex platinum salts", 2002). The new site in Buenos Aires (Catalyst Technologies) will implement the screening test in the course of 2009. No new cases of platinum sensitization were diagnosed in 2008.

"Health and safety awareness is fully embedded in our site in Americana: no lost time accidents at our operations for the past 2,000 days. Our employees have fully integrated the need for a safe working place in their mindset and their day-to-day routine. It shows what you can accomplish if you put your mind to it"

Fatima Zaghi Menegalle,
QSHE Coordinator, Americana (Brazil)

Lead

Occupational exposure to lead is still an important potential health risk for the site in Hoboken (Precious Metals Refining) as well as for the sites in Hanau (Precious Metals Refining and Technical Materials) and Manaus (Technical Materials). In total only 6.6% out of a total of 1,045 blood readings from employees potentially exposed to lead, revealed concentrations exceeding the level of 30 microgramme per decilitre blood, which is seen as the future EU standard. For the Hoboken site the average lead in blood value was 15.3 microgramme per decilitre of blood in 2008 compared to 15.5 in 2007 and down from 30 in 1997.

Cadmium

Nine reporting sites have to deal with occupational exposure to cadmium (Hoboken, Fort Saskatchewan, Hanau, Manaus, Guarulhos, Suzhou, Yangzhong, Vicenza and Glens Falls).

In total, of the 591 urine samples analysed for cadmium, 3.2% exceeded the biological exposure index of 5 microgramme of cadmium per litre of urine (ref: American Conference of Governmental and Industrial Hygienists, 2008). Since cadmium in urine is a life time biomarker of exposure, these higher readings reflect past exposures. Industrial hygiene programmes monitor current cadmium levels at the workplace to minimize, if not avoid, increased exposure. In some cases, additional analyses are done on cadmium in blood, a biomarker that better reflects cadmium exposure during the last months. Additional data will be collected during 2009.

In 2007, two workers needed to be moved to a cadmium-free work environment at the Umicore site in Changsha (Zinc Specialties) (see 2007 Annual Report, page 75). In 2008, control measures that were introduced included reduced cadmium presence in incoming material, process re-engineering and improved industrial hygiene measures. This resulted in a significant reduction of cadmium levels in blood and urine.

Cobalt

All production sites of the business unit Cobalt & Specialty Materials involved in handling and producing cobalt have implemented a biological monitoring programme (Arab, Cheonan, Fort Saskatchewan, Maxton, Olen, Shanghai, Subic). The average cobalt in urine concentration in 2008 was 24.6 microgrammes per gramme of creatinine, up from 21.0 in 2007. The results differ very much from site to site with averages as low as 5 microgrammes per gramme of creatinine or as high as more than 50 microgrammes per gramme of creatinine. Further dust reduction actions at the workplace will be undertaken to bring all cobalt biological monitoring results to an acceptable level.

Arsenic

While occupational arsenic exposure is possible at workplaces in Olen (Cobalt & Specialty Materials) and Hoboken (Precious Metals Refining), around 53% of the arsenic in urine results show levels at background level or lower (10 microgramme per gramme of creatinine). 6.5% of the readings exceeded the reference value of 30 microgramme per gramme of creatinine. The biological exposure index recommended by the American Conference of Industrial Hygienists is 35 microgramme/litre of urine (2008).

New occupational health risks

Indium Tin Oxide (ITO)

The production of ITO has increased, owing to the increased manufacturing of liquid-crystal panels. Two publicly available epidemiological studies (Chonan 2006, Hamaguchi 2007) confirmed the findings of two earlier case reports (Homma 2005, Tanaka 2002) which had associated occupational exposure to ITO with the development of severe respiratory problems. Umicore supported an experimental study at the Université Catholique de Louvain (Dominique Lison et al.: 'Sintered Indium-Tin-Oxide (ITO) particles: a new pneumotoxic entity', Toxicological Sciences, advance access published January 28, 2009). The

study concludes that ITO particles represent a new toxicological entity which has the potential to induce lung damage in experimental animals, including genotoxic effects which are possibly predictive of the potential to develop cancer. The authors suggest that occupational exposure levels for ITO particles might need to be at least as low as is the case for crystalline silica (0.025 mg/m³ -ref American Conference of Governmental and Industrial Hygienists, 2008).

Umicore has adopted specific measures at its ITO production site in Providence (USA) to reduce exposure levels at the workplace. These include enclosed systems for scrap crushing, sawing and grinding as well as improved ventilation systems at critical workplaces.

Umicore believes that because of this information along with the chemical characteristics, ITO needs to be regarded as a separate substance. To that end, the company has submitted a file to notify ITO as a specific substance. Additional testing on eco-toxicity and toxicity started in the first quarter of 2009.

Nano materials

While nano-materials offer significant commercial opportunities in a wide array of applications, uncertainties exist concerning the physiological responses to nano-materials compared to the same substance in larger particles. Umicore is active in the development, production and sale of specific nano-materials (ZnO, TiO₂, CeO₂). A full size production facility for nano-materials is operational at the Olen site (Belgium).

In line with Umicore's EHS policy, the company actively participates in two EU research consortia (Nanolinteract, NanoSafe2) to clarify the outstanding issues concerning the impact of nano-materials on human health and the environment. In addition, the company is participating in a project initiated by the OECD working party on manufactured nano-materials, which is managed by the Nanotechnology Industry Association. One of the aims of the project is to validate the OECD testing guidelines for eco-toxicity for zinc oxide and cerium oxide.

With regard to potential workplace exposure, in the absence of any clear answers today, the company aims to achieve zero exposure to workers at its nano-material production facility.

Other risks

As Umicore develops new products and processes, potential new occupational health risks are assessed. The site in Hoboken, for example, is screening incoming materials for poly-aromatic hydrocarbons that are potentially present while handling spent catalysts. Exposure monitoring showed no increased levels.

HIV

The Umicore sites in South-Africa are actively engaged in programmes encouraging staff to act against HIV. The sites participated in the World Aids day on 1 December with an overall 'leadership' theme to encourage leaders at all levels (of countries, communities, businesses, families...) to take action in their field of responsibility to stop the disease. In 2009, Umicore in South Africa will further increase awareness among its workforce and again set up a voluntary HIV-AIDS testing programme.

Scope of Safety Reporting

This section reports on the lost time accidents (LTA) that occurred to Umicore’s staff while at their workplace. Accidents that might have happened on the road to and from work are not included.

In 2008, for the first time, all industrial sites were asked to report data on recordable injuries (RI) for their own staff and lost time accidents indicating contractor safety. The contractor safety data are reported separately and not integrated into the safety figures of Umicore’s staff. Only data for consolidated sites where Umicore has operational control are included in this report.

Additional information on Umicore’s EHS management approach can be found on the website www.umicore.com

2008 review

The safety performance in 2008 was not satisfactory. The company registered 87 lost time accidents, up from 79 in 2007. This resulted in a LTA frequency rate of 5.3, at the same level as in 2007 and falling short of the improvement target which had been set at 4.0 (figure 1). In total, 2,840 days were lost resulting in a severity rate of 0.17 compared to 0.13 in 2007 and a target of 0.15 (figure 2).

Detailed analysis reveals significant differences in safety performance between the different business units. Eight business units out of the 15 achieved or exceeded their frequency rate target of which four with zero lost time accidents, while others showed a sub-standard performance. Typical accidents

were often linked to contact with metals, chemicals and difficult ergonomic conditions. All lost time accidents are thoroughly analysed and measures are implemented to prevent similar accidents in the future. Accident reports are shared with other sites through the company’s intranet.

The Umicore sites in Europe count for 77% of the total number of lost time accidents while the Asian-Pacific region and the Americas only account for 15% and 8% respectively. The two countries with the highest number of LTAs are Belgium (33%) and Germany (24%).

A total of 371 recordable injuries were reported resulting in a RI frequency rate of 22.7. Forty lost time accidents were registered for contractors corresponding to

a frequency rate of 14.6. While the information for contractor safety seems adequate, the RI data show a rather high variance among the sites. Corporate EHS will be working with selected sites to further refine the reported data. The reporting of these additional indicators enables us to identify a wider range of unsafe conditions providing valuable information for preventive actions.

In addition, the different business units and sites have developed specific actions to meet the Group targets that have been set and approved in 2007 by the Executive Committee (table 1).

	Frequency rate	Severity rate
2009	3.5	0.13
2010	3.0	0.11

Occupational safety targets

Umicore remains determined to achieve a zero accident rate for all its operations. Indeed, “The Umicore Way” states “not to compromise on a safe and healthy working environment for all and (to) seek to continual improvement of our occupational health and safety performance”.

While Umicore has achieved significant improvements over the past 10 years, statistics show that the occupational safety performance has reached a plateau. This once again underlines the need to further strengthen efforts to eliminate all accidents at the workplace. To that end, a Group-wide break-through plan is being prepared to meet the vision of zero accidents.

Process safety

As part of the Group’s overall safety objectives, the company has also defined a process safety objective to be achieved by all operational sites by 2010. Many sites handle, use and store hazardous chemical substances that may present a hazard to the employees, neighboring people and the environment. With this objective, the company ensures that these risks are identified in a systematic way and that the necessary actions are taken to prevent, mitigate or contain those risks. A corporate guideline has been issued specifying the steps that need to be taken to ensure a robust approach at all sites.

At the end of 2008, 70% of the industrial sites had already conducted or were conducting a process safety study. Emergency preparedness plans were in place in 89% of the sites. The sites where such plans still need to be implemented are mainly sites with low risk activities such as warehouses.

FIGURE 1

Accident frequency rate Umicore group

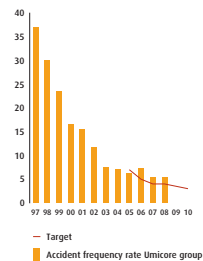
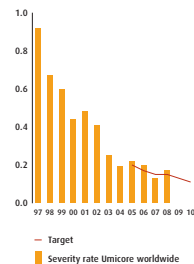


FIGURE 2

Severity rate Umicore world-wide



Umicore Group

2008 Financial statements

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Consolidated income statement

	Notes	(EUR thousand)	
		2007	2008
Turnover	9	8,309,909	9,168,637
Other operating income	9	129,851	101,474
Operating income		8,439,760	9,270,111
Raw materials and consumables		(7,039,391)	(7,766,799)
Payroll and related benefits	10	(546,474)	(609,960)
Depreciation and impairments	9	(129,035)	(168,368)
Other operating expenses	9	(443,960)	(417,401)
Operating expenses		(8,158,860)	(8,962,528)
Income from other financial investments	12	28,094	(68,149)
RESULT FROM OPERATING ACTIVITIES		308,994	239,435
Financial income	11	20,284	10,199
Financial expenses	11	(55,440)	(54,799)
Foreign exchange gains and losses	11	(5,278)	(7,420)
Share in result of companies using the equity method	17	25,455	8,233
PROFIT (LOSS) BEFORE INCOME TAX		294,016	195,649
Income taxes	13	(57,460)	(67,159)
PROFIT FROM CONTINUING OPERATIONS		236,556	128,490
Profit (loss) from discontinued operations	39	425,826	(612)
PROFIT (LOSS) OF THE PERIOD		662,382	127,878
		of which: Group share	121,710
		Minority share	6,168
			(EUR)
Basic earnings per share from continuing operations	38	1.81	1.06
Total basic earnings per share	38	5.21	1.06
Diluted earnings per share from continuing operations	38	1.79	1.05
Total diluted earnings per share	38	5.15	1.05
Dividend per share		0.65	0.65 *

* proposed

The notes on pages 90 to 135 are an integral part of these consolidated financial statements.

Consolidated balance sheet

	Notes	(EUR thousand)	
		31/12/07	31/12/08
NON-CURRENT ASSETS		1,139,751	1,130,445
Intangible assets	14, 15	112,267	123,076
Property, plant and equipment	16	622,685	709,194
Investments accounted for using the equity method	17	169,706	169,135
Available-for-sale financial assets	18	108,230	26,040
Loans granted	18	2,651	2,533
Trade and other receivables	20	4,740	11,349
Deferred tax assets	21	119,472	89,118
CURRENT ASSETS		2,081,013	1,894,483
Current loans granted	18	7,181	2,190
Inventories	19	968,668	898,534
Trade and other receivables	20	880,033	708,143
Income tax receivables		6,152	30,624
Available-for-sale financial assets	18	64	45
Cash and Cash equivalents	22	218,914	254,947
Assets of discontinued operations		64,558	
TOTAL ASSETS		3,285,323	3,024,927
EQUITY OF THE GROUP	23	1,533,197	1,332,353
Group shareholders' equity		1,491,227	1,290,683
Share capital and premiums		469,421	502,862
Retained earnings		1,427,831	1,084,601
Currency translation differences and other reserves		(109,062)	(119,048)
Treasury shares		(296,963)	(177,732)
Minority interest		41,970	41,670
Currency translation differences and other reserves of discontinued operations		(2,645)	
NON-CURRENT LIABILITIES		519,274	739,301
Provisions for employee benefits	27	171,796	162,885
Financial debt	24	181,201	422,503
Trade and other payables	25	4,987	5,649
Deferred tax liabilities	21	37,566	49,855
Provisions	29, 30	123,723	98,410
CURRENT LIABILITIES		1,197,813	953,273
Financial debt	24	215,634	165,841
Trade and other payables	25	864,816	671,708
Income tax payable		46,204	37,406
Provisions	29, 30	71,159	78,318
Liabilities from discontinued operations		37,683	
TOTAL EQUITY & LIABILITIES		3,285,323	3,024,927

The notes on pages 90 to 135 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

		(EUR thousand)	
	Notes	2007	2008
Profit from continuing operations		236,556	128,491
Adjustments for profit of equity companies		(25,455)	(8,233)
Adjustment for non-cash transactions	33	158,477	214,144
Adjustments for items to disclose separately or under investing and financing cash flows	33	53,703	78,423
Change in working capital requirement	33	6,245	16,975
Cash flow generated from operations		429,526	429,799
Dividend received		33,470	16,409
Tax paid during the period		(56,554)	(75,921)
NET CASH FLOW GENERATED BY (USED IN) OPERATING ACTIVITIES	33	406,441	370,287
Acquisition of property, plant and equipment	16	(148,902)	(204,783)
Acquisition of intangible assets	14	(4,005)	(11,193)
Acquisition of new subsidiaries (net of cash acquired)	8	(82,315)	(1,117)
Acquisition of / capital increase in associates		(2,066)	(11,666)
Acquisition in additional shareholdings in subsidiaries			(265)
Acquisition of financial assets	18	(1,891)	(1,445)
New loans extended	18	(11,694)	(223)
Sub-total acquisitions		(250,873)	(230,691)
Disposal of property, plant and equipment		9,514	16,109
Disposal of intangible assets		966	140
Disposal of subsidiaries and associates (net of cash disposed)		755,404	30,230
Cash flows from/to discontinued operations		(177,211)	
Capital decrease in associates		1,824	
Disposal of financial fixed assets		30,479	4,105
Repayment of loans	18	2,054	5,083
Sub-total disposals		623,030	55,666
NET CASH FLOW GENERATED BY (USED IN) INVESTING ACTIVITIES	33	372,158	(175,025)
Capital increase		5,555	
Capital increase/decrease minorities		445	615
Own shares		(257,441)	(239,716)
Interest received		15,773	5,808
Interest paid		(42,480)	(36,717)
New loans (repayment of loans)		(511,299)	180,196
Dividends paid to Umicore shareholders		(52,043)	(74,286)
Dividends paid to minority shareholders		(1,095)	(661)
NET CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES	33	(842,584)	(164,762)
Effect of exchange rate fluctuations on cash held		(4,348)	6,450
NET CASH FLOW FROM CONTINUING OPERATIONS		(68,332)	36,951
Impact of change in scope and discontinued operations on opening cash and cash equivalents		116,818	
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	22	162,943	211,429
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22	211,429	248,380
		of which cash and cash equivalents	218,914
		of which bank overdrafts	(7,485)

The notes on pages 90 to 135 are an integral part of these consolidated financial statements.

Consolidated statement of recognized income and expenses

		(EUR thousand)	
	Notes	2007	2008
Changes in available-for-sale financial assets reserves		(15,753)	(8,819)
Changes in cash flow hedge reserves		33,596	40,230
Changes in post-employment benefit reserves		14,790	(1,376)
Changes in share-based payments reserves		5,812	7,532
Changes in deferred taxes directly recognized in equity		(15,869)	(13,436)
Changes in currency translation differences		(38,346)	(37,281)
Net income (expense) recognized directly in equity of continuing operations	23	(15,769)	(13,149)
Net income (expense) recognized directly in equity of discontinued operations		215,065	2,645
Profit (loss) of the period		662,382	127,878
TOTAL RECOGNIZED INCOME		861,678	117,374
		of which : Group share	
		Minority share	7,039
			(51)

The notes on pages 90 to 135 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

The company's consolidated financial statements and the management report prepared in accordance with article 119 of the Belgian Companies Code set forth on pages 1 to 83 and 138 to 153, for the year ended 31 December 2008 were authorized for issue by the Board of Directors on 30 March 2009. They have been prepared in accordance with the legal and regulatory requirements applicable to the consolidated financial statements of Belgian companies. They include those of the company, its subsidiaries and its interests in companies accounted for using the equity method.

1. Basis of preparation

The Group presents its annual consolidated financial statements in accordance with all International Financial Reporting Standards (IFRS) adopted by the European Union (EU).

The consolidated financial statements are presented in thousands of euros, rounded to the nearest thousand, and have been prepared on a historical cost basis, except for those items that are measured at fair value.

2. Accounting policies

2.1 PRINCIPLES OF CONSOLIDATION AND SEGMENTATION

Umicore applies a full consolidation for its subsidiaries - entities over which the company has control - i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is presumed when Umicore owns, directly or indirectly through subsidiaries, more than 50% of the voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Note 5 lists all significant subsidiaries of the company at the closing date.

To account for an acquisition, the purchase method is used. The assets, liabilities and contingent liabilities of the acquired company are measured at their fair value at the date of acquisition. The cost of acquisition is measured as the fair value of assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the Group's share of the fair value of the net assets of the subsidiary is recorded as goodwill. (see Section 2.6. Intangible Assets). If the Group's share in the fair value of the net assets exceeds the cost of acquisition, the excess is recognized immediately in profit and loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless such losses are an indication of impairment. Where necessary, the subsidiaries' accounting policies have been changed to ensure consistency with the policies the Umicore Group has adopted.

An associate is an entity in which the company has a significant influence over the financial and operating policies, but no control. Typically this is evidenced by an ownership of between 20 to 50% of the voting rights. A joint venture is a contractual arrangement whereby the company and other parties undertake, directly or indirectly, an economic activity that is subject to joint control.

Both associates and joint ventures are accounted for using the equity method. Under this method, the Group's share of the post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves.

Unrealized gains on transactions between the company and its associates or joint ventures are eliminated to the extent of the company's interest in the associates and joint ventures. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment.

Investments in companies that are not consolidated through the equity method or through the full consolidation method are recorded under "available-for-sale financial assets".

The company's investments in associates and joint ventures include the goodwill on acquisitions, net of impairment.

Note 17 lists all significant associates and joint ventures of the company as at the closing date.

Note 7 provides the Company's segment information. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other environments.

The primary segments of the Group are the business segments. The company's secondary segments are the geographical segments.

2.2 INFLATION ACCOUNTING

As at 31 December 2008 there is no subsidiary in the Umicore Group having a functional currency belonging to a hyperinflationary economy.

2.3 FOREIGN CURRENCY TRANSLATION

Functional currency: items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in euros which is the functional currency of the parent. To consolidate the Group and each of its subsidiaries, the financial statements are translated as follows:

- Assets and liabilities at the year-end rate as published by the European Central Bank.
- Income statements at the average exchange rate for the year.
- The components of shareholders' equity at the historical exchange rate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, joint ventures and associated entities at the period-end exchange rate are recorded as part of the shareholders' equity under «currency translation differences».

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

2.4 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recognized during the period in the functional currency of each entity at exchange rates prevailing at the date of transaction. The date of a transaction is the date at which the transaction first qualifies for recognition. For practical reasons a rate that approximates the actual rate at the date of the transaction is used at some operations, for example, an average rate for the week or the month in which the transactions occur.

Subsequently, monetary assets and liabilities denominated in foreign currencies are translated at the closing rate at the balance sheet date.

Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement as a financial result.

In order to hedge its exposure to certain foreign exchange risks, the Company has entered into certain forward contracts (see Chapter 2.21, Financial Instruments)

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at historical cost, less accumulated depreciation and impairment losses. Cost includes all direct costs and appropriate allocation of indirect costs incurred to bring the asset to working condition for its intended use.

There are no borrowing costs capitalized in the costs of the assets. All borrowing costs are recognized as expenses in the period when incurred.

The straight-line depreciation method is applied through the estimated useful life of the asset-style-umicore-chiff-textets. Useful life is the period of time over which an asset is expected to be used by the company.

Repair and maintenance costs are expensed in the period in which they are incurred, if they do not increase the future economic benefits of the asset. Otherwise they are classified as separate components of items of property, plant and equipment. Those major components of items of property, plant and equipment that are replaced at regular intervals are accounted for as separate assets as they have useful lives different from those items of property, plant and equipment to which they relate.

The typical useful life per main type of property, plant and equipment are as follows :

Land :	Non-depreciable
Buildings :	
- Industrial buildings	20 years
- Improvements to buildings	10 years
- Other buildings such as offices and laboratories	40 years
- Investment properties	40 years
Plant, machinery and equipment :	10 years
- Furnaces	7 years
- Small equipment	5 years
Furniture and vehicles :	
- Vehicles	5 years
- Mobile handling equipment	7 years
- Computer equipment	3 to 5 years
- Furniture and office equipment	5 to 10 years

For material newly acquired or constructed assets, the useful life is separately assessed at the moment of the investment request and can deviate from the above standards.

Assets are reviewed for an indication of impairment at each balance sheet date to assess whether they are recoverable in the form of future benefits. If the recoverable amount has decreased below the carrying amount, an impairment loss is recognized and accounted for as an operational charge. To assess impairments, assets are grouped in cash-generating units (CGU) at the lowest level for which separately identifiable cash flows exist. (see Chapter 2.12 Impairment of assets).

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

2.6 INTANGIBLE ASSETS & EQUITY TRANSACTION EXPENSES

2.6.1. EQUITY TRANSACTION EXPENSES

Expenses for formation and capital increase are deducted from the share capital.

2.6.2. GOODWILL

Goodwill represents the excess of the cost of an acquisition of a subsidiary, associate or jointly controlled entity over the Group's share in the fair value of the identifiable assets and liabilities of the acquired entity at the date of acquisition. Goodwill is recognized at cost less any accumulated impairment losses

Goodwill from associates and joint ventures is presented in the balance sheet on the line «investments accounted for under the equity method», together with the investment itself.

To assess impairment, goodwill is allocated to a CGU. At each balance sheet date, these CGUs are tested for impairment, meaning an analysis is performed to determine whether the carrying amount of goodwill allocated to the CGU is fully recoverable. If the carrying amount is not fully recoverable, an appropriate impairment loss is recognized in the income statement. These impairment losses are never reversed.

The excess of the Group's interest in the fair value of the net identifiable assets acquired over the cost of acquisition is recognized in the income statement immediately.

2.6.3. RESEARCH AND DEVELOPMENT

Research costs related to the prospect of gaining new scientific or technological knowledge and understanding are recognized in the income statement as an incurred expense.

Development costs are defined as costs incurred for the design of new or substantially improved products and for the processes prior to commercial production or use. They are capitalized if, among others, the following conditions are met:

- the intangible asset will give rise to future economic benefits, or in other words, the market potential has been clearly demonstrated.
- the expenditures related to the process or product can be clearly identified and reliably measured.

In case it is difficult to clearly distinguish between research or development costs, the costs are considered as being research. If development costs are capitalized they are amortized using a straight-line method over the period of their expected benefit.

2.6.4. OTHER INTANGIBLE ASSETS

All of the following types are recorded at historical cost, less accumulated amortization and impairment losses, except for government granted CO₂ emission rights which are valued at the prevailing market price at the day of the grant:

- Concessions, patents, licenses: are amortized over the period of their legal protection.
- Software and related internal development costs: are typically amortized over a period of five years
- CO₂ emission rights : are not amortized but can be impaired
- Land use rights: are typically amortized over the contractual period

2.7 LEASE

Lease operations can be divided into two types of lease:

2.7.1. FINANCE LEASE

Leases under which the company assumes a substantial part of the risks and rewards of ownership are classified as finance leases. They are measured at the lower of fair value and the estimated present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables. The interest element is charged to the income statement over the lease period. Leased assets are depreciated over the shorter of the useful life and the lease term.

2.7.2. OPERATING LEASE

Leases under which a substantial part of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Among other items, the group leases metals to and from third parties for specified periods for which the group receives or pays fees. The metal leases from third parties are classified as operating leases and are reported as off balance sheet commitments (see note 34). All payments or receipts under operating lease are recognized as an operating expense in the income statement using the straight-line method.

2.8 AVAILABLE-FOR-SALE FINANCIAL ASSETS, LOANS AND NON CURRENT RECEIVABLES

All movements in available-for-sale financial assets, loans and receivables are accounted for at trade date.

Financial assets available for sale are carried at fair value. Unrealized gains and losses from changes in the fair value of such assets are recognized in equity as available-for-sale financial assets reserves. When the assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses.

Loans and receivables are carried at amortized cost less any impairment.

All write-downs are recorded on a separate account and are netted with the carrying amounts when all chances of recovery are depleted.

Own shares, are deducted from equity.

2.9 INVENTORY

Inventories are carried at the lower of cost or net realizable value. Cost comprises direct purchase or manufacturing costs and an appropriate allocation of overheads.

Inventories are classified as:

1. Base products with metal hedging
2. Base products without metal hedging
3. Consumables
4. Advances paid
5. Contracts in progress

Base products with metal hedging are metal-containing products on which Umicore is exposed to metal price fluctuation risks and where Umicore applies an active and structured risk management process to minimize the potential adverse effects of market price fluctuations on the financial performance of the Group. The metal contents are classified in inventory categories that reflect their specific nature and business use. Depending on the metal inventory category, appropriate hedging mechanisms are applied. A weighted average is applied per category of inventory except for the inventories valued at fair value (see Chapter 2.21 on Financial Instruments).

5. Group companies

Below is a list of the main operating companies included in the consolidated financial statements:

		% interest 2008
Argentina	Umicore Argentina S.A.	100.00
Australia	Umicore Australia Ltd.	100.00
	Umicore Marketing Services Australia	100.00
Austria	Oegussa GmbH	90.89
Belgium	Umicore Financial Services S.A. (BE 428.179.081)	100.00
	Umicore Oxyde Belgium N.V. (BE 438.933.809)	100.00
	Umicore Autocatalyst Recycling Belgium N.V. (BE 466.261.083)	100.00
	Umicore Marketing Services Belgium S.A. (BE 402.964.625)	100.00
	Umicore Abrasives (BE 881.426.726)	100.00
	Umicore Specialty Materials Brugge (BE 0405.150.984)	100.00
Brazil	Coimpa Industrial Ltda	100.00
	Umicore Brazil Ltda	100.00
Canada	Umicore Canada Inc.	100.00
	Umicore Autocat Canada Corp.	100.00
	Imperial Smelting & Refining Co. of Canada Ltd.	100.00
China	Hunan Fuhong Zinc Industrial Co., Ltd.	100.00
	Umicore Marketing Services Shanghai Co., Ltd.	100.00
	Umicore Marketing Services Far East Ltd.	100.00
	Umicore Shanghai Co., Ltd.	75.00
	Umicore Specialty Oxides Shanghai Co. Ltd.	100.00
	Umicore Autocat China Co. Ltd.	100.00
	Umicore Technical Materials Suzhou	100.00
	Umicore Technical Materials Yangzhong	100.00
	JUC	60.00
	Umicore Optical Materials Kunming	100.00
	Umicore Optical Materials Yunnan	100.00
	Beijing Jubo Photoelectric Technology Co	80.00
France	Umicore France S.A.S.	100.00
	Umicore Climeta S.A.S.	100.00
	Umicore IR Glass S.A.	99.98
	Umicore Marketing Services France	100.00
	Umicore Autocat France	100.00
Germany	Umicore AG & Co. KG (*)	100.00
	Umicore Bausysteme GmbH	100.00
	Umicore Marketing Services Deutschland GmbH	100.00
	Allgemeine Gold- und Silberscheideanstalt AG	90.80
	Umicore Galvanotechnik GmbH	90.80
	benneman GmbH	100.00
Hungary	Umicore Building Products Hungary	100.00
Italy	Umicore Marketing Services Italia s.r.l.	100.00
	Italbras S.p.A.	100.00
Japan	Umicore Japan	100.00
Korea	Umicore Korea Ltd.	100.00
	Umicore Marketing Services Korea Co., Ltd.	100.00
Liechtenstein	Umicore Materials AG	100.00
Luxembourg	Umicore Finance Luxembourg	100.00
	Umicore Autocat Luxembourg	100.00
Malaysia	Umicore Malaysia Sdn Bhd	100.00
Netherlands	Schöne Edelmetaal BV	90.80
	Umicore Nederland BV	100.00
Norway	Umicore Norway AS	100.00
Philippines	Umicore Specialty Materials Subic Inc.	78.20
Polska	Umicore Marketing Services Polska	100.00
Portugal	Umicore Portugal S.A.	100.00
	Umicore Marketing Services Lusitana Lda	100.00
Singapore	Umicore Precious Metals Singapore Pte Ltd.	100.00
South Africa	Umicore South Africa (Pty) Ltd.	100.00
	Umicore Autocat South Africa (Pty) Ltd.	55.00
	Umicore Marketing Services Africa	100.00
	Umicore Catalyst South Africa	100.00
	Umicore BP Iberica S.L.	100.00
Spain	Umicore Autocat Sweden AB	100.00
Sweden	Umicore Switzerland Strub	100.00
Switzerland	Umicore Materials Taiwan Co., Ltd.	100.00
Taiwan	Umicore Marketing Services Thailand Co., Ltd.	100.00
Thailand	Umicore Precious Metals Thailand Ltd.	90.80
	Umicore Coating Services Ltd.	100.00
United Kingdom	Umicore Marketing Services UK Ltd	100.00
USA	Umicore USA Inc.	100.00
	Umicore Autocat USA Inc.	100.00
	Umicore Building Products USA Inc.	100.00
	Umicore Precious Metals NJ LLC	100.00
	Umicore Marketing Services USA Inc.	100.00
	Umicore Optical Materials Inc.	100.00
	Umicore Technical Materials North America	100.00

(*) As a result of the integration of Umicore AG & Co. KG in the consolidated accounts of Umicore which is compliant with the Section 325 of the German Commercial Code (HGB), this company is exempted from issuing consolidated financial statements according to Article 264b of the German Commercial Code.

An exhaustive list of the Group companies with their registered offices will be filed at the Belgian National Bank together with the consolidated financial statements.

6. Foreign currency measurement

For the main currencies applicable within the Group's consolidated entities and investments, the prevailing rates used for translation into the Group's presentation currency (EUR), are as set out below. All subsidiaries, associates and joint-ventures

have as functional currency the currency of the country in which they operate, except for Element Six Abrasives (Ireland) where the functional currency is the US dollar.

		Closing rates		Average rates	
		2007	2008	2007	2008
American Dollar	USD	1.47210	1.39170	1.37048	1.47076
UK Pound Sterling	GBP	0.73335	0.95250	0.68434	0.79628
Canadian Dollar	CAD	1.44490	1.69980	1.46785	1.55942
Swiss Franc	CHF	1.65470	1.48500	1.64272	1.58739
Japanese Yen	JPY	164.93000	126.14000	161.25263	152.45406
Brazilian Real	BRL	2.60753	3.25240	2.67486	2.69829
South African Rand	ZAR	10.02980	13.06670	9.65959	12.05899
Chinese Yuan	CNY	10.75240	9.49560	10.41782	10.22361
Korean Won (100)	KRW	13.77960	18.39130	12.72988	16.06087

7. Segment Information

PRIMARY SEGMENT INFORMATION 2007 (by business group)

	(EUR thousand)						
	Advanced Materials	Precious Metals Products & Catalysts	Precious Metals Services	Zinc Specialties	Corporate	Unallocated	Total
Total segment turnover	857,886	2,996,211	3,883,681	1,086,523	76,749	(591,139)	8,309,909
of which external turnover	831,228	2,880,232	3,465,567	1,056,133	76,749		8,309,909
of which inter-segment turnover	26,657	115,978	418,114	30,390		(591,139)	
Operating result	34,391	143,312	128,892	34,634	(32,234)	0	308,994
Recurring	39,641	154,473	133,933	41,683	(37,421)		332,310
Non-recurring	(3,167)	(10,961)	(4,201)	(11,190)	5,187		(24,333)
IAS 39 effect	(2,083)	(200)	(840)	4,141			1,017
Equity method companies	20,691	6,030	0	185	(1,452)	0	25,455
Recurring	22,624	5,422		185	(1,452)		26,780
Non-recurring	(4,889)	608					(4,281)
IAS 39 effect	2,956	0					2,956
Net financial cost						(40,434)	(40,434)
Income taxes						(57,460)	(57,460)
Minority interest						(9,299)	(9,299)
Net profit for the year							227,257
Consolidated total assets	648,739	1,154,163	621,199	506,770	19,792	334,655	3,285,318
Segment assets	540,070	1,113,835	621,199	488,665	19,725		2,783,495
Investments in associates	108,670	40,327		18,104	67		167,168
Unallocated assets						334,655	334,655
Consolidated total liabilities	245,211	370,156	419,532	192,096	(41,951)	2,100,275	3,285,318
Segment liabilities	245,211	370,156	419,532	192,096	(41,951)		1,185,043
Unallocated liabilities						2,100,275	2,100,275
Capital expenditure	20,346	39,205	52,148	25,515	15,692	0	152,907
Depreciation and amortization	23,888	31,919	32,694	16,258	8,524	0	113,283
Non-cash expenses other than depreciation	2,296	11,696	9,148	(1,774)	43,950	0	65,315
Impairment losses/ (Reversal of impairment losses)	2,202	524	2,573	12,438	(1,985)	0	15,752

An exhaustive list of the Group companies with their registered offices will be filed at the Belgian National Bank together with the consolidated financial statements.

SECONDARY SEGMENT INFORMATION (by geographical area)

	(EUR thousand)					
	Europe	Asia-Pacific	North America	South America	Africa	Total
Total segment turnover	5,314,147	1,051,443	1,193,771	322,427	428,122	8,309,909
Total assets	2,482,989	387,984	164,580	134,266	115,504	3,285,323
Capital expenditure	128,514	7,543	7,635	7,105	2,110	152,907

PRIMARY SEGMENT INFORMATION 2008 (by business group)

	(EUR thousand)						
	Advanced Materials	Precious Metals Products & Catalysts	Precious Metals Services	Zinc Specialties	Corporate	Unallocated	Total
Total segment turnover	1,000,470	3,415,272	5,164,159	720,253	38,228	(1,169,745)	9,168,637
of which external turnover	982,891	3,282,755	4,145,270	719,493	38,228	0	9,168,637
of which inter-segment turnover	17,580	132,517	1,018,889	760	0	(1,169,745)	0
Operating result	47,565	77,113	181,999	29,146	(96,388)	0	239,435
Recurring	52,356	89,916	183,730	44,018	(46,700)	0	323,320
Non-recurring	(3,778)	(11,886)	(3,198)	(17,679)	(49,687)	0	(86,228)
IAS 39 effect	(1,013)	(918)	1,467	2,806	0	0	2,342
Equity method companies	709	14,764	0	135	(7,375)	0	8,233
Recurring	18,729	14,800	0	1,656	(3,204)	0	31,980
Non-recurring	(12,101)	(36)	0	(1,521)	(4,170)	0	(17,828)
IAS 39 effect	(5,919)	0	0	0	0	0	(5,919)
Net financial cost						(52,020)	(52,020)
Income taxes						(67,159)	(67,159)
Minority interest						(6,168)	(6,168)
Net profit for the year							122,322
Consolidated total assets	617,146	1,211,567	567,231	378,544	(73,579)	324,018	3,024,927
Segment assets	505,911	1,167,667	567,231	361,484	(76,987)	0	2,525,306
Investments in associates	111,235	43,900	0	17,060	3,408	0	175,603
Unallocated assets	0	0	0	0	0	324,018	324,018
Consolidated total liabilities	195,490	381,714	346,994	115,406	(96,371)	2,081,695	3,024,927
Segment liabilities	195,490	381,714	346,994	115,406	(96,371)	0	943,232
Unallocated liabilities						2,081,695	2,081,695
Capital expenditure	52,310	73,250	60,890	18,535	10,990	0	215,976
Depreciation and amortization	22,722	32,069	32,027	17,466	9,083	0	113,368
Non-cash expenses other than depreciation	8,425	(9,558)	(4,100)	2,002	989	0	(2,242)
Impairment losses/ (Reversal of impairment losses)*	6,837	22,168	8,247	16,767	76,006	0	130,026

* mainly impairment losses

SECONDARY SEGMENT INFORMATION (by geographical area)

	(EUR thousand)					
	Europe	Asia-Pacific	North America	South America	Africa	Total
Total segment turnover	6,009,095	1,164,596	1,205,219	333,437	456,291	9,168,637
Total assets	2,199,732	358,234	237,848	132,098	97,015	3,024,927
Capital expenditure	149,377	25,220	17,448	13,714	10,217	215,976

Segment information is presented in respect of the Group's business and geographical segments.

The primary segmentation reflects the business organization. The selected segments correspond to the business groups, as defined below.

The secondary segment is the geographical view whereby the turnover is presented according to the geographical location of the customers, while assets and investments are presented according to their actual geographical location.

The segment results, assets and liabilities include items directly attributable to the segment as well as those elements that can reasonably be allocated to a segment. The pricing of inter-segment sales is based on an arm's length transfer pricing system. In the absence of relevant market price references, 'cost plus' mechanisms are used.

BUSINESS SEGMENTS

The Group is organized into the following business groups:

Advanced Materials includes the units Cobalt Speciality Materials, Electro-Optic Materials and Thin Film Products. The business group also includes Umicore's shareholding in Element Six Abrasives (Ireland).

Precious Metals Products and Catalysts includes the Automotive Catalysts, Jewellery & Electroplating, Catalyst Technologies, Technical Materials, Electronic Materials and the Platinum Engineered Materials business units.

Precious Metals Services includes the Precious Metals Refining and the Precious Metals Management business units.

Zinc Specialties includes Zinc Chemicals, Building Products and the Zinc Battery Materials business units.

Corporate & Investments covers corporate activities as well as some shared services and the central Research, Development & Innovation unit.

In 2008, the business unit Thin Film Products was moved from Precious Metals Products & Catalysts to Advanced Materials. Therefore the 2007 figures for these segments have been restated.

This disclosure only refers to continuing operations except for the balance sheet figures.

Associate companies are allocated to the business group with the closest fit from a market segment perspective

8. Business combinations and acquisitions of associates and joint-ventures

Acquisitions

	(EUR thousand)	
	Notes	Fair value
Non Current Assets		2,440
Current Assets		1,425
Non Current Liabilities		1,920
Current Liabilities		2,025
Net assets acquired		(79)
Goodwill	15	762
Negative goodwill	15	703
Purchase price		(1,385)
Net cash & cash equivalent acquired		205
Net cash out for acquisition of subsidiaries		(1,116)

In July 2008, Umicore has reached an agreement to acquire 100% of Anandeya Zinc Oxides Private Limited, located in Goa, India. The company is now fully integrated into Umicore's Zinc Chemicals business and supports the business unit's strategy of growing its position as one of the worldwide leaders in the manufacturing of high-purity, specialty zinc compounds. The company has been fully integrated and operates under the name Umicore Anandeya India Private Ltd.

Since their inclusion in the consolidated financial statements of the group, the aggregated total result of the period (Group share) of the new acquisition is a loss of EUR 222 thousand in 2008. It is not practicable to disclose the 12 months results of the acquired company.

An aggregated amount of approximately EUR 195 thousand for acquisition costs has been included in the purchase price.

As stipulated in the 2007 Financial Statements, the goodwill related to Imperial Smelting has been adjusted according to the fair value exercise finalized in 2008.

The acquisition price for the Delphi companies acquired in 2007 has also been updated leading to a decrease of the negative goodwill of EUR 703 thousand.

9. Result from operating activities

	(EUR thousand)	
	2007	2008
TURNOVER (1)		
Sales	8,232,339	9,058,838
Services	77,570	109,799
Turnover	8,309,909	9,168,637
OTHER OPERATING INCOME (2)	129,851	101,474
DEPRECIATION AND IMPAIRMENT RESULT (3)		
Depreciation of fixed assets	(113,283)	(113,368)
Impairment loss on fixed assets	(8,074)	(3,473)
Inventory and bad debt provisions	(7,677)	(51,527)
Depreciation and impairment result	(129,035)	(168,368)
OTHER OPERATING EXPENSES (4)		
Services and outsourced refining and production costs	(352,436)	(370,816)
Royalties, licence fees, consulting and commissions	(29,382)	(41,911)
Other operating expenses	(7,407)	(11,658)
Increase and decrease in provisions	(72,617)	(17,720)
Use of provisions	19,615	26,598
Capital losses on disposal of assets	(1,734)	(1,894)
	(443,960)	(417,401)

(1) Services mainly include the revenues from tolling contracts.

(2) Other operating income mainly includes re-invoicing of costs to third parties (EUR 71.5 million), gains on disposals of fixed assets (EUR 15.5 million), royalties and licence fees (EUR 1.5 million), operating grants (EUR 6.9 million) and other income of EUR 4.2 million linked to the sale of the gold mining concession in Guinea by Umicore in 1992.

(3) Inventory and bad debt provisions are mainly due to the impairments done on the permanently tied up metal inventories, primarily in Zinc Specialties.

The IAS 39 impact on inventory and bad debt provisions amounts EUR 12.7 million in 2008.

(4) R&D expenses for the Group in 2008 amounted to EUR 166.0 million (EUR 124.5 million in 2007), of which EUR 149.6 million originated in the fully consolidated companies (EUR 110.8 million in 2007).

Non-recurring results and IAS 39 impact included in the operating results

	(EUR thousand)							
	2007				2008			
	Total	Non-recurring	IAS 39 effect	Recurring	Total	Non-recurring	IAS 39 effect	Recurring
Turnover	8,309,909	0	4,218	8,305,692	9,168,637	0	25,431	9,143,206
Other operating income	129,851	10,627	11,783	107,441	101,474	20,702	449	80,323
Operating income	8,439,761	10,627	16,001	8,413,133	9,270,111	20,702	25,880	9,223,529
Raw materials and consumables used	(7,039,391)	(1,818)	(11,654)	(7,025,920)	(7,766,799)	(489)	0	(7,766,310)
Payroll and related benefits	(546,474)	(1,133)	0	(545,341)	(609,960)	(1,403)	0	(608,557)
Depreciation and impairment results	(129,035)	(17,945)	1,740	(112,830)	(168,368)	(30,674)	(12,653)	(125,041)
Other operating expenses	(443,960)	(40,777)	(5,070)	(398,113)	(417,401)	(3,890)	(10,885)	(402,626)
Operating expenses	(8,158,860)	(61,673)	(14,984)	(8,082,203)	(8,962,528)	(36,456)	(23,538)	(8,902,534)
Income from other financial investments	28,094	26,714	0	1,380	(68,149)	(70,473)	0	2,324
RESULT FROM OPERATING ACTIVITIES	308,994	(24,333)	1,017	332,310	239,435	(86,228)	2,342	323,321

Umicore incurred an overall non-recurring operating charge of EUR 86.2 million. The main element (EUR - 68.1 million) relates to an impairment booked on Umicore's 5.25% shareholding in Nyxstar. The book value of this holding was adjusted in line with IFRS towards Nyxstar's closing share price on 31 December 2008 (EUR 2.19).

Impairments totalling EUR 27.9 million were made to the permanent metal inventories, primarily in Zinc Specialties. Provisions for restructuring amounted to EUR 3 million. Capital gains were recorded for a total of EUR 19.7 million relating

to the sale of land in Belgium and Germany and gains made on the sale of Nymex shares. Other provisions and impairments totalled EUR 6.9 million.

The IAS 39 effect had a positive effect on the operating result of EUR 2.3 million. The impact concerns timing differences imposed by IFRS that relate primarily to transactional and structural metal and currency hedges. All IAS 39 impacts are non-cash in nature.

10. Payroll and related benefits

	(EUR thousand)		
	Notes	2007	2008
PAYROLL AND RELATED BENEFITS			
Wages, salaries and direct social advantages		(372,771)	(433,042)
Employer's social security and defined benefit contributions		(119,367)	(131,968)
Other charges for personnel		(30,948)	(24,835)
Temporary staff		(13,495)	(12,704)
Contribution to defined contribution plan		(7,701)	(7,868)
Employer's voluntary contributions (other)		(1,619)	(1,535)
Share-based payments		(5,473)	(7,532)
Pensions paid directly to beneficiaries		(7,081)	(6,643)
Provisions for employee benefits (-increase / + use and reversals)		11,981	16,167
		(546,475)	(609,960)

AVERAGE HEADCOUNT IN CONSOLIDATED COMPANIES

Executives and managerial staff	1,537	1,692
Non managers	7,902	8,276
TOTAL	9,440	9,968

FAIR VALUES OF THE OPTIONS GRANTED

Number of stock options granted	28	742,750	712,750
Valuation model			Present Economic Value
Assumed volatility (% pa)		25	30
Risk-free interest rate (% pa)		4.00	4.00
Monetary dividend increase (€ pa)		0.10	0.07
Rate of pre-vesting forfeiture		NA	NA
Rate of post-vesting leaving (%pa)		5.00	5.00
Minimum gain threshold (% pa)		50.00	50.00
Proportion who exercise given minimum gain achieved (% pa)		30.00	30.00
Fair value per granted instrument determined at the grant date (EUR)		7.55	9.15
Total fair value of the options granted (EUR thousand)		5,606	6,519
Transfer to discontinued		(340)	

FAIR VALUES OF THE SHARES GRANTED

16,900 shares granted at 26.31 EUR		445
2,500 shares granted at 27.40 EUR		68
provisional amount for share based payments *		500
Correction shares granted in 2006	(217)	
16,100 shares granted at 26.31 EUR	424	
Total fair value of shares granted	207	1,013

The Group recognized a share-based payment expense of EUR 7,532 thousand during the year.

The stock option plan part of this expense is calculated by an external actuary using the Present Economic Value model which takes into account all features of the stock option plans and the volatility of the underlying stock. This volatility has been determined using the historical volatility of the Group shareholders' return over different averaging periods and different terms. No other market condition has been included on the basis of calculation of fair market value.

The free share part of the expense is valued at the market price of the shares at the grant date. In 2008, shares have been granted to top management resulting in an extra charge of EUR 1,013 thousand.

* The CEO has the option to have part or all of the bonus paid out in the form of Umicore shares. The cash amount of the CEO bonus is decided by the Board of Directors in February upon recommendation of the Nomination & Remuneration Committee. The proportion to be paid in Umicore shares is at the sole discretion of the CEO and is not known before the Board's decision. The figures reported above assumed that the CEO would be entitled to a 100 % bonus and that it would be entirely paid out in shares ; real values will be accounted for in 2009.

11. Finance cost - net

	(EUR thousand)	
	2007	2008
Interest income	16,135	5,991
Interest expenses	(43,612)	(37,703)
Discounting of non-current provisions	(4,541)	(12,004)
Foreign exchange gains and losses	(5,278)	(7,420)
Other financial income	4,149	4,208
Other financial expenses	(7,287)	(5,092)
	(40,434)	(52,020)

The net interest charge in 2008 totalled EUR 31,712 thousand. This is somewhat up compared to the EUR 27,447 thousand of 2007 as a result of a higher average net interest rate incurred on an average net debt level that was comparable to previous year.

The discounting of non-current provisions relates mainly to employee benefits and, to a lesser extent, environmental provisions and provisions for other liabilities and charges. This amount is influenced by the present value of these liabilities, which in turn is influenced by changes in the discount rate, by the cash-out profile and by the recognition of new non-current liabilities. Most of the discounting results in 2008 are booked in Belgium, Germany and France.

Foreign exchange results include realized exchange results and the unrealized translation adjustments to monetary items using the closing rate of the period.

They also include fair value gains and losses on other currency financial instruments (see Note 32). Most of the foreign exchange results in 2008 were recorded in Brazil.

Other financial income in 2008 contains reversals on interest charge provisions on closed tax litigations files in Brazil. Other financial expenses include payment discounts, bank expenses and other financial fees incurred.

12. Income from other financial investments

	(EUR thousand)	
	2007	2008
Capital gains and losses on disposal of financial investments	27,077	4,030
Dividend income	1,796	2,801
Interest income from financial assets	37	46
Impairment results on financial investments	(816)	(75,026)
	28,094	(68,149)

In 2008, the capital gains on disposal of financial investments are mainly due to the sale of Nymex shares.

The impairment results on financial investments relate to the impairment loss on the Nyxstar and Duxan investments.

The dividend income mainly refers to the dividend received from Nyxstar.

13. Income taxes

	(EUR thousand)	
	2007	2008
INCOME TAX EXPENSE		
Recognized in the income statement		
Current income tax	(67,730)	(41,106)
Deferred income tax	10,270	(26,053)
Total tax expense	(57,460)	(67,159)
Relationship between tax expense (income) and accounting profit		
Result from operating activities	308,994	239,435
Financial result	(40,434)	(52,019)
Profit (loss) before income tax of consolidated companies	268,560	187,416
Weighted average theoretical tax rate (%)	28.83	28.48
Income tax calculated at the weighted average theoretical tax rate	(77,429)	(53,373)
TAX EFFECT OF:		
Expenses not deductible for tax purposes	(12,326)	(18,826)
Income not subjected to tax:	7,919	1,464
<i>Capital gains</i>	7,919	1,461
Sundry deduction from the taxable base:	33,052	18,246
<i>Investments</i>	(134)	(81)
<i>Notional interests deduction</i>	26,940	31,843
<i>Other deductions</i>	6,246	(13,516)
<i>Tax computed on other basis</i>	594	1,231
Derecognition of deferred tax assets	0	(4,000)
Utilisation of previously unrecognised tax losses	2,185	409
Tax losses for the period for which no deferred tax is recognised	(3,609)	(1,155)
Non-creditable foreign withholding taxes	(2,038)	(259)
Previous years corrections	(632)	(7,615)
Other	(5,176)	(3,281)
Tax expense at the effective tax rate for the year	(57,460)	(67,159)

Excluding the impact of non-recurring items and of the IAS 39 effect, the recurring effective tax rate for 2008 is 27.0 % compared to 28.7 % in 2007.

The amount of the benefit from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce deferred tax expense amounts to EUR 952 thousand.

The line 'Previous year adjustments' is mainly due to the derecognition of deferred tax assets in relation to the Nyxstar carve-out in 2007.

14. Intangible assets other than goodwill

	(EUR thousand)				
	Concessions, patents, licences, etc.	Software	CO2 emission rights	Other intangible assets	Total
At the beginning of previous year					
Gross value	8,152	60,322	6,246	8,872	83,592
Accumulated amortization	(6,380)	(47,152)	(4,491)	(7,212)	(65,235)
Net book value at the beginning of previous year	1,772	13,170	1,755	1,660	18,357
. discontinued activities in opening		(252)	(729)		(981)
. acquisitions through business combinations	0	0	0	(481)	(481)
. additions	216	1,360	0	2,429	4,005
. disposals	0	(3)	(914)	0	(917)
. amortization charged (included in «Depreciation and impairments»)	(862)	(7,137)		(277)	(8,276)
. impairment losses recognized (included in «Depreciation and impairments»)	0	(13)	(403)	0	(416)
. emission rights allowances			293		293
. translation differences	0	(24)	0	24	0
. other movements	0	6,730	0	(557)	6,173
At the end of previous year	1,126	13,831	3	2,797	17,757
At the end of previous year					
Gross value	8,335	64,413	759	7,876	81,383
Accumulated amortization	(7,209)	(50,581)	(755)	(5,079)	(63,624)
Net book value at the end of previous year	1,126	13,831	3	2,797	17,757
. additions	28	2,447	0	8,718	11,193
. disposals	123	42	(3)	(5)	157
. amortization charged (included in «Depreciation and impairments»)	(714)	(6,519)		(46)	(7,279)
. impairment losses recognized (included in «Depreciation and impairments»)	0	(42)	(1,611)	0	(1,652)
. emission rights allowances			6,305		6,305
. translation differences	1	(191)	0	(18)	(208)
. other movements	1	5,191	0	(1,047)	4,144
At the end of the year	565	14,759	4,694	10,399	30,417
At the end of the year					
Gross value	2,606	70,608	6,305	15,508	95,028
Accumulated amortization	(2,042)	(55,850)	(1,611)	(5,109)	(64,612)
NET BOOK VALUE	564	14,759	4,694	10,399	30,417

"Additions" are mainly explained by capitalized expenses in new information systems, of which EUR 1,638 thousand are internal expenses. As most of these information system projects are not yet finalized, they are reported as intangible assets in progress, included in "Other intangible assets".

Within the framework of the Kyoto protocol, a second emission trading period started, covering 2008-2012. Therefore the Flemish Government granted emission rights to the Flemish sites of certain companies, including Umicore. Each year,

at the end of February, one fifth of these emission rights is put on an official registry account. The release of emission rights to this registry account entails the capitalization in the intangible assets, which is in line with the guidance of the Belgian Accounting Standards Commission. Umicore owns the required rights to ensure its normal operating activities.

There are no pledges on, or restrictions to, the title on intangible assets, other than disclosed in note 34.

15. Goodwill

	(EUR thousand)	
	31/12/07	31/12/08
At the end of the previous year		
Gross value	92,377	94,510
NET BOOK VALUE OF THE PREVIOUS YEAR	92,377	94,510
. discontinued operations in opening	(5,312)	0
. acquisitions through business combinations	8,679	2,165
. adjustment from subsequent identification of fair value of assets and liabilities	0	(1,404)
. impairment losses (included in «Depreciation and impairment results»)		(1,798)
. translation differences	(1,233)	(813)
At the end of the year	94,510	92,660
Gross value	94,510	94,458
Accumulated impairment losses		(1,798)
NET BOOK VALUE	94,510	92,660

This table includes goodwill related to fully consolidated companies only, while goodwill relating to companies accounted for by the equity method is detailed in note 17.

The change of the period mainly relates to goodwill recognized on the acquisition of Anandeya in India, to adjustments from subsequent fair value exercise in Imperial

Smelting (Note 8) and to the impairment of the goodwill on Umicore Technical Materials North America. A correction of the negative goodwill in Delphi has been booked as a negative profit in the income statement, under the line 'Other operating income' (EUR 0.7 million).

The goodwill has been allocated to the primary segments as follows:

	(EUR thousand)				
	Advanced Materials	Precious Metals Products & Catalysts	Precious Metal Services	Zinc Specialties	Total
31/12/07	23,019	49,225	9,844	12,421	94,510
31/12/08	24,370	45,693	9,844	12,752	92,660

The business unit Thin Film Products was moved from Precious Metals Products & Catalysts to Advanced Materials. Therefore the goodwill allocation for 2007 has been restated.

Management tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2. The recoverable amounts of

cash-generating units to which goodwill is allocated have been determined based on value-in-use calculations by means of discounted cash-flow modeling on the basis of the Group's operational plans. The weighted average cost of capital which is used as discounting factor is adjusted to the situation of each business segment and is at least 9% pre-tax based.

16. Property, plant and equipment

	(EUR thousand)					
	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Construction in progress and advance payments	Total
At the beginning of previous year						
Gross value	582,471	1,554,003	166,678	18,319	70,340	2,391,811
Accumulated amortization	(344,170)	(1,190,049)	(124,962)	(16,243)		(1,675,425)
Net book value at the beginning of previous year	238,301	363,953	41,716	2,076	70,340	716,386
. impact of discontinued activities	(33,277)	(85,315)	(2,082)	(4)	(14,693)	(135,370)
. acquisitions through business combinations	6,746	14,876	17	912	0	22,551
. additions	8,735	29,909	8,885	596	100,776	148,902
. disposals	(5,650)	(1,757)	(1,038)	0	(149)	(8,594)
. depreciations (included in «Depreciation and impairments»)	(17,305)	(74,454)	(12,634)	(614)		(105,007)
. impairment losses recognized (included in «Depreciation and impairments»)	(621)	(6,346)	(14)	(912)		(7,894)
. reversal of impairment loss (included in «Depreciation and impairments»)	20	347	1	0		368
. translation differences	(944)	(2,278)	(34)	(20)	52	(3,223)
. other movements	19,847	47,997	5,454	150	(78,881)	(5,435)
At the end of previous year	215,852	286,933	40,270	2,184	77,444	622,685
Gross value	479,095	1,113,194	157,553	17,267	77,444	1,844,553
Accumulated amortization	(263,242)	(826,260)	(117,282)	(15,082)		(1,221,866)
Net book value at the end of previous year	215,852	286,934	40,270	2,184	77,444	622,684
. acquisitions through business combinations	1,580	850	10	0	0	2,440
. additions	11,386	39,633	9,760	344	143,660	204,783
. disposals	268	(1,430)	(701)	(23)	(579)	(2,465)
. depreciations (included in «Depreciation and impairments»)	(19,103)	(74,138)	(12,352)	(496)		(106,089)
. impairment losses recognized (included in «Depreciation and impairments»)	(53)	(31)	(101)	0		(185)
. reversal of impairment loss (included in «Depreciation and impairments»)	20	43	37	0		100
. translation differences	(2,273)	(3,952)	(318)	18	(3,285)	(9,810)
. other movements	24,771	70,885	7,108	(801)	(104,227)	(2,264)
At the end of the financial year	232,448	318,792	43,715	1,225	113,013	709,194
of which leasing :	2,133	405	106			2,644
Gross value	510,782	1,154,805	164,760	15,277	113,013	1,958,638
Accumulated amortization	(278,334)	(836,013)	(121,045)	(14,051)		(1,249,444)
NET BOOK VALUE	232,448	318,792	43,715	1,226	113,013	709,194
Leasing						
Gross value	2,406	589	386			3,381
Accumulated amortization	(273)	(184)	(280)			(737)
NET BOOK VALUE	2,133	405	106	0	0	2,644

Management determines the estimated useful lives and related depreciation charges for property, plant and equipment. Management uses standard estimates based on a combination of physical durability and projected product life or industry life cycles. These useful lives could change significantly as a result of technical innovations, market developments or competitor actions. Management will increase the depreciation charge where useful lives are shorter than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The key non-maintenance related additions to property, plant and equipment took place in Automotive Catalysts (capability enhancement investments in all regions),

in Precious Metals Services (final phase of the precious metals pre-concentration investments in Hoboken) and in Advanced Materials (initial phase of the Asian rechargeable battery materials production investments).

The line 'other movements' mainly includes the amounts of PPE transferred to the intangible assets.

There are no pledges on, or restrictions to, the title on property, plant and equipment, other than disclosed in note 34.

17. Investments accounted for using the equity method

The investments in companies accounted for using the equity method are composed mainly by the following associates and joint ventures :

	Measurement currency	Percentage	
		2007	2008
ASSOCIATES			
Ganzhou Yi Hao Umicore Industries	CNY	40,00	40,00
IEQSA	PEN	40,00	40,00
Element Six Abrasives	USD	40,22	40,22
Jiangmen Chancsun Umicore Industry Co.,LTD	CNY	40,00	40,00
Todini	EUR	40,00	40,00
JOINT VENTURES			
ICT Japan	JPY	50,00	50,00
ICT USA	USD	50,00	50,00
Ordeg	KRW	50,00	50,00
Rezinal	EUR	50,00	50,00
SolviCore GmbH & Co KG	EUR	50,00	50,00
SolviCore Management GmbH	EUR	50,00	50,00
Hycore	NOK	51,00	51,00

	(EUR thousand)		
	Net book value	Goodwill	TOTAL
At the end of previous year	125,269	44,437	169,706
. profit for the year	8,233		8,233
. dividends	(13,608)		(13,608)
. capital increase	11,666		11,666
. change in other reserves	(102)		(102)
. translation differences	(7,220)	459	(6,761)
At the end of the year	124,239	44,896	169,135
Of which joint ventures	53,259	355	53,614

Umicore's share in the aggregated balance sheet and profit and loss items of the associates would have been as follows:

	(EUR thousand)	
	31/12/07	31/12/08
Assets	228,488	222,759
Liabilities	133,580	134,066
Turnover	240,677	248,320
Net result	21,152	1,382

In 2008, a capital increase for EUR 11,666 thousand was made in the Hycore joint-venture.

The Group has not acquired additional associates and joint ventures during the 2008 financial year.

Umicore's share in the aggregated balance sheet items of the joint ventures would have been as follows:

	(EUR thousand)	
	31/12/07	31/12/08
Current assets	135,045	138,853
Non-current assets	19,097	20,516
Current liabilities	94,808	104,307
Non-current liabilities	10,274	941

Umicore's share in the aggregated profit and loss items of the joint ventures would have been as follows:

	(EUR thousand)	
	31/12/07	31/12/08
Operating result	8,941	11,002
Financial result	(1,523)	(534)
Tax	(3,116)	(3,471)
Net result Group	4,302	6,996

18. Available-for-sale financial assets and loans granted

	(EUR thousand)	
	Available-for-sale financial assets	Loans granted
NON-CURRENT FINANCIAL ASSETS		
At the beginning of previous year	48,092	2,606
. discontinued in opening	(49)	
. increase	81,455	1,294
. decrease	(3,545)	(1,095)
. impairment losses (included in «Income from other financial instruments»)	(817)	(456)
. translation differences	(85)	(60)
. fair value recognized in equity	2,971	
. fair value derecognized out of equity	(18,665)	
. other movements	(1,126)	360
At the end of previous year	108,230	2,651
. increase	1,414	253
. decrease	(6)	(153)
. impairment losses (included in «Income from other financial instruments»)	(75,773)	(340)
. reversals of impairment losses (included in «Income from other financial instruments»)	958	
. translation differences	(13)	(51)
. fair value recognized in equity	1,067	
. fair value derecognized out of equity	(9,856)	
. other movements	18	174
At the end of the financial year	26,040	2,533
CURRENT FINANCIAL ASSETS		
At the end of the preceding financial year	64	7,181
. increase	0	0
. decrease	(42)	(4,929)
. reversal of write-downs (included in «Income from other financial instruments»)	25	0
. translation differences	0	88
. Other	0	(150)
At the end of the financial year	46	2,190

(a) is mainly related to the impairment booked on Umicore's 5.25% shareholding in Nyrstar and to the impairment taken on Duksan.

(b) is related to Nyrstar, Nymex and Duksan.

Loans granted are mainly floating interest rate loans to associates and non-consolidated affiliates. Their fair value can hence be considered as equal to their nominal value.

The current loans granted include margin calls for EUR 2.2 million (EUR 6.1 million in 2007) held mainly by Umicore AG & Co KG (Germany) and Umicore Precious Metals NJ (USA). The main movements under the current loans are linked to the decrease of those margin calls.

Margin calls have a fair value equivalent to their nominal value as they are calculated at normal market conditions.

19. Inventories

	(EUR thousand)	
	31/12/07	31/12/08
Analysis of inventories		
Base product with metal hedging - gross value	701,119	748,906
Base product without metal hedging - gross value	240,685	148,179
Consumables - gross value	60,820	76,551
Write-downs	(39,247)	(81,671)
Advances paid	3,082	6,329
Contracts in progress	2,210	239
Total inventories	968,668	898,534

Inventories have decreased by EUR 70 million, primarily as a result of falling metal prices in the second half of the year and amplified further by the reduced business activity in the fourth quarter. In line with the declining metal prices, impairments were made to the permanently tied up metal inventories, primarily in Zinc Specialties.

Based on metal prices and currency exchange rates prevailing at the closing date, the value of metal inventory would be about EUR 297 million higher than the current book value. However, most of these inventories cannot be realized as they are tied up in manufacturing and commercial operations.

There are no pledges on, or restrictions to, the title on inventories.

22. Cash and cash equivalents

	(EUR thousand)	
	31/12/07	31/12/08
Cash and cash equivalents		
Short-term investments : bank term deposits	71,312	133,591
Short-term investments : term deposits (other)	7,276	2,019
Cash-in-hands and bank current accounts	140,327	119,337
Total cash and cash equivalents	218,914	254,947
Bank overdrafts	7,485	6,568
(included in current financial debt in the balance sheet)		
Net cash as in Cash Flow Statement	211,429	248,380

All cash and cash equivalents are fully available for the Group.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying businesses, the group maintains flexibility in funding by maintaining availability under committed credit lines.

Excess liquidities are invested for very short periods and are spread over a limited number of relationship banks. These institutions are essentially banks enjoying a satisfactory credit rating.

23. Consolidated statement of changes in equity

	(EUR thousand)							
	Part of the Group		Treasury shares	Minority interest	Total for continuing operations	Equity of discontinued operations	TOTAL EQUITY	
Share capital and premiums	Reserves	Currency translation and other reserves						
Balance at the beginning of previous period	463,866	827,503	(312,810)	(39,521)	49,105	988,142		988,142
Discontinued operations in opening			217,711		(14,246)	203,465	(217,711)	(14,246)
Changes in available-for-sale financial assets reserves			(15,743)	(10)	(15,753)			(15,753)
Changes in cash flow hedge reserves			33,606	(10)	33,596	190,332		223,927
Changes in post employment benefit reserves			14,716	73	14,790	1,864		16,654
Changes in share-based payment reserves			5,812		5,812			5,812
Changes in deferred taxes directly recognized in equity			(15,814)	(55)	(15,869)	(63,286)		(79,155)
Changes in currency translation differences			(36,086)	(2,260)	(38,346)	420		(37,926)
Change in scope from discontinued operations						85,736		85,736
Net income (expense) recognized directly in equity			(13,508)	(2,261)	(15,769)	215,065		199,296
Result of the period		653,083		9,300	662,383			662,383
Total recognized income		653,083	(13,508)	7,039	646,613	215,065		861,678
Capital increase	5,555			445	6,000			6,000
Dividends		(53,209)		(1,096)	(54,305)			(54,305)
Transfers		454	(454)					
Changes in treasury shares				(257,441)		(257,441)		(257,441)
Changes in scope				724	724			724
Balance at the end of previous period	469,421	1,427,831	(109,062)	(296,963)	41,970	1,533,196	(2,645)	1,530,551
Changes in available-for-sale financial assets reserves			(8,812)	(6)	(8,819)	0		(8,819)
Changes in cash flow hedge reserves			39,845	385	40,230	0		40,230
Changes in post employment benefit reserves			(1,441)	65	(1,376)	10		(1,366)
Changes in share-based payment reserves			7,532	0	7,532	0		7,532
Changes in deferred taxes directly recognized in equity			(13,306)	(130)	(13,436)	0		(13,436)
Changes in currency translation differences			(30,748)	(6,533)	(37,281)	2,635		(34,646)
Net income (expense) recognized directly in equity			(6,930)	0	(6,219)	(13,149)	2,645	(10,504)
Result of the period		121,710		6,168	127,878			127,878
Total recognized income		121,710	(6,930)	0	(51)	114,729	2,645	117,374
Capital increase					0			0
Dividends		(75,609)		(660)	(76,269)			(76,269)
Transfers	33,442	(30,386)	(3,056)		0			0
Changes in treasury shares		(358,947)		119,231	(239,716)			(239,716)
Changes in scope				411	411			411
Balance at the end of the financial year	502,862	1,084,601	(119,048)	(177,732)	41,670	1,332,353	0	1,332,353

The legal reserve of EUR 50,000 thousand which is included in the retained earnings is not available for distribution.

The share capital of the Group as at 31 December 2008 was composed of 120,000,000 shares with no par value.

The detail of the Group's share in currency translation differences and other reserves is as follows:

	(EUR thousand)						
	Available-for-sale financial assets reserves	Cash flow hedge reserves	Deferred taxes directly recognized in equity	Post-employment benefit reserves	Share-based payment reserves	Currency translation differences	TOTAL
Balance at the beginning of previous year	25,622	(339,580)	128,505	(61,922)	10,967	(76,401)	(312,810)
Discontinued operations in opening	0	316,063	(107,310)	5,994		2,964	217,711
Gains and losses recognized in equity	2,971	20,856	(11,962)	12,597	5,812		30,274
Gains and losses derecognized in equity	(18,665)	12,949	(3,660)	(1,219)			(10,595)
Transfer from/to retained earnings				459			459
Exchange differences	(49)	(200)	(192)	2,420		(36,081)	(34,102)
Balance at the end of previous year	9,879	10,088	5,381	(41,671)	16,778	(109,518)	(109,063)
Balance at the beginning of the year	9,879	10,088	5,381	(41,671)	16,778	(109,518)	(109,063)
Gains and losses recognized in equity	1,067	61,056	(18,373)	885	7,532		52,168
Gains and losses derecognized in equity	(9,856)	(17,849)	3,954	(1,249)			(25,000)
Transfer from/to retained earnings					(3,056)		(3,056)
Exchange differences	(22)	(3,363)	1,114	(1,077)		(30,748)	(34,096)
Balance at the end of the year	1,068	49,933	(7,924)	(43,112)	21,254	(140,266)	(119,048)

Gains and losses recognized in equity on available-for-sale financial assets relate to the fair value adjustments of the period on Pangaea funds. Gains and losses derecognized in equity on available-for-sale financial assets relate mainly to the Nyrstar, Nymex and Duxan shares (refer to note 18 on available-for sale financial assets).

The net gains recognized in equity regarding cash flow hedges (EUR 61,056 thousand) are the changes in fair value of new cash flow hedging instruments or existing ones at the opening but which have not yet expired at year end. The net

losses derecognized from equity (EUR -17,849 thousand) are the fair values of the cash-flow hedging instruments which expired during the year.

New net actuarial gains on the defined post-employment benefit plans, have been recognized in equity for EUR 885 thousand.

The 2008 shares and stock option plans have led to a share-based payment reserve increase of EUR 7,532 thousand (refer to note 10 on employee benefits). An amount of EUR 3,056 thousand of those share-based payment reserves has been transferred to retained earnings as some options have been exercised.

24. Financial debt

	(EUR thousand)				
	Bank loans	Other loans	Total		
NON-CURRENT					
At the beginning of previous year	245,543	154,532	400,074		
. Discontinued operations in opening	(543)		(543)		
. Acquisitions through business combinations	0	110	110		
. Increase	2,810	3,229	6,039		
. Decrease	(225,130)	(406)	(225,536)		
. Translation differences	(221)	(1)	(222)		
. Transfers	0	(420)	(420)		
. Other movements	1,699	0	1,699		
At the end of previous year	24,157	157,045	181,201		
. Acquisitions through business combinations	0	1,260	1,260		
. Increase	235,000	9,022	244,022		
. Decrease	(960)	(2,124)	(3,084)		
. Translation differences	(76)	(793)	(868)		
. Transfers	0	(28)	(28)		
At the end of the financial year	258,123	164,382	422,505		
	Bank loans	Other loans	Total		
CURRENT PORTION OF LONG-TERM FINANCIAL DEBTS					
At the end of the preceding financial year	530	1,068	1,598		
. Increase / decrease	0	(23)	(23)		
At the end of the financial year	530	1,045	1,574		
	Short term bank loans	Bank overdrafts	Short term loan : commercial paper	Other loans	Total
CURRENT					
At the end of the preceding financial year	114,511	7,485	82,995	9,046	214,036
. Increase / decrease (including CTD's)	(47,803)	(917)	684	(1,734)	(49,771)
At the end of the financial year	66,708	6,568	83,679	7,312	164,266

The net financial debt of the group has increased by EUR 161 million mainly as a result of the share buy-back program.

The fair value of the EUR 150 million 8-year bond which was issued in 2004 was EUR 156.6 million as at 31 December 2008, based on the bond value as quoted on Euronext at that date. The effective interest rate for this bond is 4.875% which is equal to the fixed interest rate.

The long-term bank loans consist of a EUR 20 million bank loan maturing in 2013 bearing an interest of 5.36% per annum. Its fair value was EUR 21.9 million on 31 December 2008.

The outstanding advances under the EUR 450 million Syndicated Bank Credit Facility maturing in 2013 were EUR 235 million on 31 December 2008.

The repricing dates of the short term bank loans are very short term and are made at the convenience of the treasury department at market conditions as part of its daily management of treasury operations

Part of the non-current financial debt is subjected to standard financial covenants included in the loan agreements.

Umicore has not faced any breach of covenants or loan defaults in 2008 or in previous years. The debt covenant monitoring is the responsibility of the Group treasury department. In order to monitor this activity, compliance certificates are issued twice a year by the treasury department and sent to the agent bank. This methodology is a loan agreement condition and requirement as the interest margin is based on the net debt to EBITDA ratio.

	(EUR thousand)			
	EUR Euro	USD US Dollar	Other currencies	Total
Analysis of long term debts by currencies (including current portion)				
Long-term bank loans	256,570	0	2,082	258,652
Other long-term loans	157,197	171	8,058	165,426
Non-current financial debts	413,767	171	10,140	424,078

25. Trade debt and other payables

	(EUR thousand)		
	Notes	31/12/07	31/12/08
NON-CURRENT			
Long-term trade payables		74	74
Other long-term debts		511	937
Investment grants and deferred income from grants		4,401	4,637
		4,987	5,649
CURRENT			
Trade payables		589,468	402,736
Advances received on contracts in progress		236	7,307
Tax payable (other than income tax)		10,143	9,609
Payroll and related charges		113,074	117,492
Other amounts payable		39,452	28,811
Dividends payable		5,522	6,245
Accrued interest payable		7,686	8,625
Fair value payable financial instrument held for cash flow hedging	32	7,119	11,778
Fair value payable other financial instruments	32	14,656	14,199
Accrued charges and deferred income		77,459	64,906
		864,817	671,708

Trade debt and other payables decreased with EUR 193 million.

This decrease is mainly due to falling metal prices in the second half of the year and amplified further by the reduced business activity in the fourth quarter.

The impact of fair value of hedging instruments is an increase of EUR 4.2 million. VAT payables have decreased by EUR 0.5 million.

26. Liquidity of the financial liabilities

	(EUR thousand)					
	Earliest contractual maturity (undiscounted)					TOTAL
	< 1 Month	1 to 3 Months	3 Months - 1 Year	1 to 5 Years	> 5 years	
Previous financial year						
Financial debt						
CURRENT						
Short term bank loans	42,345	41,713	30,453			114,511
Bank overdrafts	4,113	893	2,479			7,485
Short-term loan: commercial paper	0	0	82,995			82,995
Other loans	0	76	8,969			9,046
Current portion of long-term bank loans	2	130	397			530
Current portion of other long-term loans	32	65	971			1,068
NON-CURRENT						
Bank loans				4,157	20,000	24,157
Other loans				154,079	2,966	157,044
Trade and other payables						
CURRENT						
Trade payables	489,830	91,749	7,890			589,468
Advances received on contracts in progress	220	0	15			236
Tax payable (other than income tax)	11,304	240	(1,401)			10,143
Payroll and related charges	44,073	60,781	8,220			113,074
Other amounts payable	21,431	14,205	3,816			39,452
Dividends payable	5,522	0	0			5,522
Accrued interest payable, third parties	972	6,570	144			7,686
Fair value payable financial instrument held for cash flow hedging	219	73	6,827			7,119
Fair value payable other financial instruments	6,459	6,340	1,857			14,656
Accrued charges and deferred income	18,907	33,868	24,685			77,459
NON-CURRENT						
Long-term trade payables				0	74	74
Other long-term debts				511	0	511
Investment grants and deferred income from grants				530	3,872	4,401

	(EUR thousand)					
	Earliest contractual maturity (undiscounted)					TOTAL
	< 1 Month	1 to 3 Months	3 Months - 1 Year	1 to 5 Years	> 5 years	
Financial year						
Financial debt						
CURRENT						
Short term bank loans	38,487	14,891	13,330			66,708
Bank overdrafts	1,073	0	5,495			6,568
Short-term loan: commercial paper	83,679	0	0			83,679
Other loans	7,144	0	167			7,312
Current portion of long-term bank loans	2	130	397			530
Current portion of other long-term loans	34	78	933			1,045
NON-CURRENT						
Bank loans				258,122	0	258,122
Other loans				162,051	2,331	164,382
Trade and other payables						
CURRENT						
Trade payables	264,142	136,696	1,898			402,736
Advances received on contracts in progress	344	110	6,853			7,307
Tax payable (other than income tax)	9,371	236	0			9,609
Payroll and related charges	39,157	66,735	11,601			117,492
Other amounts payable	14,814	3,696	10,302			28,811
Dividends payable	6,245	0	0			6,245
Accrued interest payable, third parties	2,044	6,372	210			8,625
Fair value payable financial instrument held for cash flow hedging	493	779	10,506			11,778
Fair value payable other financial instruments	10,650	(960)	4,508			14,199
Accrued charges and deferred income	41,531	9,611	13,763			64,906
NON-CURRENT						
Long-term trade payables				0	74	74
Other long-term debts				992	(55)	937
Investment grants and deferred income from grants				572	4,065	4,637

27. Provisions for employee benefits

The Group has various legal and constructive defined benefit obligations, the vast majority of which are situated in the Belgian, French and German operations, the majority of them being 'final pay' plans.

	(EUR thousand)				
	Post-employment benefits, pensions and similar	Post-employment benefits - other	Termination benefits early retirement & similar	Other long-term employee benefits	Total
At the end of the previous year	101,267	17,958	40,599	11,972	171,796
. Increase (included in «Payroll and related benefits»)	8,868	461	4,443	806	14,579
. Reversal (included in «Payroll and related benefits»)	(2)	0	0	0	(2)
. Use (included in «Payroll and related benefits»)	(17,336)	(1,073)	(11,570)	(765)	(30,744)
. Interest and discount rate impacts (included in «Finance cost - Net»)	5,060	834	1,968	583	8,445
. Translation differences	248	(331)	0	19	(64)
. Recognized in equity	1,538	(2,341)	0	(0)	(802)
. Other movements	(553)	0	138	91	(324)
At the end of the financial year	99,090	15,509	35,579	12,797	162,884

The first table shows the balances and the movements in provisions for employee benefits of the fully consolidated subsidiaries only. There is a difference in the line 'Recognized in equity' compared to what is shown in note 23 as that note also includes associates and joint ventures that are accounted for according to the equity method.

The 2008 movements show reduced balances for plans in Belgium and Germany mainly related to payouts of termination benefits and some additional funding contributions for the pension plans. Management expects cash outflows in the short term to stay in the same order of magnitude as the outflows of prior and current year.

As described in note 20, a non-current receivable has been recognized as "reimbursement rights" linked to medical plan liabilities that Umicore France took over from Nyrstar France in 2007 and which Nyrstar France will compensate over the lifetime of these liabilities. Whenever there is a change in these liabilities this change will affect the reimbursement rights under the non current receivables in the same way. When the change of the period is related to changes in actuarial assumptions, both the liability and the asset are adjusted through the statement of recognized income and expenses.

The following disclosure requirements under IAS 19 amended were derived from the reports obtained from external actuaries.

	(EUR thousand)		
	31/12/07	Movements 2008	31/12/08
Belgium	39,564	(4,909)	34,655
France	19,293	(1,839)	17,454
Germany	101,034	(4,453)	96,581
Subtotal	159,891	(11,201)	148,690
Other entities	11,905	2,289	14,194
Total	171,796	(8,912)	162,884

Reimbursement rights

	(EUR thousand)
Transferred from «current trade receivables»	9,188
Actual reimbursement	(214)
Actuarial gains and losses on reimbursement rights	(3,180)
At the end of the financial year	5,794

Change in benefit obligation

Benefit obligation at beginning of the year

Discontinued operations in opening	304,840
Current service cost	(40,271)
Interest cost	10,321
Plan Participants' Contributions	12,764
Amendments	11,501
Actuarial (gain)/loss	14,082
Benefits paid from plan/company	307
Expenses paid	10,803
Net transfer in/(out) (including the effect of any business combinations/divestitures)	(439)
Plan combinations	(10,688)
Plan Curtailments	(9,545)
Plan Settlements	(24,872)
Exchange rate changes	(22,821)
	(31)
	(38)
	218
	0
	0
	25
	(299)
	545
	(1,022)
Benefit obligation at end of the year	275,282

Change in plan assets

Fair value of plan assets at the beginning of the year

Discontinued operations in opening	88,220
Expected return on plan assets	(13,572)
Actuarial gain/(loss) on plan assets	3,747
Employer contributions	4,779
Member contributions	(789)
Benefits paid from plan/company	(10,020)
Expenses paid	37,912
Plan settlements	31,151
Net transfer in/(out) (including the effect of any business combinations/divestitures)	307
Exchange rate changes	(24,872)
	(31)
	(38)
	(299)
	12,636
	164
	(578)
	609
Fair value of plan assets at the end of the year	102,765

Pension plans mainly in Belgium, France, Liechtenstein, Netherlands, USA and Norway are wholly or partly funded with assets covering a substantial part of the obligations. All other plans have no material funding or are unfunded.

(EUR thousand)

2007 2008

	2007	2008
	304,840	275,282
	(40,271)	0
	10,321	12,764
	11,501	14,082
	307	360
	10,803	(439)
	(10,688)	(9,545)
	(24,872)	(22,821)
	(31)	(38)
	14,808	218
	0	0
	(315)	25
	(99)	(299)
	(1,022)	545
	275,282	270,134

2007 2008

	2007	2008
	88,220	102,765
	(13,572)	0
	3,747	4,779
	(789)	(10,020)
	37,912	31,151
	307	360
	(24,872)	(22,821)
	(31)	(38)
	(299)	(299)
	12,636	164
	(578)	609
	102,765	106,650

	(EUR thousand)	
	2007	2008
Amount recognized in the balance sheet		
Present value of funded obligations	173,830	175,623
Fair value of plan assets	102,765	106,650
Deficit (surplus) for funded plans	71,065	68,973
Present value of unfunded obligations	101,452	94,511
Unrecognized net actuarial gain/(loss)		42
Unrecognized past service (cost) benefit	(721)	(641)
Net liability (asset)	171,796	162,885
Components of pension costs		
Amounts recognized in profit and loss statement		
Current service cost	10,321	12,764
Interest cost	11,501	14,082
Expected return on plan assets	(3,747)	(4,779)
Expected return on reimbursement rights		(300)
Amortization of past service cost incl. §58(a)	10,803	(359)
Amortization of net (gain) loss incl. §58(a)	1,297	1,359
Curtailment (gain)/loss recognized	(315)	25
Settlement (gain)/loss recognized	116	0
Total pension cost recognized in P&L account	29,976	22,792
Actual return on plan assets	2,958	(5,241)
Actual return on reimbursement rights		214
Amounts recognized in statement of recognized income and expense		
Cumulative actuarial gains and losses	38,252	21,537
Discontinued operations in opening	(5,866)	0
Actuarial gains and losses of the year	(11,365)	(802)
Transfer from/to retained earnings	459	0
Minorities	73	64
Actuarial gains and losses on reimbursement rights		3,180
Exchange differences	(16)	33
Total recognized in the SoRIE at subsidiaries	21,537	24,012
Discontinued operations in opening at associates and joint ventures	(128)	0
Actuarial gains and losses at associates and joint ventures	20,261	19,100
Total recognized in the post employment benefit reserves Group	41,671	43,112

The interest cost and return on plan assets as well as the discount rate impact on the non-post employment benefit plans included in the amortized actuarial losses or gains, are recognized under the finance cost in the income statement (see note 11). All other elements of the expense of the year are classified under the operating result.

Actuarial gains of the year recognized in equity originate mainly from an increase in discount rates on the pension plans and differences between the expected and actual return on plan assets.

The policy to amortize the actuarial gains and losses is the experience policy.

	2007	2008
Principal actuarial Assumptions		
<i>Weighted average assumptions to determine benefit obligations</i>		
Discount rate (%)	5.16	5.68
Rate of compensation increase (%)	2.95	2.86
Rate of price inflation (%)	2.08	2.05
<i>Weighted average assumptions to determine net cost</i>		
Discount rate (%)	4.36	5.16
Expected long-term rate of return on plan assets during financial year (%)	4.99	4.92
Rate of compensation increase (%)	2.37	2.85
Rate of price inflation (%)	2.07	2.08
	2008	
	Percentage of plan assets	Expected return on plan assets
Plan assets		
Equity securities %	20.06	5.60
Debt Securities %	56.78	4.94
Real Estate %	1.53	4.99
Other %	21.63	4.40
Total (%)	100.00	4.96

Other plan assets are predominantly invested in insurance contracts and bank

term deposits. The expected long term rate of return on assets assumptions is documented for the individual plans.

History of experience gains and losses

Difference between the expected and actual return on plan assets

	2007	2008
Amount	789	10,020
Percentage of plan assets (%)	1.20	9.00

Experience (gain)/loss on plan liabilities

	2007	2008
Amount	9,129	6,168
Percentage of present value of plan liabilities (%)	3.30	2.00

Required disclosures for post-retirement medical plans

Assumed health care trend rate

	2007	2008
Immediate trend rate (%)	4.25	4.23
Ultimate trend rate (%)	6.75	6.70
Year that the rate reaches ultimate trend rate	2007	2008

Sensitivity to trend rate assumptions

	2008	Valuation trend +1%	Valuation trend -1%
Effect on total service cost and interest cost components	189		(238)
Effect on defined benefit obligation	2,451		(1,965)

Balance sheet reconciliation

	2007	2008
Balance sheet liability (asset)	215,666	171,796
Discontinued operations in opening	(26,699)	0
Pension expense recognized in P&L in the financial year	29,976	22,792
Amounts recognized in SoRIE	(10,906)	(802)
Employer contributions via funds in the financial year	(25,550)	(17,008)
Employer contributions paid directly in the financial year	(12,362)	(14,143)
Actual reimbursement		214
Net transfer in/(out) (including the effect of any business combinations/diversitures)	2,172	54
Amounts recognized due to plan combinations	0	0
Other	(58)	43
Exchange rate adjustment - (gain)/loss	(444)	(61)
Balance sheet liability (asset) as of end of the year	171,796	162,884

The contribution expected to be paid to the plans during the annual period beginning after the balance sheet date amounts to EUR 21.3 million.

28. Stock option plans granted by the company

Plan	Expiry date	Exercise	Old exercise price	New exercise price	Number of options still to be exercised
			EUR before Cumerio demerger (the exercise price may be higher in certain countries)	EUR after Cumerio demerger (the exercise price may be higher in certain countries)	
ESOP 1999 (10 years)	10.06.2009	once a year : from May 20 until June 10	7.32	5.22	36,300
			7.46	5.36	22,900
ISOP 2001 (7 years)	14.03.2008	all working days of Euronext Brussels	8.29	6.19	0
			8.36	6.26	0
			8.49	6.39	0
ISOP 2002 (7 years)	14.03.2009	all working days of Euronext Brussels	7.60	5.50	1,375
			9.22	7.12	26,500
			9.63	7.53	200,225
			7.60	7.60	0
ISOP 2003 (7 years)	13.03.2010	all working days of Euronext Brussels	6.84	4.74	279,825
			7.02	4.92	52,775
ISOP 2003 bis	13.03.2010	all working days of Euronext Brussels	8.80	6.70	20,000
					20,000
ISOP 2004	11.03.2011	all working days of Euronext Brussels	10.41	8.31	134,875
			10.74	8.64	125,000
ISOP 2005	16.06.2012	all working days of Euronext Brussels	12.92	12.92	462,000
			13.66	13.66	6,000
ISOP 2006	02.03.2013	all working days of Euronext Brussels	22.55	22.55	468,000
			24.00	24.00	528,125
ISOP 2007	16.02.2014	all working days of Euronext Brussels	26.55	26.55	10,000
			27.36	27.36	538,125
ISOP 2008	15.04.2015	all working days of Euronext Brussels	32.57	32.57	670,500
			32.71	32.71	20,000
Total					690,500
					712,750
					3,309,150

ESOP refers to «Employee Stock Option Plan» (worldwide plan for hourly and monthly-paid employees and managers).

- ISOP refers to «Incentive Stock Option Plan» (worldwide plan for managers).

- The ISOP 2003 bis plan was set up in the first semester of 2004 for executives of PMG who joined Umicore as a result of the acquisition.

The stock options, which are typically vested at the time of the grant, will be settled with existing treasury shares. Options which have not been exercised before the expiry date elapse automatically.

	(EUR thousand)			
	2007		2008	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Details of the share options outstanding during the year				
Outstanding at the beginning of the year	4,109,650	10.13	3,247,575	15.39
Granted during the year	742,750	26.57	712,750	32.58
Exercised during the year	1,604,825	7.08	651,175	11.51
Outstanding at the end of the year	3,247,575	15.39	3,309,150	19.85
Exercisable at the end of the year	3,247,575	15.39	3,309,150	19.85

The options outstanding at the end of the year have a weighted average remaining contractual life until December 2012.

29. Environmental provisions

	(EUR thousand)		
	Provisions for soil clean-up & site rehabilitation	Other environmental provisions	TOTAL
At the end of previous year	106,011	4,759	110,770
. Increase	11,885	4,005	15,889
. Reversal	(7,904)	0	(7,904)
. Use (included in «Other operating expenses»)	(13,990)	(2,987)	(16,978)
. Discounting (included in «Finance cost -Net»)	2,551	0	2,551
. Translation differences	(1,123)	0	(1,123)
. Other movements	653	357	1,010
At the end of the financial year	98,082	6,134	104,216
	Of which	- Non Current	
		- Current	
	60,773	2,193	62,966
	37,310	3,940	41,250

Provisions for environmental legal and constructive obligations are recognized and measured by reference to an estimate of the probability of future cash outflows as well as to historical data based on the facts and circumstances known at the reporting date. The actual liability may differ from the amounts recognized.

Provisions decreased overall by EUR 6,554 thousand, with additional provisions being more than compensated by uses and reversals of existing provisions.

The new increase in provisions for environment are mainly related to the remediation of sites in France (Viviez), Germany (old mining site related liabilities) and United States (Glens Falls), to the demolition of an old power station in Belgium (Olen) and to the consumed emission rights in Belgium.

Most of the uses of provisions for the period are linked to the realization during the period of site remediation programs in France (Viviez and Calais) and in Belgium

(Hoboken and Grâce-Hollogne), to the demolition of the installations after the shut down of the Calais plant and to the treatment of waste materials in Belgium (Hoboken).

Most of the reversals of provisions for the period are linked to demolition and remediation programs in France (Calais).

Although in 2008, no major movements occurred on the provisions that were taken to address the historical radioactive waste material in Olen (Belgium), important progress was made in negotiating with all competent authorities to find a sustainable and acceptable storage solution.

A material portion of the provisions for soil clean-up and site rehabilitation relates to projects in Belgium and France. Management expects the most significant cash outflows on these projects to take place within 5 years.

30. Provisions for other liabilities and charges

	(EUR thousand)		
	Provisions for reorganization & restructuring	Provisions for other liabilities and charges	TOTAL
At the end of the previous year	19,636	64,474	84,110
. Acquisition through business combinations	0	23	23
. Increase	2,480	19,217	21,697
. Reversal	(1,172)	(19,957)	(21,129)
. Use (included in «Other operating expenses»)	(3,556)	(3,280)	(6,836)
. Discounting (included in «Finance cost - Net»)	0	1,007	1,007
. Translation differences	(636)	(4,567)	(5,203)
. Transfers	0	(1,044)	(1,044)
. Other movements	(138)	24	(114)
At the end of the financial year	16,613	55,898	72,511
	Of which	- Non Current	
		- Current	
	8,834	26,610	35,444
	7,780	29,289	37,069

Provisions for reorganization and restructuring and for tax, warranty and litigation risks, onerous contracts and product returns are recognized and measured by reference to an estimate of the probability of future outflow of cash as well as to historical data based on the facts and circumstances known at the reporting date. The actual liability may differ from the amounts recognized.

Provisions decreased overall by EUR 11,599 thousand, with additional provisions being more than compensated by reversals and uses of existing provisions.

The increase of the provisions for reorganization and restructuring is mainly linked to the small restructurings in Germany and Canada. The use of provisions in this category is partly linked to the restructuring program of the precious metals refining operation in Hanau, Germany, a restructuring for which a provision was made in 2006. The use of provisions is also partly linked to restructuring programs in France.

The increases, reversals and uses in provisions for other liabilities and charges concern liabilities that are mainly related to warranty risks and litigations. They affect a wide range of subsidiaries, mainly in Germany, Brazil, Belgium, Canada and France.

They also include provisions for onerous contracts related to the IAS 39 effect (see note 9). The net increase of the period on provisions for onerous contracts is EUR 9,370 thousand. The closing balance of this provision is EUR 21,196 thousand classified as current provision.

No assessment is possible regarding the expected timing of cash outflows related to the non-current part of the provisions for other liabilities and charges.

31. Financial instruments by category

	As at the end of previous year	Carrying amount				Available-for-sale
		FAIR VALUE	Held for trading - no hedge accounting	Held for trading - hedge accounting	Loans, receivables and payables	
ASSETS						
Available-for-sale financial assets	108,294					108,294
Available-for-sale financial assets - Shares	108,294					108,294
Loans granted	9,832				9,832	
Loans to associates and non consolidated affiliates	9,832				9,832	
Trade and other receivables	884,773		12,431	17,312	855,031	
Non-current						
Cash guarantees and deposits	2,486				2,486	
Trade receivables maturing in more than 1 year	0				0	
Other receivables maturing in more than 1 year	1,340				1,340	
Assets employee benefits	913				913	
Current						
Trade receivables (at cost)	734,240				734,240	
Trade receivables (write-down)	(11,520)				(11,520)	
Other receivables (at cost)	117,125				117,125	
Other receivables (write-down)	(8,063)				(8,063)	
Interest receivable	611				611	
Fair value of financial instruments held for cash-flow hedging	17,312			17,312		
Fair value receivable other financial instruments	12,431		12,431			
Deferred charges and accrued income	17,899				17,899	
Cash and cash equivalents	218,915				218,915	
Short-term investments: bank term deposits	71,312				71,312	
Short-term investments: term deposits (other)	7,276				7,276	
Cash-in-hand and bank current accounts	140,327				140,327	
Total of financial instruments (Assets)	1,221,814		12,431	17,312	1,083,778	108,294
LIABILITIES						
Financial debt	398,637				396,837	
Non-current						
Bank loans	25,357				24,157	
Other loans	157,645				157,045	
Current						
Short term bank loans	115,041				115,041	
Bank overdrafts	7,485				7,485	
Securitization	0				0	
Short term loan: commercial paper	82,995				82,995	
Other loans	10,114				10,114	
Trade and other payables	870,224		14,656	7,119	848,449	
Non-current						
Long term trade payables	74				74	
Other long term debts	511				511	
Investments grants and deferred income from grants	4,401				4,401	
Current						
Trade payables	589,468				589,468	
Advances received on contracts in progress	236				236	
Tax - other than income tax - payable	10,143				10,143	
Payroll and related charges	113,497				113,497	
Other amounts payable	39,452				39,452	
Dividends payable	5,522				5,522	
Accrued interest payable	7,686				7,686	
Fair value financial instrument held for cash flow hedging	7,119			7,119		
Fair value payable other financial instruments	14,656		14,656			
Accrued charges and deferred income	77,459				77,459	
Total of financial instruments (Liabilities)	1,268,861		14,656	7,119	1,245,286	0

As at the end of the financial year	(EUR thousand)			
	Fair value	Carrying amount		Loans, receivables and payables
		Held for trading - no hedge accounting	Held for trading - hedge accounting	Available-for-sale
ASSETS				
Available-for-sale financial assets	26,085			26,085
Available-for-sale financial assets - Shares	26,085			26,085
Loans granted	4,723			4,723
Loans to associates and non consolidated affiliates	4,723			4,723
Trade and other receivables	719,492	32,720	62,200	624,571
Non-current				
Cash guarantees and deposits	3,255			3,255
Trade receivables maturing in more than 1 year	0			0
Other receivables maturing in more than 1 year	7,239			7,239
Assets employee benefits	855			855
Current				
Trade receivables (at cost)	488,343			488,343
Trade receivables (write-down)	(15,965)			(15,965)
Other receivables (at cost)	88,185			88,185
Other receivables (write-down)	(9,192)			(9,192)
Interest receivable	845			845
Fair value of financial instruments held for cash-flow hedging	62,200		62,200	
Fair value receivable other financial instruments	32,720	32,720		
Deferred charges and accrued income	61,007			61,007
Cash and cash equivalents	254,947			254,947
Short-term investments: bank term deposits	133,591			133,591
Short-term investments: term deposits (other)	2,019			2,019
Cash-in-hand and bank current accounts	119,337			119,337
Total of financial instruments (Assets)	1,005,247	32,720	62,200	884,241
LIABILITIES				
Financial debt	588,346			588,346
Non-current				
Bank loans	260,023			258,123
Other loans	170,982			164,382
Current				
Short term bank loans	67,237			67,237
Bank overdrafts	6,568			6,568
Securitization	0			0
Short term loan: commercial paper	83,679			83,679
Other loans	8,356			8,356
Trade and other payables	677,356	14,199	11,778	651,379
Non-current				
Long term trade payables	74			74
Other long term debts	937			937
Investments grants and deferred income from grants	4,637			4,637
Current				
Trade payables	402,736			402,736
Advances received on contracts in progress	7,307			7,307
Tax - other than income tax - payable	9,609			9,609
Payroll and related charges	117,492			117,492
Other amounts payable	28,811			28,811
Dividends payable	6,245			6,245
Accrued interest payable	8,625			8,625
Fair value financial instrument held for cash flow hedging	11,778		11,778	
Fair value payable other financial instruments	14,199	14,199		
Accrued charges and deferred income	64,906			64,906
Total of financial instruments (Liabilities)	1,265,702	14,199	11,778	1,239,725

Loans and debt have been issued at market rate which would not create any major differences with effective interest expense. All categories of financial instruments of Umicore are at fair value except the non current bank and other loans for which the carrying amounts differ from the fair value (see note 24).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques, mainly discounted cash-flow, using for the market assumptions the ones existing at balance sheet date.

In particular, the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange and metal contracts is determined using quoted forward exchange and metal rates at the balance sheet date.

The fair value of quoted financial assets held by the Group is their quoted market price at balance sheet date. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Sensitivity analysis on financial instruments

Umicore is sensitive to commodity prices, foreign currency and interest rate risk on its financial instruments.

a) commodity prices

The fair value on financial instruments related to cash flow hedging would have been EUR 13.3 million lower/higher if the metal prices would strengthen/weaken by 10%.

The fair value on other commodity sales financial instruments would have been EUR 13.9 million lower/higher and the fair value on other commodity purchases financial instruments would have been EUR 9.2 million higher/lower if the metal prices would strengthen/weaken by 10%.

b) Foreign currency

The fair value of forward currency contracts related to cash flow hedging would have been EUR 21.9 million higher if the Euro would strengthen against USD by 10% and would have been EUR 24 million lower if the Euro would weaken against USD by 10%.

The fair value of other forward currency contracts sold would have been EUR 13.4 million higher if the Euro would strengthen against USD by 10% and would have been EUR 15.8 million lower if the Euro would weaken against USD by 10%.

The fair value of other forward currency contracts bought would have been EUR 2.1 million lower if the Euro would strengthen against USD with 10% and would have been EUR 2.4 million higher if the Euro would weaken against USD with 10%.

The fair value of balance sheet items exposed to USD would have been EUR 17 million lower if the Euro would strengthen against USD by 10 % and would have been EUR 20.8 million higher if the euro would weaken against USD by 10%.

c) Interest rate

The fair value of cash and cash equivalents and financial debt would have been EUR 1.4 million lower/higher if the interest rate increased/decreased by 1%.

32. Fair value of financial instruments

Umicore hedges its structural and transactional metal, currency and interest rate risks using respectively metal derivatives (mainly quoted on the London Metal Exchange), currency derivatives and Interest Rate Swaps with reputed brokers and banks.

a) financial instruments related to cash-flow hedging :

	Notional or Contractual amount		Fair value	
	31/12/2007	31/12/2008	31/12/2007	31/12/2008
Forward commodities sales	166,870	193,181	(3,963)	62,200
Forward currency contracts sales	235,626	228,728	13,117	(11,623)
Forward IRS contracts	172,000	86,000	1,036	(155)
Total fair value impact subsidiaries			10,191	50,422
Recognized under trade and other receivables			17,312	62,200
Recognized under trade and other payables			(7,119)	(11,778)
TOTAL			10,191	50,422

The principles and documentation on the hedged risks as well as the timing related to the Group's cash flow hedging operations are included in note 3 Financial risk management.

The fair values of the effective hedging instruments are in the first instance recognized in the fair value reserves recorded in equity and are derecognized when the underlying forecasted or committed transactions occur (see note 23)

The forward commodities sales contracts are set up to hedge primarily the following commodities: zinc, gold, silver, platinum and palladium.

The forward currency contracts are set up to hedge USD towards Euro and AUD and NOK towards Euro.

The average maturity date of financial instruments related to cash-flow hedging is November 2009 for the forward commodities sold, September 2009 for the forward currency contracts and March 2009 for the forward IRS contracts.

The terms and conditions of the forward contracts are common market conditions.

In those circumstances whereby the hedge accounting documentation as defined under IAS 39 is not available, financial instruments used to hedge structural risks for metals and currencies are measured as if they were held for trading. However, such instruments are being used to hedge future probable cash-flows and are not speculative in nature.

Umicore has not faced any ineffectiveness on cash flow hedging in P&L in 2007 and 2008.

b) other financial instruments

	(EUR thousand)			
	Notional or Contractual amount		Fair value	
	31/12/2007	31/12/2008	31/12/2007	31/12/2008
Forward commodities sales	134,734	146,017	(1,101)	6,898
Forward commodities purchases	(90,856)	(90,575)	(1,963)	1,086
Forward currency contracts sales	63,741	155,315	843	10,312
Forward currency contracts purchases	(3,338)	(22,079)	(4)	225
Total fair value impact subsidiaries			(2,225)	18,521
Recognized under trade and other receivables			12,431	32,720
Recognized under trade and other payables			(14,656)	(14,199)
TOTAL GROUP			(2,225)	18,521

The principles and documentation related to the Group's transactional hedging are included in note 3 "Financial risk management". In the absence of hedge accounting documentation as defined under IAS 39, financial instruments used to hedge transactional risks for metals and currencies are measured as if they were held for trading. However, such instruments are being used to cover existing transactions and firm commitments and are not speculative in nature.

The fair values are immediately recognized in the income statement under Other operating income for the commodity instruments and the Net Finance cost for the currency instruments.

c) Embedded derivatives

Since 2006 a contractual situation is activated whereby variable price adjustments (embedded derivative) occur on the sale (host contract) in 1992 of the participation and loans of Aurifère de Guinée, a gold mining concession in Guinea.

In 2008 an amount of EUR 4.2 million was recognized in the income statement. This total amount comprises the changes in the estimated present value of potential

income from this source, based amongst others upon gold price, mine potential and operating conditions and creditworthiness of the mine owner for EUR -0.1 million and actual recognized income for EUR 4.3 million.

At balance sheet level, the receivable of EUR 5.7 million related to Aurifère de Guinée is recorded in the other current receivables.

	(EUR thousand)				
	As at the end of previous year	Earliest contractual maturity (undiscounted)			
	< 1 Month	1 to 3 Months	3 Months - 1 Year	1 to 5 Years	Total
FINANCIAL INSTRUMENTS ASSETS (FAIR VALUE)					
Interest Rate Risk					
Interest rate swaps (CFH)		1,036			1,036
Commodity risk					
Total forward sales (CFH)	(736)	119	(1)	3,774	3,157
Total forward sales (other)	327	3	0	0	330
Total forward purchases (other)	351	51	2,328	0	2,730
FX Risk					
Forward currency contracts sales (CFH)	1,007	642	7,063	4,405	13,117
Forward currency contracts sales (other)	810	33			843
FINANCIAL INSTRUMENTS LIABILITIES (FAIR VALUE)					
Commodity risk					
Total forward sales (CFH)	(350)	(375)	(3,812)	(2,583)	(7,119)
Total forward sales (other)	187	(977)	(641)	0	(1,431)
Total forward purchases (other)	(1,142)	(2,359)	(1,134)	(57)	(4,692)
FX Risk					
Forward currency contracts purchases (other)		(4)			(4)

	(EUR thousand)				
	As at the end of the financial year	Earliest contractual maturity (undiscounted)			
	< 1 Month	1 to 3 Months	3 Months - 1 Year	1 to 5 Years	Total
FINANCIAL INSTRUMENTS ASSETS (FAIR VALUE)					
Commodity risk					
Total forward sales (CFH)	3,388	3,091	31,959	23,763	62,201
Total forward sales (other)	4,446	1,286	2,306	0	8,038
Total forward purchases (other)	99	2,411	1,123	0	3,633
FX Risk					
Forward currency contracts sales (other)	7,376	2,666	270	0	10,312
Forward currency contracts purchases (other)	217	8	0	0	225
FINANCIAL INSTRUMENTS LIABILITIES (FAIR VALUE)					
Interest Rate Risk					
Interest rate swaps (CFH)		(155)			(155)
Commodity risk					
Total forward sales (other)	(49)	(1,111)	21	0	(1,139)
Total forward purchases (other)	(594)	(1,037)	(815)	(100)	(2,546)
FX Risk					
Forward currency contracts sales (CFH)	(451)	(544)	(6,906)	(3,722)	(11,623)

33. Notes to the cash flow statement

DEFINITIONS

The cash flow statement identifies operating, investing and financing activities for the period.

The investing cash flows related to acquisitions (and disposals) of subsidiaries are reported net of cash acquired (or disposed of) (see note 8, "Business combinations").

Umicore uses the indirect method for the operating cash flows. The net profit and loss is adjusted for:

- the effects of non-cash transactions such as provisions, impairment losses, etc., and the variance in operating capital requirements.
- items of income or expense associated with investing or financing cash flows.

	(EUR thousand)	
	2007	2008
Adjustments for non cash transactions		
Depreciations	113,283	113,368
Adjustment IAS 39	96	(2,105)
Negative goodwill taken in result (Reversal) Impairment charges	(2,843)	703
Exchange difference on long-term loans	13,659	78,499
Inventories and bad debt provisions	(10,638)	7,758
Depreciation on government grants	5,463	38,874
Share-based payments	(2,960)	(211)
Change in provisions	5,250	7,532
Other	36,639	(30,273)
	528	
	158,477	214,144
Adjustments for items to disclose separately or under investing and financing cash flows		
Tax charge of the period	57,460	67,159
Interest (income) charges	27,440	31,666
(Gain) loss on disposal of fixed assets	(29,401)	(17,600)
Dividend income	(1,796)	(2,801)
	53,703	78,423
Change in working capital requirement analysis		
Inventories	183,604	70,134
Trade and other receivables	171,639	140,829
Trade and other payables	(416,649)	(201,244)
As in the consolidated balance sheet	(61,407)	9,719
IAS 39 effect	39,749	25,696
Effect of discontinued operations	9,383	
Non-cash items or otherwise disclosed	(26,882)	15,842
Change in scope	65,194	
Currency translation differences	(19,792)	(34,281)
As in the consolidated cash flow statement	6,245	16,976

A) Net cash flow generated by operating activities

Operating cash flow after tax is EUR 370.3 million. Working capital requirements decreased by EUR 17.0 million, primarily as a result of falling metal prices during the second half of the year amplified further by the reduced business activity in the fourth quarter.

B) Net cash flow used in investing activities

Net cash generated by investing activities decreased by EUR 547.2 million in 2008. This decrease is mainly due to the disposal of subsidiaries and associates and cash flow from/to discontinued operations. In 2007, the Group had a net cash movement of EUR 578.2 million linked to disposal of the Zinc Alloys activities to Nyxstar. In 2008, the Group has disposed subsidiaries and associates for EUR 30.2 million, mainly related to Padaeng. The Group has also acquired subsidiaries for EUR 1.1 million, net of cash acquired (see Note 8, business combinations) and performed a capital increase in associates for EUR 11.6 million.

Capital expenditure reached EUR 216.0 million. The most significant increase took place in Automotive Catalysts (capability enhancement investments in all regions), in Precious Metals Services (the final phase of the precious metals pre-concentration investments in Hoboken) and Advanced Materials (the initial phase of the Asian rechargeable battery materials production investments). The capital expenditures include EUR 11.2 million of intangibles, consisting of capitalized development costs in new information systems.

C) Net cash flow used in financing activities

The use of cash generated by financing activities is mainly the consequence of the net increase of indebtedness (EUR 180.2 million), the net share buy-back program of EUR 239.7 million, the payment of dividends (EUR 74.9 million) and the net interests paid (EUR 30.9 million).

34. Off balance sheet rights and commitments

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

Guarantees constituted by third parties on behalf of the Group
 Guarantees constituted by the Group on behalf of third parties
 Guarantees received
 Goods and titles held by third parties in their own names but at the Group's risk
 Commitments to acquire and sell fixed assets
 Commercial commitments for commodities purchased (to be received)
 Commercial commitments for commodities sold (to be delivered)
 Goods and titles of third parties held by the Group
 Miscellaneous rights and commitments

	(EUR thousand)	
	2007	2008
	12,192	12,113
	4,338	2,274
	19,513	71,357
	611,329	254,919
	1,500	406
	296,718	106,933
	508,320	415,151
	1,869,413	1,016,037
	4,845	4,718
	3,328,168	1,883,908

A. Guarantees constituted by third parties on behalf of the Group

are secured and unsecured guarantees given by third parties to the creditors of the group guaranteeing that the Group's debts and commitments, actual and potential, will be satisfactorily discharged.

B. Guarantees constituted by the group on behalf of third parties

are guarantees or irrevocable undertakings given by the Group in favour of third parties guaranteeing the satisfactory discharge of debts or of existing or potential commitments by the third party to its creditors.

C. Guarantees received

are pledges and guarantees received guaranteeing the satisfactory discharge of debts and existing and potential commitments of third parties towards the Group, with the exception of guarantees and security in cash.

The guarantees received are mainly related to supplier guarantees backed by bank institutions. Those guarantees are set up to cover the good execution of work by the supplier. Some guarantees received are related to customer guarantees, received mainly from a customer's mother company on behalf of one of its subsidiaries. A minor part of the received guarantees is related to rent guarantees.

All guarantees are taken at normal market conditions and their fair value is equivalent to the carrying amount. No re-pledge has been done on any of those guarantees.

D. Goods and titles held by third parties in their own names but at the Group's risk

represent goods and titles included in the Group balance sheet for which the Group bears the risk and takes the profit, but where these goods and titles are not present on the premises of the Group. It concerns mainly inventories leased out to third parties or held under consignment or under tolling agreement by third parties.

E. Commercial commitments

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

F. Goods and titles of third parties held by the Group

are goods and titles held by the group, but which are not owned by the Group. It concerns mainly third party inventories leased in or held under consignment or tolling agreements with third parties.

There are no loan commitments given to third parties.

The Group leases metals from and to banks and other third parties for specified, mostly short term, periods and for which the group pays or receives fees. The Group holds sufficient metal inventories to meet all obligations under these lease arrangements as they fall due. As at 31 December 2008, there was a net lease in position for EUR 260 million vs EUR 175 million at end 2007.

35. Contingencies

The Group has certain pending files that can be qualified as contingent liabilities or contingent assets, according to the definition of IFRS.

ENVIRONMENTAL ISSUES

See note 29 on environmental provisions where the topic is covered in detail including the status from a contingency point of view.

PLASTIC INVESTMENT COMPANY

In June 1999, Umicore sold to Plastic Investment Company (PIC), a subsidiary of the Belgian-listed company TrustCapital, its stake in Overpelt Plascobel (OVP) for a price of EUR 15.49 million (BEF 625 million). In April 2000, PIC initiated a legal procedure aiming at obtaining damages amounting to the original purchase price.

The judgment of the commercial court of 15 December 2008 found the claims of PIC fully ill-founded and also ordered PIC to pay Umicore EUR 30,000 in costs.

As no appeal was filed within the relevant period, this judgment is now final.

FORMER EMPLOYEES OF GÉCAMINES

Several former employees of Gécamines, the Congolese state-owned entity which took over the assets of Union Minière in 1967 following its expropriation, filed claims against Umicore for the payment of amounts due by Gécamines following their dismissal by the latter. Société Générale des Minerais, whose rights and obligations have been taken over by Umicore following several reorganizations, had indeed accepted, from 1967 to 1974, to pay certain employees of Gécamines certain elements of their remuneration in the event of default by Gécamines. In 1974, Gécamines had agreed to hold Umicore harmless in this respect. The validity of this guarantee might be contested, however Umicore believes that this position is without any merit.

Even if Umicore would be forced in certain cases to pay certain amounts to former employees, the company believes that overall, and based on current prevailing case law, the outcome of these procedures should not have a major financial impact on the Group. It is, however, impossible to make any prediction on the final outcome of

this proceeding.

VAT SETTLEMENT WITH THE BELGIAN SPECIAL TAX INSPECTION, EXAMINED BY THE EUROPEAN AUTHORITIES

Although the company believed it had solid arguments to successfully defend itself against the claim of the Belgian special tax inspection («BBI/ISI») before the courts, in December 2000 the Group entered into a settlement agreement with the Belgian special tax inspection regarding VAT allegedly due on the intra-community delivery of silver to Italian and Swiss companies. The company's settlement with the Belgian tax authorities on this issue is legally valid, final and subject to confidentiality.

The EU Commission launched on September 7, 2004, an official investigation to review the settlement agreement in the context of the state aid regulations. This investigation was suspended during the criminal investigation. It cannot be excluded that the EU investigation will at some point in time be resumed.

There is nothing to report for the year 2008.

OTHERS

In addition to the above, the Group is the subject of a number of claims and legal proceedings incidental to the normal conduct of its business. Management does not believe that such claims and proceedings are likely, on aggregate, to have a material adverse effect on the financial condition of Umicore.

36. Related parties

TRANSACTIONS WITH JOINT VENTURES AND ASSOCIATES

	2007	2008
Operating income	69,146	101,684
Operating expenses	(61,786)	(69,606)
Financial income	43	319
Financial expenses	(626)	(307)
Dividends received	(16,950)	(13,608)

OUTSTANDING BALANCES WITH JOINT VENTURES AND ASSOCIATES

	2007	2008
Current trade and other receivables	13,916	4,203
Current trade and other payables	4,444	3,756
Loan asset short term	0	600
Loan liabilities short term	0	1,328

Key management compensation and shareholding

BOARD OF DIRECTORS

	2007	2008
. Salaries and other compensation:	412,253	530,000
Fixed portion (EUR)	193,753	200,000
Variable portion (based on attended meetings) (EUR)	218,500	330,000
. Number of shares held	117,290	868,260 *
. Number of stock options	0	655,000 **

* excluding Marc Grynberg (see Executive Committee)

** Thomas Leysen only

No variable compensation element (apart from attendance-related fees) is associated with directorship. No loan or guarantees have been granted by the company to members of the Board.

EXECUTIVE COMMITTEE

	2007	2008
. Salaries and other compensation:	4,864,868	4,797,111
Fixed portion	2,596,996	2,803,094
Variable portion (provision for the year performance)	1,861,847	1,480,837
Shares granted during the reference year	406,025	513,180
. Extra-legal pension scheme (EUR)	1,335,296	1,378,480
. Number of shares held	1,072,000	150,800 *
. Number of stock options	1,062,125	599,625 **

(*) excluding Thomas Leysen (see Board of Directors)

37. Events after the balance sheet date

Following the Board of Directors meeting of 11 February 2009, Umicore announced that a gross dividend of EUR 0.65 per share would be proposed to the Annual Shareholders Meeting, corresponding to a total dividend payment of EUR 72,957,480 based on the total number of outstanding shares but excluding treasury shares.

On 9 December 2008 Umicore launched an offer at EUR 40 per share to buy the shares it did not already own of its listed, German based jewellery and electroplating subsidiary Allgemeine Gold- und Silberscheideanstalt AG (Allgemeine). Prior to the offer, Umicore already owned 90.8 percent of Allgemeine. The offer expired on 4 February 2009. The number of shares tendered fell short of the 95% acceptance threshold initially indicated in the offer. As Umicore had earlier

decided to waive this acceptance threshold as a condition for completing the bid, all closing conditions are fulfilled and Umicore will retain all shares tendered during the offer period.

Umicore has completed a review of the different options regarding the future of its lead sheet activity in Overpelt, Belgium. Umicore intends to close this operation, which would affect 48 employees, and has started a consultation process with the works council and the trade unions. This non-core loss-making activity has been operating in a declining market for some time and Umicore had already informed its employees in mid-September that it was reviewing various options for the operation's future.

38. Earnings per share

	(EUR)	
	2007	2008
- excluding discontinued operations		
EPS -basic	1.81	1.06
EPS - diluted	1.79	1.05
- including discontinued operations		
EPS -basic	5.21	1.06
EPS - diluted	5.15	1.05

The following earnings figures have been used as the numerator in the calculation of basic and diluted earnings per share:

	(EUR thousand)	
	2007	2008
Net consolidated profit - Group share		
- without discontinued operations	227,257	122,322
- with discontinued operations	653,083	121,710

The following numbers of shares have been used as the denominator in the calculation of basic and diluted earnings per share:

For basic earnings per share:

	2007	2008
Total shares outstanding as at 1 January	130,050,125	130,986,625
Total shares outstanding as at 31 December	130,986,625	120,000,000
Weighted average number of outstanding shares	125,233,790	115,263,300

During 2008, no new shares were created as a result of the exercise of stock options with linked subscriptions rights. During the year Umicore used 643,925 of its treasury shares in the context of the exercise of stock options. The company cancelled 10,986,625 own shares during the year. On 31 December 2008, Umicore owned 7,757,722 of its own shares, representing 6.47% of the total number of shares issued as at that date.

Treasury shares, which are held to cover existing stock option plans or are available for resale, are not included in the number of outstanding shares.

For diluted earnings per share:

	2007	2008
Weighted average number of outstanding shares	125,233,790	115,263,300
Potential dilution due to stock option plans	1,616,360	996,208
Adjusted weighted average number of outstanding shares	126,850,150	116,259,507

The denominator for the calculation of diluted earnings per share takes into account an adjustment for stock options.

39. Discontinued operations

In April 2008, Umicore reached an agreement to divest its remaining minority shareholding of 22% in Thai zinc producer Padaeng to Thai stockbroker Asia Plus Securities Public Company Limited. The transaction generated cash proceeds of some EUR 30 million and the capital gain at Group level was EUR 207 thousand. This capital gain is reported in the consolidated income statement as profit from discontinued operations.

Also included in the result from discontinued operations, EUR (819) thousand related to a property tax settlement linked to the Nyrstar Business Combinations and Sales Agreements.

40. IFRS developments

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the group:

- Amendments to IAS 39 and IFRS 7 - Reclassification of Financial Instruments
- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The standard is relevant for the Group.
- IFRS 2 (amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. The standard is relevant for the Group.

· IAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The standard is relevant for the Group.

· IAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009 (subject to endorsement by the European Union). The group will apply IAS 23 (amended) from 1 January 2009, but it is not expected to have any impact on the Group's accounts.

· IFRIC 13, 'Customer loyalty programs'.

· IFRIC 14, 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'.

The management is currently assessing the impact of these new standards and amendments on the Group's operations.

Parent company separate summarized financial statements

The annual accounts of Umicore are given below in summarized form.

In accordance with the Companies code, the annual accounts of Umicore, together with the management report and the statutory auditor's report will be deposited with the National Bank of Belgium.

These documents may also be obtained on request from:

UMICORE

Rue du Marais 31

B-1000 Brussels (Belgium)

The statutory auditor did not express any reservations in respect of the annual accounts of Umicore.

	(EUR thousand)		
	31/12/2006	31/12/2007	12/31/2008
SUMMARIZED BALANCE SHEET AT 31 DECEMBER			
1. ASSETS			
Fixed assets	3,311,672	3,390,869	3,425,059
I. Formation expenses	1,834	877	
II. Intangible assets	12,540	13,250	26,720
III. Tangible assets	227,868	248,613	282,787
IV. Financial assets	3,069,431	3,128,129	3,115,552
Current assets	775,952	1,093,006	714,849
V. Amounts receivable after more than one year	388	538	738
VI. Stocks and contracts in progress	257,007	235,382	257,258
VII. Amounts receivable within one year	457,268	554,649	335,907
VIII. Investments	33,462	289,391	109,181
IX. Cash at bank and in hand	15,181	4,570	3,765
X. Deferred charges and accrued income	12,645	8,476	8,000
Total assets	4,087,624	4,483,875	4,139,908
2. LIABILITIES AND SHAREHOLDERS' EQUITY			
Capital and reserves	732,752	1,425,888	1,025,111
I. Capital	463,223	466,558	500,000
II. Share premium account	4,391	6,610	6,610
III. Revaluation surplus	98	98	98
IV. Reserves	167,367	437,585	309,301
V. Result carried forward	36,614	(250,235)	175,258
Vbis. Result for the period	59,328	762,555	30,860
VI. Investments grants	1,733	2,718	2,984
Provisions and deferred taxation	98,662	110,216	95,412
VII.A. Provisions for liabilities and charges	98,662	110,216	95,412
Creditors	3,256,210	2,947,770	3,019,385
VIII. Amounts payable after more than one year	1,433,074	1,068,074	1,153,074
IX. Amounts payable within one year	1,751,420	1,751,558	1,816,242
X. Accrued charges and deferred income	71,716	128,138	50,069
Total liabilities and shareholders' equity	4,087,624	4,483,875	4,139,908
INCOME STATEMENT			
I. Operating income	2,415,039	2,357,566	2,233,797
II. Operating charges	(2,411,935)	(2,241,038)	(2,120,463)
III. Operating result	3,104	116,528	113,334
IV. Financial income	185,080	394,204	206,652
V. Financial charges	(132,259)	(171,955)	(236,520)
VI. Result on ordinary activities before taxes	55,925	338,776	83,467
VII. Extraordinary income	15,379	559,206	43,472
VIII. Extraordinary charges	(12,104)	(133,430)	(95,903)
IX. Result for the period before taxes	59,200	764,552	31,035
X. Income taxes	127	(1,997)	(175)
XI. Result for the period	59,328	762,555	30,860
XII. Transfer from/to untaxed reserve	0	0	3,400
XIII. Result for the period available	59,328	762,555	34,260

APPROPRIATION ACCOUNT

	2006	2007	2008
A. Profit (loss) to be appropriated	161,973	858,496	546,580
1. Profit (loss) for the financial year	59,328	762,555	34,260
2. Profit (loss) carried forward	102,645	95,941	512,320
C. Appropriation to equity	(12,629)	(270,218)	(267,504)
2. To the legal reserve	(2,966)	(14,289)	0
3. To the reserve for own shares	(9,663)	(255,929)	(178,745)
4. To the capital			(88,760)
D. Profit (loss) to be carried forward (1)	95,941	512,320	206,118
2. Profit (loss) to be carried forward	95,941	512,320	206,118
F. Profit to be distributed (1)	(53,443)	(75,958)	(72,957)
1. Dividends	(53,403)	(75,958)	(72,957)
- ordinary shares EUR 0,65			

(1) The total amount of these two items will be amended to allow for the amount of the company's own shares held by Umicore on the date of the Annual General Meeting of Shareholders on 28 April 2009; the gross dividend of EUR 0.65 will not change.

STATEMENT OF CAPITAL

	(EUR thousand)		Number of shares
A. Share capital			
1. Issued capital			
At the end of the preceding financial year		466,558	130,986,625
At the end of the financial year		500,000	120,000,000
2. Structure of the capital			
2.1. Categories of shares			
Ordinary shares		500,000	120,000,000
2.2. Registered shares or bearer shares			
Registered			0
Bearer			204,160
E. Authorized unissued capital (1)		46,000	119,795,840
	% capital	Number of shares	Notification date
G. Shareholder base (2)			
Parimmo SA, Rue du Bois Sauvage 17, 1000 Brussels	3.19	3,825,000	01/09/08
Barclays bank	3.19	3,827,509	03/11/08
Threadneedle Asset Management Holdings Ltd	3.47	4,167,008	21/10/08
Others	83.69	100,422,761	
Own shares held by Umicore	6.46	7,757,722	
	100.00	120,000,000	
of which free float	100.00	120,000,000	

(1) The extraordinary general meeting held on 21 November 2007 authorized the Board of Directors to increase the capital by an amount of EUR 46,000,000.
 (2) At 31 December 2008, 3,309,150 options on Umicore shares are still to be exercised. This amount includes 3,309,150 acquisition rights of existing shares held by Umicore.

The legal reserve of EUR 50,000 thousand which is included in the retained earnings is not available for distribution.

Management responsibility statement

We hereby certify that, to the best of our knowledge, the Consolidated Financial Statements as of 31 December 2008, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and with legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group for 2008.

The commentary on the overall performance of the Group from page 1 to 83 and from page 138 to 159 in our view offers a fair and balanced review of the overall performance of the business during 2008 including a description of the main risks and uncertainties, and disclosure of all material related parties transactions and conflicts of interest if any.

30 March 2009

On behalf of the Board of directors,

 Thomas Leysen
Chairman

PricewaterhouseCoopers
Reviseurs d'Entreprises
PricewaterhouseCoopers
Bedrijfsrevisoren
 Woluwe Garden
 Woluwedal 18
 B-1932 Sint-Stevens-Woluwe
 Telephone +32 (0)2 710 4211
 Facsimile +32 (0)2 710 4299
 www.pwc.com

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS OF THE COMPANY UMICORE AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2008

As required by law and the company's articles of association, we report to you in the context of our appointment as statutory auditors. This report includes our opinion on the consolidated accounts and the required additional disclosures and information.

Unqualified opinion on the consolidated accounts

We have audited the consolidated accounts of Umicore and its subsidiaries (the "Group") as of and for the year ended 31 December 2008, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium in respect of quoted companies. These consolidated accounts comprise the consolidated balance sheet as of 31 December 2008 and the consolidated income statement, recognized income and expenses and cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to EUR (000) 3,024,927 and the consolidated income statement shows a profit for the year, group share of EUR (000) 121,710.

The company's Board of Directors is responsible for the preparation of the consolidated accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts 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 accounts based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Institut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a whole. Finally, we have obtained from the Board of Directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts set forth on pages 85 to 137 give a true and fair view of the Group's net worth and financial position as of 31 December 2008 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium in respect of quoted companies.

Additional remarks and information

The company's Board of Directors is responsible for the preparation and content of the management report on the consolidated accounts.

Our responsibility is to include in our report the following additional remarks and information, which do not have any effect on our opinion on the consolidated accounts.

- The management report on the consolidated accounts set forth on pages 1 to 84 and 138 to 157 deals with the information required by the law and is consistent with the consolidated accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.
- In the context of our audit of the annual accounts of Umicore, we ascertain that the Board of Directors of the company had complied with the legal provisions applicable to cases of conflicting interest of a financial nature. In conformity with the Companies' Code, these transactions have been covered explicitly in our report on the annual accounts of Umicore.

30 March 2009

The statutory auditor
 PricewaterhouseCoopers Reviseurs d'Entreprises / Bedrijfsrevisoren
 Represented by

Raf Vander Stuyf
 Reviseur d'Entreprises / Bedrijfsrevisor

PricewaterhouseCoopers Reviseurs d'Entreprises société civile coopérative à responsabilité limitée
 PricewaterhouseCoopers Bedrijfsrevisoren burgerlijke coöperatieve vennootschap met beperkte aansprakelijkheid
 Siège social / Maatschappelijke zetel: Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe
 Registre des personnes morales/Rechtspersonenregister: 042901944 / Bruxelles-Brussel TVA/BTW BE 429.601.944 / ING 310-1381195-01

Assurance Statement for Environmental, Health, Safety and Social Reporting to Umicore

Scope and objectives

ERM CVS was commissioned by Umicore to provide independent assurance on the information and data reported in the Environmental and Social Reports in the Umicore 2008 Report to Shareholders and Society (the "Report").

The objective was to provide assurance that the following are an appropriate presentation of Umicore's performance during 2008:

- The information and data set out in the Environmental and Social Reports on pages 41-83; and
- Umicore's declaration that its report meets the requirements of the Global Reporting Initiative (GRI) G3 application level B+ set out on pages 158-159.

Respective responsibilities and independence

Umicore is responsible for preparing the Report and the information contained within it.

ERM CVS, responsible for reporting to Umicore on its assurance conclusions, is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and training programmes related to auditing techniques and approaches. Our processes are designed to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no other services to Umicore in any respect.

Assurance approach and limitations

We based our work on Umicore's internal guidance and definitions for the reported metrics. Our assurance approach was developed with reference to the International Standard for Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Information issued by the International Auditing and Assurance Standards Board (ISAE 3000); as well as principles that ERM CVS has developed and refined for report assurance assessments. The project team included specialists in both environmental and social issues.

Between June 2008 and March 2009 we undertook a series of activities, including:

- Visits to seven operational sites to verify data and data management processes at the reporting units. These sites included Shanghai (China), Subic (Philippines), Florange (France), Viviez (France), Angleur (Belgium), Fort Saskatchewan (Canada) and Glens Falls (USA). Three further sites Pforzheim (Germany), Maxton (USA) and Hoboken (Belgium) were visited by Umicore personnel;
- Discussions with Umicore's CEO and leaders of Umicore's Business Groups as well as others with overall business responsibility;
- Evaluation of corporate data management systems and selected interrogation of source and consolidated data;
- Meetings with personnel responsible for collecting, reviewing and interpreting the data and information for representation in the Report.

Conclusions

Based on the assurance activities undertaken, we conclude that, in all material respects, the information set out on pages 41-83 and Umicore's assertion that the report meets the requirements of GRI G3 application level B+ are an appropriate presentation of Umicore's environmental and social performance during 2008.

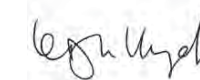
Commentary

Umicore has further developed its social and HSE data collection processes during 2008, with greater clarity of definition supported by regional training for site representatives. The business is strongly focused on sustainability as a core principle and this is reflected through increasing alignment with G3 principles.

However, without affecting our conclusion above, there remain some challenges in maintaining and evolving Umicore's sustainability performance.

We recommend that Umicore:

- Embeds greater ownership and accountability for sustainability performance at business unit and site level, and further builds integration of sustainability performance monitoring into business and site level goals;
- Embeds formalised procedures at site level for data gathering and reporting, including second party review of data; reducing reliance on group level checking;
- Continues to review and improve communication of Umicore's sustainability reporting requirements for business units and sites;
- Considers how external stakeholder views can be integrated in the setting of new objective and ensures the on-going review of materiality and relevance of sustainability metrics, given Umicore's evolving business;
- Considers how to extend management and monitoring of sustainability performance into its supply chain and outsourced operations



Leigh Lloyd, Managing Director
 1 April 2009

ERM Certification and Verification Services, London
 www.ermcvs.com

Email: post@ermcvs.com



Governance report

Introduction

Umicore has published a Corporate Governance Charter in line with the Belgian Code on Corporate Governance. The Corporate Governance Charter describes in detail the governance bodies, policies and procedures of the Umicore Group. The Charter is available on request from Umicore's head office or can be consulted at www.governance.umicore.com.

Umicore has articulated its mission, values and basic organizational philosophy in a document called "The Umicore Way". This document spells out how Umicore views its relationship with its customers, shareholders, employees and society.

In terms of organizational philosophy, Umicore believes in decentralization and in entrusting a large degree of autonomy to each of its business units. The business units in turn are accountable for their contribution to the Group's value creation and for their adherence to group strategies, policies, standards and sustainable development approach.

In this context, Umicore believes that a good corporate governance system is a necessary condition to ensure its long term success. This implies an effective decision-making process based on a clear allocation of responsibilities. It has to allow for an optimal balance between a culture of entrepreneurship at the level of its business units and effective steering and oversight processes.

The Corporate Governance Charter deals in more detail with the responsibilities of the Shareholders, the Board of Directors, the CEO and the Executive Committee. This report provides information on governance issues which relate primarily to 2008.

Corporate structure

The Umicore Board of Directors ("the Board") is the ultimate decision-making body of Umicore with the exception of matters reserved to the shareholders by the Companies Code or by the Articles of Association. The Board of Directors is assisted in its role by an Audit Committee and a Nomination & Remuneration Committee.

The day-to-day management of Umicore has been delegated to the Chief Executive Officer who is also the chairman of the Executive Committee. The Executive Committee is responsible for elaborating the overall strategy for the company and submits it for approval to the Board of directors. It is responsible for implementing such strategy and for ensuring the effective oversight of the business units and corporate functions. The Executive Committee is also responsible for screening the various risks and opportunities that the company might encounter in the short, medium or longer term (see Risk Management section) and for ensuring that systems are in place to address these. The Executive Committee is jointly responsible for defining and applying Umicore's approach to sustainable development.

Umicore is organized in business groups which in turn comprise business units that share common characteristics in terms of products, technologies and end-user markets. Some business units are further subdivided into market-focused business lines. Each business group is represented on the Executive Committee.

In order to provide a Group-wide support structure based along geographical lines, Umicore has introduced complementary regional management platforms in certain areas. Umicore's corporate centre is based in Brussels, Belgium. This centre provides a number of corporate and support functions in the areas of finance, human resources, internal audit, legal and tax, information technology and public and investor relations.

Shareholders

Issued shares

At 31 December 2008 there were 120,000,000 Umicore shares in issue. A history and update of the number of shares in issue can be found at www.investorrelations.umicore.com along with a list of significant shareholders.

During 2008 Umicore bought back 8,512,002 of its own shares. On 31 December 2008 Umicore owned 7,757,722 of its own shares. Meanwhile, of the €400 million share buyback programme that was launched in November 2007, some €341 million had been completed by 31 December 2008. Information concerning the shareholders' authorization for Umicore to buy back its own shares and the status of such buy-backs can be consulted in the Corporate Governance Charter and on Umicore's website respectively.

Dividend policy and payment

Umicore's policy is to pay a stable or gradually increasing dividend – there is no fixed pay-out ratio. The dividend is proposed by the Board at the Ordinary General Meeting of shareholders. No dividend will be paid which would endanger the financial stability of the company.

In 2008 Umicore paid a gross dividend of € 0.65 per share relating to the financial year 2007. This compared with € 0.42 in 2007 relating to the financial year 2006. On 11 February 2009 the Board decided to propose to shareholders an unchanged dividend of € 0.65 per share relating to 2008.

Shareholders' meetings 2008

As from 2008, the Ordinary General Meeting (OGM) of shareholders takes place on the last Tuesday of April at 5 p.m. The place of the meeting is communicated at least 24 days prior to the "record date" which is presently the method retained by the Board in the convening notice (the meeting normally takes place in Brussels, Belgium five working days after the "record date").

The 2008 OGM took place on 29 April. At this meeting shareholders approved the standard resolutions regarding the annual accounts, the appropriation of the results and the discharges to the Board of Directors and auditors regarding their 2008 mandates and auditing assignment respectively. In addition the shareholders approved the remuneration of the Board and the re-appointment of Mr Uwe-Ernst Bufe, Mr Arnaud de Pret, Mr Jonathan Oppenheimer and Mr Guy Paquot as Directors for a further three years. The re-election of the auditor and the auditor's remuneration were also approved.

On February 5, 2008 the Extraordinary General Meeting of shareholders decided to cancel 5,986,625 own shares. This Extraordinary General Meeting of shareholders also decided to split each Umicore share by a factor of five. Consequently, since 29 February 2008, there were 125,000,000 Umicore shares in issue. All these shares were either dematerialized shares or registered shares.

On December 9, 2008 an Extraordinary General Meeting of shareholders was held at which shareholders approved the cancellation of 5,000,000 treasury shares and a change to article 8 of the articles of association relating to the declaration of significant shareholdings. The cancellation of treasury shares brought the total number of shares to 120,000,000.

The Board of Directors

Composition

The Board of Directors, whose members are appointed at the Shareholders' Meeting, must consist of at least six members. Their term of office may normally not exceed four years, but they may be re-elected.

On 31 December 2008, the Board of Directors consisted of ten members: nine non-executive directors and one executive director. On 19 November 2008 Karel Vinck retired as Chairman and director of Umicore. He was succeeded as Chairman by Thomas Laysen who stepped down as Chief Executive Officer. Marc Grynberg was appointed as Chief Executive Officer on the same day and assumed the position as Executive Director in the Board of Directors.

On 31 December 2008, seven of the ten directors are independent within the definition of independence set out in Annex 3 of Umicore's Corporate Governance Charter.

Compensation

- Chairman's annual retainer:
 - fixed portion: € 40,000
 - variable portion: € 5,000 per attended meeting.
- Director's annual retainer:
 - fixed portion: € 20,000
 - variable portion: €2,500 per attended meeting.

The total amount of remuneration granted to Directors in 2008 in respect of their activities in the company amounted to €530,000, including a special award of EUR 50,000 to Karel Vinck in recognition of his eight year service as Chairman.

Variable compensation for Board members is in the form of attendance-related fees for full Board meetings and committee meetings. No loan or guarantees have been granted by the company to members of the Board

As of 31 December 2008, the members of the Board of Directors held a total of 948,260 shares.

Meetings and topics

During 2008, the Board of Directors held eight meetings. The Board discussed and decided on the succession of Karel Vinck as Chairman and of Thomas Laysen as CEO respectively. The Board conducted a review of the 2008 budget and operational plans for 2009, a review of the company's capital structure and an analysis of the annual Business Risk Assessment. Various acquisition projects were also studied along with a full review of environment, health and safety performance. The annual performance review of the Executive Committee and Chief Executive Officer was completed in early 2008 and the proposed appointment of William Staron to the Executive Committee was discussed and approved. During 2008 the Board visited the company's operations in South Africa.

Committees

Audit Committee

The Audit Committee consists of three members who in 2008 were all independent non-executive directors.

Five Audit Committee meetings were held in 2008.

Besides a review of the 2007 accounts, those of the first half of 2008 and a pre-closing review of the 2008 accounts, the Committee also reviewed the following matters: the status of internal projects, the tax department activities and risk analysis, the information technology organisation, the compliance framework, the risk assessment process and the internal audit activity report. Furthermore, the Audit Committee conducted a review of its own performance and the fees paid to the external auditor. The Audit Committee composition and the qualifications of its members are fully in line with requirements as set out by Belgian legislation in late 2008.

Compensation

- chairman: € 6,000 per attended meeting
- member: € 4,000 per attended meeting.

Total compensation for 2008

Name	Board meetings attended	Committee meetings attended	Total remuneration (in €)	Shares held at 31/12/2008
Thomas Leysen	8 of 8		No fee received in 2008 as all meetings attended were in an Executive director capacity	856,000
Marc Grynberg	1 of 1		Executive director, therefore attendance unpaid	80,000
Isabelle Bouillot	8 of 8	7 of 7	66,000	-
Uwe-Ernst Bufe	7 of 8		37,500	-
Jean-Luc Dehaene	8 of 8		40,000	135
Arnoud de Pret	8 of 8	5 of 5	60,000	-
Shohei Naito	8 of 8		40,000	-
Jonathan Oppenheimer	6 of 8		35,000	-
Guy Paquot	7 of 8	2 of 2	43,500	5,000
Klaus Wendel	8 of 8	5 of 5	70,000	7,125
Karel Vinck	8 of 8	2 of 2	138,000 ⁽¹⁾	101,000

(1) Karel Vinck's total remuneration includes the EUR 50,000 paid upon his retirement in recognition for his services as Chairman.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members who are all non-executive directors. It is chaired by the Chairman of the Board.

Two Nomination and Remuneration Committees were held in 2008.

During 2008 the Nomination and Remuneration Committee reviewed the remuneration policy for the Executive Committee members and the stock option plans for 2008. The committee also discussed the appointment of Thomas Leysen as Chairman, the appointment of Marc Grynberg as Chief Executive Officer and the appointment of William Staron as a member of the Executive Committee.

Compensation

- chairman: € 4,000 per attended meeting
- member: € 3,000 per attended meeting.

Executive Committee

Composition

The Executive Committee has the form of a "Comité de Direction / Directiecomité" within the meaning of Article 524bis of the Belgian Companies Code. Hereunder "Executive Committee" is used within this definition.

The Executive Committee is composed of at least four members. It is chaired by the CEO who is appointed by the Board of Directors. The members of the Executive Committee are appointed by the Board of Directors upon recommendation of the CEO and the Nomination and Remuneration Committee. The Executive Committee as a whole or any individual member can be dismissed at any time by the Board of Directors.

Performance Review

A review of the performance of each Executive Committee member is presented annually by the CEO to the Board of Directors and discussed by the Board. The Board also meets annually to review and discuss the performance of the CEO.

Remuneration

For the year 2008, an aggregate gross amount of €4,797,111 was attributed to the members of the Executive Committee including the Chief Executive Officer (CEO).⁽¹⁾

Of this amount, € 2,803,094 was fixed remuneration and € 1,761,719 was variable remuneration (bonus). For the members of the Executive Committee, benefits also include an extra-legal pension scheme, the cost of which amounted to €1,378,480.

Of the above amount, the remuneration of the CEO, Thomas Leysen, consisted of a fixed portion of € 500,000, a variable portion of €435,000 and €123,410 in other benefits. A part of the variable remuneration was paid out in Umicore shares, which he committed to retain for a period of at least two years.

Umicore's variable remuneration scheme aims to ensure that all Executive Committee members are rewarded in line with their individual performance as well as the overall performance of the Umicore Group. The variable remuneration for the CEO, Thomas Leysen, could range from 0% to 100% of his fixed remuneration, while for the other Executive Committee members the variable remuneration can range from 0 to 64% of the fixed remuneration. For the Executive Committee members (excluding the CEO) the variable remuneration consists of two performance-related components, each making up 50% of the overall bonus. The first component relates to individual performance (including adherence to

Group values, and also taking into account environmental and social performance) while the second component relates to the Return on Capital Employed (ROCE) of the Umicore group. The level of variable remuneration awarded to the CEO is discussed separately by the Nomination and Remuneration Committee and decided on by the Board, based on an overall performance assessment.

Marc Grynberg succeeded Thomas Leysen as CEO in November 2008 and is entitled to a fixed annual salary of € 500,000 and a variable remuneration that can range from 0 to 80% of the fixed remuneration. He was paid the fixed component of his remuneration in his capacity as CEO from 19 November to 31 December 2008 while the variable component will apply effective 1 January, 2009. His variable remuneration for the full year 2008 was linked to his performance as Executive Vice President of the Automotive Catalyst business unit. For the purposes of this report all of Marc Grynberg's remuneration in 2008 has been grouped within the aggregate amount reported for the Executive Committee.

Long-term incentives for Executive Committee members consist of share and stock option plans. No long-term incentive cash plans exist.

In early 2009, 2,500 shares were granted to each of the members of the Executive Committee excluding the CEO, Thomas Leysen ⁽²⁾. Shares awarded relate to 2008, and the members of the Executive Committee have committed to retain these shares for a minimum of two years. These shares had a market value of €232,298 at the time of the grant. As of 31 December 2008, the members of the Executive Committee together owned a total of 150,800 shares⁽³⁾.

During 2008, 300,000 stock options were granted to the Executive Committee members at a strike price of € 32.570. Thomas Leysen, in his capacity as CEO, received 125,000 options and other members of the Executive Committee received 25,000 options each. In total, at the end of 2008, 599,625 stock options granted by the company were outstanding in the name of the Executive Committee members, with exercise prices between € 4.736 and € 32.570⁽⁴⁾. During 2008, the Executive Committee members exercised 122,500 options granted by the company.

In case the employment of an Executive Committee member is terminated within 12 months of a change of control of the Company, that member would stand to receive a total compensation equivalent to 36 months' base salary. In the event of termination of the CEO's contract by Umicore, the CEO would stand to receive total compensation equivalent to 18 months of his annual base salary. It is at the Board of Directors' discretion as to whether the cash bonus would form part of any final indemnity.

Art. 523 Company Code

On November 19, 2008, prior to the Board discussing the remuneration of Mr Thomas Leysen, Thomas Leysen declared that he had a direct material interest in these matters. Consequently, in accordance with Article 523 of the Company Code, Thomas Leysen was not present during the Board's discussions concerning this decision and did not take part in the voting.

On November 19, 2008, prior to the Board discussing the remuneration of Marc Grynberg, Marc Grynberg declared that he had a direct material interest in these matters. Consequently, in accordance with Article 523 of the Company Code, Marc Grynberg was not present during the Board's discussions concerning this decision and did not take part in the voting.

On February 11, 2009, prior to the Board discussing or taking any decision, Thomas Leysen and Marc Grynberg declared that they had a direct material interest in the implementation of the decisions taken by the Board relating to a special portion of stock options in recognition of Thomas Leysen's contribution to Umicore as Chief Executive Officer during a period of eight years and insofar as Marc Grynberg would be beneficiary of the Stock Option Plan of which the approval is submitted to the Board.

In accordance with Article 523 of the Company Code, these directors withdrew and, consequently, were not present during the Board's discussions concerning this decision and did not take part in the voting.

Changes to the company's net worth as a result of these decisions have been disclosed in accordance with the Belgian Companies Code in the statutory annual Board report.

Remuneration of the statutory auditor

The world-wide audit remuneration for Umicore's statutory auditor and its affiliated companies totalled € 2.7 million, including € 2.2 million for the statutory audit missions and € 0.5 million for non-statutory audit services including audit-related and other attestation services (€ 0.1 million), tax related services (€ 0.1 million) and other non-audit related services (€ 0.3 million).

The statutory auditor's mandate is subject for renewal at the 2011 Ordinary General Meeting.

A policy detailing the independence criteria for the statutory auditor may be requested from the company or accessed via Umicore's website.

(1) This amount includes fixed remuneration, variable (i.e. performance-related) remuneration, and the market value of share grants.

(2) William Staron received 250 shares under the same programme.

(3) The 856,000 shares held by Thomas Leysen at year-end are not included as he was no longer a member of the Executive Committee

(4) The 655,000 stock options held by Thomas Leysen at year-end are not included as he was no longer a member of the Executive Committee. Stock options exercised include those exercised by Thomas Leysen while still CEO. In 2008, William Staron received stock options in his capacity as Senior Vice President. The other components of Mr. Staron's remuneration package are included as of 1 October, 2008.

Code of Conduct

Umicore operates a Code of Conduct for all employees, representatives and Board members. This Code is fundamental to the task of creating and maintaining a relation of trust and professionalism with its main stakeholders namely its employees, commercial partners, shareholders, government authorities and the public.

The main purpose of Umicore's Code of Conduct is to ensure that all persons acting on behalf of Umicore perform their activities in an ethical way and in accordance with the laws and regulations and with the standards Umicore sets through its present and future policies, guidelines and rules.

Annex 5 of Umicore's Corporate Governance Charter contains a specific policy related to the application of Belgian legislation regarding market manipulation and insider trading.

Umicore's Code of Conduct, Corporate Governance Charter and policy regarding Insider Trading and Market Manipulation are available on request from the company or can be accessed via www.governance.umicore.com.

Compliance with the Belgian Code on Corporate Governance

Umicore's corporate governance systems and procedures are in line with the Belgian Code of Corporate Governance as published in 2004 with the exception of article 8.9 regarding shareholder meetings. For reasons of efficiency, Umicore has decided not to endorse the principle providing for the lowering of the ownership threshold required to allow a shareholder to include items on the agenda of the general shareholders meeting from 20% to 5% of the share capital. However, without prejudice to its right of rejection, the Board of Directors will consider any timely proposal submitted by a shareholder. A new version of the Belgian Code of Corporate Governance was published in mid-March 2009 and Umicore's governance reporting for 2009 will be aligned with this new Code.

Risk Management

Umicore's management takes an entrepreneurial approach to developing the company's business. This approach means that taking calculated risks is an integral part of the development of the company. In order to successfully exploit business opportunities and at the same time limit possible business losses Umicore operates a comprehensive risk management system. The aim of this system is to enable the company to identify risks and to mitigate these identified risks to an acceptable level wherever this is possible.

Risk Assessment

The first step in the risk management system is to enable and channel the identification of various risks. Umicore has a decentralized business structure and therefore the primary source of risk identification lies with the business units themselves.

Umicore has established a Business Risk Assessment (BRA) procedure that each business unit and corporate department will undertake each year. The BRA process requires that all units carry out a risk scan in order to identify all significant risks (financial and non-financial) that might affect the business's ability to meet its objectives. The process then requires that these risks be described in detail, and an impact and likelihood assessment be carried out. Finally the businesses are expected to outline the short, medium and long-term controls in place to mitigate or offset these risks. These BRAs are then fed back to the member of the Executive Committee responsible for that particular business area. A consolidated review takes place at the level of the Executive Committee, the outcome of which is presented to the Board of Directors.

Wherever possible each business unit and corporate department is responsible for managing its own identified risks. The Executive Committee has the responsibility to intervene in cases where managing a certain risk is beyond the capacities of a particular business unit. The Executive Committee and the Chief Executive Officer are also responsible in a broader context for identifying and dealing with those risks that affect the broader Group such as macro-economic risks.

A specific monitoring role is given to Umicore's Internal Audit department in order to provide assurances that the risk management process is respected and that the unit and departmental risk identification and management is carried out effectively.

The Executive Committee has the responsibility to inform the Board of Directors of the most significant risk exposures and the related risk management plans in place. The Audit Committee of the Board of Directors carries out an annual review of the company's internal control and risk management systems.

Risks

Umicore faces risks that in broad terms can be categorized as follows:

Strategic: including risks related to macro-economic and financial conditions, corporate reputation, political and legislative environment.

Operational: including risks related to changing customer demand, supply of raw materials, distribution of products, credit, production, labour relations, human resources, IT infrastructure, occupational health and safety, emission control, impact of current / past activities on the environment, product safety, asset and data security, disaster recovery.

Financial: including risks related to treasury, tax, forecasting and budgeting, accuracy and timeliness of reporting, compliance with accounting standards, metal price and currency fluctuation, hedging.

Most industrial companies would normally expect to face a combination of the risks similar to that listed above. It is not the intention to provide exhaustive details on each risk posed to the company in this report. However, the most noteworthy risks either in their relevance to Umicore or in the company's way of dealing with them, have been highlighted below.

Market risk

Umicore has a diverse portfolio of activities serving a number of different market segments and in most of its business has a truly global presence. No one end-user market segment or industry accounts for more than 50% of Umicore's sales. In terms of overall exposure the main end markets served by Umicore are automotive, consumer electronics and construction. In each business segment – notably Precious Metals Services – Umicore's business model also focuses on sourcing secondary or end-of-life materials for recycling. In many instances the availability of these materials is dependent on the levels of activity in specific industries or at specific customers where Umicore provides closed-loop recycling services. A diverse portfolio and wide geographical presence help to mitigate the risk of over-exposure to any one particular market.

Supply risk

Umicore is reliant on supplies of metals-containing raw materials in order to produce its products. Some of these raw materials are comparatively rare. In order to mitigate the risk of supplies becoming difficult to source Umicore adopts a policy of attempting where possible to enter into longer-term contracts with its suppliers. In some cases the company holds strategic reserve stocks of certain key raw materials. The company also attempts to source its materials from a geographically diverse range of locations. Umicore's focus on recycling also means that its supply needs are only partially dependent on supplies of virgin material from mines - a significant

proportion of the company's feed coming from secondary industrial sources or end-of-life materials. Where possible Umicore seeks to partner with customers in a "closed-loop" business model thereby integrating sales and the recycling of the customer's residues in one package. In 2008 Umicore conducted preparatory work for a Sustainable Procurement initiative. The pilot phase of the initiative will be launched in 2009.

Debt and credit risk

Umicore aims to safeguard the business through sound financial management and by maintaining a strong balance sheet. Although there is no fixed target regarding debt levels the company aims to maintain an investment grade status at all times. We also seek to maintain a healthy balance between short term and longer term debt and between debt secured at fixed and floating interest rates. Umicore is exposed to the risk of non-payment from any counterparty in relation to sales of goods or other commercial operations. Umicore manages this risk through application of a credit risk policy. Credit insurance is often used to reduce the overall level of risk but in certain businesses where the costs of insurance are not justifiable in proportion to the risks involved, and where customer concentration levels permit, no insurance is used. Business managers are also encouraged to pay particular attention to the evolution of trade receivables. This is done in the broader context of working capital management and Group efforts to reduce capital employed. Part of the variable pay of managers is linked to return on capital employed.

For more details on credit risks please see the Financial Statements note 3.

Currency risk

Umicore is exposed to structural, transactional and translational currency risks. Structural currency risk exists where the company generates more revenues in one currency compared to the costs incurred in that currency. The single biggest sensitivity of this nature exists for the US dollar. At the end of 2008 Umicore's sensitivity to movements in the EUR-USD exchange rate (in the absence of any hedging arrangements and for non-metal-price related elements only) was approximately € 1 million for every US cent change in the exchange rate. This sensitivity is based on the exchange rate prevailing at the end of 2008. Transactional currency exposure is hedged to the maximum extent possible while the company sometimes engages in structural currency hedges to gain visibility on future cash flows.

Umicore also faces translational currency risks where it consolidates the earnings of subsidiaries not using the Euro as their reporting currency. This risk is not typically hedged.

For more details on currency risks, sensitivities and hedging approach please see the Financial Statements note 3.

Metal price risk

Umicore is exposed to risks relating to the prices of the metals which it processes or recycles. The structural metals-related price risks relate mainly to the impact that metal prices have on surplus metals recovered from materials supplied for treatment. Transactional metals price risks are linked to the exposure to any fluctuations in price between the moment raw materials are purchased (i.e., when the metal is "priced in") and the moment the products are sold (i.e., when the metal is "priced out"). A risk also exists in the company's permanently tied up metal inventories. This risk is related to the market metal price moving below the carrying value of these inventories. For more information on these risks including details on the risk management approach please refer to page 94 of this report.

Technology risk

Many of Umicore's operations develop products that are technologically innovative and are present in markets characterized by rapid and significant developments that can render existing products and technologies non-competitive or obsolete. Both Umicore's current products and those under development face such risks. In order to mitigate this risk Umicore channels significant resources into its research and development efforts for both product and process technologies. The aim is that, to the greatest extent possible, these efforts are pursued irrespective of short-term fluctuations in the financial performance of the Group. In 2008 these efforts amounted to some 7 % of Group revenues (excluding metal content). Absolute spend on R&D increased from €125 million in 2007 to € 166 million in 2008. Umicore filed 43 patents in 2008.

Substitution risk

Achieving the best cost-performance balance for their products is normally a priority for Umicore's customers. There is always a risk that customers will seek alternative materials to integrate in their products should those of Umicore not provide this optimum balance. The risk is especially present in those businesses producing materials containing expensive metals (especially those with historically volatile pricing characteristics). Umicore actively seeks to pre-empt this search for substitute materials by developing such substitutes itself using less costly materials with lower pricing volatility and where possible without impacting the performance provided for the customer's product.

Regulatory risk

Like all companies, Umicore is exposed to the evolution of the regulatory environment in the countries or regions within which it does business. It should be noted that Umicore's businesses stand to benefit from certain regulatory trends, notably those regarding more stringent emission controls for vehicles and enforced recycling of end-of-life products such as electronic goods.

Some environmental legislation does present operational challenges, however. The REACH Directive came into force in the European Union in June 2007 and it introduced the need for new operational procedures regarding the registration, evaluation and authorization of chemical substances. Umicore has created an operational network of REACH managers at business unit level coordinated by a REACH implementation manager.

By the end of 2008 all raw materials, intermediates and products in the scope of REACH, had been identified and listed. In this process customers are kept informed on all relevant REACH matters, while suppliers are questioned on their REACH intentions.

By 1 December 2008, a total of 842 pre-registrations had been submitted to ECHA for 630 different products. The priorities for Umicore going into 2009 are to seek the most efficient way to prepare for registration, to monitor closely the evolution of the SIEF (Substance Information Exchange Fora) and to further its involvement in various consortia with other companies in order to improve the process for collecting the necessary data for its most important substances. The EHS competence platform at R&D will continue to play an important role in the technical support of these Umicore REACH activities.

Climate Change

In 2007 the company launched a project to review the current scope of its greenhouse gas management and reporting. This project is currently also finalising the screening of the most important risks due to climate change effects on the product life cycle. Further updates on the progress of this project will be provided in the next editions of the Annual Report. For more information on Umicore's approach to reducing its emissions of greenhouse gases please see page 47 of this report.

Stakeholder relations

Umicore is a publicly listed company. As such, it interacts with a number of parties who have an interest in the way in which the company conducts business. The relationship that the company is able to foster with these parties – or stakeholders – has a direct impact on the company's success.

Stakeholder engagement at Umicore is, in the first instance, based on a localized approach whereby all sites are required to identify their respective stakeholders and to establish suitable plans for engagement. This approach was formalized with the introduction of the Group-wide sustainable development objectives in 2006. Each site is expected to have formulated a clear plan for stakeholder identification and engagement by 2010. At the end of 2008 some 78% of all sites had outlined their plans in this regard – up from 29% in 2006 and 60% in 2007. In many instances, such as the dialogue with customers and suppliers, the stakeholder relationships are primarily managed by the business units themselves, in line with Umicore's de-centralized approach to managing its businesses.

At Group level the company has taken the first steps towards initiating an identification process for its main stakeholders and to undertake a more formal, structured dialogue with these parties. The first outcome of this approach has been the establishment of an annual stakeholder event that takes place in Belgium. In May 2008, Umicore organized this event for the third time. Umicore invited a series of NGOs, representatives of local government and other interested parties in areas where Umicore is present.

Questions to management (which included the CEO) focused on the status of the clean-up of the radioactive waste at the Olen site as well as the sourcing of cobalt-bearing materials from the Democratic Republic of Congo. This example of Group stakeholder dialogue remains rather regional in nature – focusing primarily on the issues that are prevalent for Flemish stakeholders.

In 2008 the company joined the stakeholder networking group KAURI in Brussels. This has opened the door to a broader dialogue with stakeholders, notably non-governmental organizations. Although this network has a predominantly Belgian and European focus it is expected to serve as an important springboard for the development of an even broader stakeholder identification and feedback mechanism.

Umicore is an active participant in various industry associations through which it engages with policy makers in order to contribute to the better understanding of industry-related issues. These associations are also important platforms for Umicore to contribute to broader, industry-wide action on sustainable development. On a less formal level, members of Umicore's senior management are often called upon or volunteer to participate in public fora to discuss Umicore's business performance and sustainable development approach. Such events provide the opportunity to interact with various groups including business leaders, academics and civil society.

Highlighted below are Umicore's main stakeholder groups. These

have been categorized in broad terms using generic stakeholder categories that apply to most industrial organizations. Also shown are the nature of the transactions that occur and a brief description of how the dialogue between Umicore and the stakeholders operates.

Suppliers

Umicore provides: profits
Suppliers provide: goods and services

Umicore operates four business groups on five continents. These business groups not only require materials to make their products but also energy, transportation and a range of other services. Overall Umicore has more than 10,000 suppliers world-wide. These suppliers benefit from Umicore's presence as a customer; during 2008 Umicore paid these suppliers some € 8.2 billion (including the metal content of raw materials).

Umicore is engaged in constant dialogue with its suppliers, primarily to ensure mutually acceptable terms and conditions for continued partnership such as prompt and uninterrupted delivery of materials / services and timely payment. The business units are primarily responsible for the purchases of raw materials while the corporate Purchasing and Transportation department is involved in ensuring the Group's transportation, energy and other provisioning needs are met.

Umicore has traditionally taken care to source its materials and services from suppliers of good standing and reputation. In the past Umicore's procurement approach was primarily focused on business ethics and adherence to the principles of Umicore's Code of Conduct.

In 2005 this approach was further detailed in a group-wide Procurement Policy which set out certain standards regarding procurement within Umicore. In 2008 Umicore began a process to seek further improvements in the company's approach to sustainable procurement.

Towards the end of 2008, a group of senior procurement managers from the business units along with colleagues in corporate departments drafted the guidelines for a pilot sustainable procurement project which will be launched in 2009.

It is the intention that the information gleaned from this pilot project will provide the necessary insight for any further steps that the company would undertake in this regard.

Customers

Umicore provides: materials and services
Customers provide: profits

Umicore's business is based on the desire to produce "materials for a better life". The company's materials can be found in a wide variety of applications that make day-to-day life more comfortable and which help contribute to a cleaner environment.

Umicore has an international customer base, with 43% of 2008 turnover being generated outside Europe (excluding Metals Management operations).

Umicore's customer base tends to be other industrial companies who use Umicore's materials to make products. Only in a very few instances does the company make products that are sold directly to the public. The business units are responsible for providing support to their customers in order to better understand the hazards and risks of any products that are either in the market or in development.

Interaction with customers is an on-going process and is managed by the business units. All business units have a customer feedback process where they are able to gauge periodically the level of customer satisfaction with their products and services.

In the more technologically advanced businesses the relationship with the customer is often more integrated. Developing advanced products often involves years of research and development work in direct collaboration with such customers.

Employees

Umicore provides: remuneration, training and learning opportunities
Employees provide: skills, competences & productivity

Umicore and its associates employ some 15,500 people around the world. The company invests significant resources in ensuring its status as an employer of choice in all the regions in which it operates. During 2008 Umicore paid a total of € 501.6 million in the form of salaries and other benefits for its employees. Social security payments totalled € 108.3 million.

Umicore is committed not only to providing good salaries and working conditions to its employees but also to providing the necessary occupational and professional training opportunities. Employees are expected to adhere to the principles and policies outlined in The Umicore Way and Umicore's Code of Conduct.

Open dialogue is promoted between the company and its employees. This dialogue includes a three-yearly employee satisfaction survey (see the 2007 annual report for the results of the 2007 survey).

Umicore respects the principle of collective bargaining wherever it is requested. While such practice is commonplace in Europe, in some other locations collective bargaining mechanisms and trade unions are less common or face local legal restrictions.

In September 2007 Umicore signed a sustainable development agreement with the International Metalworkers' Federation and the International Federation of Chemical, Energy, Mine and General Workers' Unions on the global Group-wide implementation of its policies on human rights, equal opportunities, labour conditions, ethical conduct and environmental protection.

The agreement allows both trade unions to participate constructively in the pursuit of these objectives. A joint monitoring committee composed of both parties sees to the implementation of the agreement.

Supplementary channels of company-wide communication include the Group intranet and a world-wide in-house newspaper "Umicore Link".

Investors and funders

Umicore provides: return on investment
Investors provide: capital and funds

Umicore's investor base has diversified significantly in recent years. At the end of 2008 the company's shareholders were primarily situated in Europe and North America.

Umicore strives to provide timely and accurate company information to the investment community. These communication efforts include management roadshows and site visits, conferences, investor fairs for individual investors, webcasts and conference calls.

In December 2008 Umicore hosted a Capital Markets Event at its Olen site focusing on its product developments in the area of Clean Technology. The two-day event was attended by some 70 investors, analysts and bankers and offered all participants the opportunity to deepen their understanding of the company and to interact with members of Umicore's management team.

During 2008 15 brokerage firms published equity research notes on Umicore. In 2008 Umicore was awarded the prize for Best Investor Relations by a Non-FT Global 250 Company in the IR Magazine Continental Europe Awards. This was the result of an independent poll of some 500 investors and analysts.

Banks make up the vast majority of the company's creditors and debt investors. Umicore has credit lines with numerous banks both in Belgium and elsewhere.

Dialogue with the banks is primarily the responsibility of the corporate Finance Department although each legal entity within Umicore maintains business relationships with the banking community. Umicore also has in issue a € 150 million bond with a maturity date of 18 February 2012. The bond is listed on the Brussels stock exchange.

In 2008 Umicore participated in a Global Reporting Initiative (GRI) project designed to look at ways in which investors could make better use of the non-financial information published by companies.

Focus groups consisting of investors, analysts and company representatives met in London and New York to discuss areas of improvement to non-financial reporting and to increase the level of understanding between companies and the investment community.

Umicore is also participating in an on-going study organized by the World Business Council for Sustainable Development (WBCSD) which is looking at what company managers and investment managers can do to better communicate material sustainability value and to better incorporate material sustainability value in investment decisions and company valuations respectively.

Society

Umicore provides: wealth and innovative products and processes
Society provides: licence to operate

Through employment Umicore participates in the generation of wealth in the areas in which it operates. Although wealth generation is an obvious benefit, the manner in which this wealth is generated is also of great importance. Ultimately Umicore can only continue operating if it has the licence to do so from society.

In order to maintain this licence, Umicore does the utmost to operate in a way which promotes sustainable development. This goes beyond operating within the legally defined boundaries set for all companies.

Umicore sets its own standards which are applicable across the Group and which frequently surpass the demands of legislation in many areas where the company operates.

In addition to this commitment to sound operating practices, Umicore also strives to develop materials which will enhance peoples' quality of life.

Contact with the communities in which Umicore operates is the most direct way in which the company can interact with society. Open and transparent dialogue with such communities is an integral part of Umicore's stakeholder engagement and makes up one of the company's social objectives for 2010 (see page 70-71).

Certain civil society groups (known as non-governmental organizations) also periodically declare a stake in Umicore's operations and the way the company does its business. Umicore welcomes such interest and attempts to engage with such groups in an open and constructive manner. The company is a member of Business and Society – a Belgian alliance of companies and civil society groups, and of the World Business Council for Sustainable Development.

Umicore also has a Group Philanthropy Policy which provides guidelines for charitable donations at Group and site level. The company aims to contribute up to 0.5% of annual consolidated EBIT on charitable initiatives.

At Group level these donations are focused initiatives which further the understanding of issues linked to sustainable development. The sites are encouraged to support community-related projects in their respective neighbourhoods. By supporting such causes, Umicore wishes to promote its corporate reputation, foster its image as an employer and contribute to raising pride and job satisfaction in its employees, while making an additional contribution to the well-being of the communities in which it operates.

To see the full policy please visit:
www.sustainabledevelopment.umicore.com/umicare/donationPolicy/

Associate and joint venture companies

Umicore provides: investment and guidance
Associate and joint venture companies provide: contribution to Umicore profits, technological complementarities, market access

Umicore has investments in various business activities over which it does not exercise full management control. Associate companies are those in which Umicore has a shareholding of more than 20% but less than 50% while joint ventures usually entail a 50:50 split in ownership and control. Joining forces is seen as a way to speed up technological developments or gain access to specific markets. Umicore has effective management control at half of the 10 associate and joint venture companies in which it holds a stake.

Where management control is not exercised by Umicore, representation on the Board of Directors is the way in which Umicore is able to advise the management and monitor developments. Although Umicore cannot impose its own policies and procedures on any associate (or indeed any joint venture where it does not possess majority voting rights) there is a clear communication of Umicore's expectation that the operations be run in accordance with the principles of the Umicore Way.

Umicore is rigorous in safeguarding any intellectual property that it shares with associate or joint venture partners. A full list of associate and joint venture companies can be found on page 106 of this report.

Public sector and authorities

Umicore provides: taxes
Public sector and authorities provide: services and formal licence to operate

Umicore paid a total of € 80.6 million in taxes as a result of its operations in 2008. Umicore's employees also contributed a total of some € 108.3 million in social security payments.

Umicore periodically enters into partnerships with public institutions such as universities with the primary aim of furthering certain research projects. Similarly, partnerships and research grants are occasionally contracted with public organizations. One significant grant (i.e. over € 0.5 million individually) was received in 2008.

The company has a policy of not making donations to political parties or organizations.

When specific issues arise which are of interest to Umicore the company usually communicates its position through the industry groups to which it is affiliated. The company is mindful of the sensitivity of taking positions on issues of public interest. With this in mind Umicore has developed Group-wide guidelines regarding how this should be done in a responsible way (these can be downloaded on the Group website). The main organizations on which Umicore is represented (both at corporate and business unit level) in 2008 are listed below:

Corporate:

- World Business Council for Sustainable Development (WBCSD)
- European Round Table of Industrialists (ERT)
- Eurometaux
- Agoria (Belgian multi-sector federation for the technology industry)
- World Fuel Cell Council

Advanced Materials:

- Cobalt Development Institute
- Nickel Institute

Precious Metals Products and Catalysts:

- Emission control associations at regional and national level (US, SA, Brazil, China, European Union) – see <http://www.automotivecatalysts.umicore.com/en/links/> for a selection of links
- German Chemical Federation (VCI)

Precious Metals Services:

- European Electronics Recyclers Association
- International Association of Electronics Recyclers
- International Platinum Association
- International Precious Metals Institute
- International Antimony Association

Zinc Specialties:

- International Zinc Association

Several of Umicore's business units are signatories of the "Responsible Care" programme for the chemicals industry and some are also members of the European Chemical Industry Council (CEFIC).

Board of Directors

Thomas Leysen, 48

Chairman, Non-Executive Director

Thomas Leysen became Chairman of Umicore in November 2008 after having served as Chief Executive Officer of Umicore since 2000. He is also Chairman of Corelio, a Belgian media company. He is a member of the Board of Auribus, of the micro-electronics research centre IMEC, a member of the supervisory Board of Bank Metzler, Germany, and a member of the board of Compagnie Maritime Belge (CMB), Etex Group and UCB. He took up the position of Chairman of the Belgian Employers Federation (FEB/VBO) in April 2008.

Director since: 10 May 2000

Expiry of mandate: Ordinary General Meeting of 2009

Chairman since: 19 November 2008

Chairman of the Nomination & Remuneration

Committee since: 19 November 2008

Marc Grynberg, 43

Chief Executive Officer, Executive Director

Marc Grynberg was appointed Chief Executive Officer of Umicore in November 2008, succeeding Thomas Leysen. He joined Umicore in 1996 as Group Controller. He was Umicore's CFO from 2000 until 2006, after which he became the head of the Group's Automotive Catalysts business unit until his appointment as Chief Executive Officer. Marc holds a Commercial Engineering degree from the University of Brussels (Ecole de Commerce Solvay) and, prior to joining Umicore, worked for DuPont de Nemours in Brussels and Geneva.

Director since: 19 November 2008

Expiry of mandate: Ordinary General Meeting of 2009

Chief Executive Officer since: 19 November 2008

Isabelle Bouillot, 59

Independent, Non-Executive Director

Isabelle Bouillot holds a diploma of the French "National School of Administration". She has occupied different positions in French public administrations, among them economic advisor for the President of the Republic between 1989 and 1991 and Budget Director at the Ministry of Economy and Finance between 1991 and 1995. She joined the Caisse des Dépôts et Consignations as Deputy Chief Executive Officer in 1995 and was in charge of financial and banking activities. Between 2000 and 2003, she was Chief Executive Officer of the Investment Bank of the Group CDC IXIS. She is presently President of China Equity Links and a member of the board of Accor and Saint-Gobain.

Director since: 14 April 2004

Expiry of mandate: Ordinary General Meeting of 2011

Member of the Audit Committee since: 13 April 2005

Member of the Nomination & Remuneration Committee since: 13 April 2005

Uwe-Ernst Bufe, 64

Independent, Non-Executive Director

Uwe-Ernst Bufe was CEO of Degussa until May 2000. He is Vice Chairman of the UBS Investment Banking until 31 March 2009 and Deputy Chairman of UBS Deutschland. He is also a member of the Board of Akzo Nobel N.V. and Solvay S.A. He is also a member of the Supervisory Board of Kali + Salz AG (Germany) as well as a member of the Non Executive Board of SunPower Corporation (USA).

Director since: 26 May 2004

Expiry of mandate: Ordinary General Meeting of 2011

Jean-Luc Dehaene, 68

Independent, Non-Executive Director

Jean-Luc Dehaene has occupied several ministerial posts and was Prime Minister of Belgium from 1992 to 1999. He is Chairman of Dexia as well as a member of the Board of InBev, Corona-Lotus and of Thrombogenics. He is Chairman of the Board of the College of Europe (Bruges) and member of the European Parliament.

Director since: 1 October 1999

Expiry of mandate: Ordinary General Meeting of 2009

Arnoud de Pret, 64

Independent, Non-Executive Director

Arnoud de Pret was with Morgan Guaranty Trust Company in New York from 1972 until 1978. From 1978 until 1981 he was group treasurer of Cockerill-Sambre, and until 1990 he was group finance manager and member of the Executive Committee of UCB. He was Chief Financial Officer and member of the Executive Committee of Umicore from 1991 until May 2000. He is a member of the Board of InBev, Delhaize Group, Sibelco, UCB and L'Intégrale. He is a member of the Supervisory Board of the French company Lesaffre & Cie and of Euronext BV Amsterdam.

Director since: 10 May 2000

Expiry of mandate: Ordinary General Meeting of 2011

Member of the Audit Committee since: 1 January 2001

Shohei Naito, 65

Independent, Non-Executive Director

Shohei Naito started his career at the Japanese Ministry of Foreign Affairs. At the Ministry he served as Director General for Consular Affairs & Migration and as Chief of Protocol. Mr Naito has filled several diplomatic functions overseas and he was appointed as Ambassador in 1996. Since that date he has served as Japan's ambassador to Cambodia, Denmark concurrently with Lithuania and Belgium. He left the diplomatic service at the end of 2006. He is now Senior Fellow at The Japan Institute of International Affairs.

Director since: 25 April 2007

Expiration of mandate: Ordinary General Meeting of 2010



Thomas Leysen



Marc Grynberg



Isabelle Bouillot



Uwe-Ernst Bufe



Jean-Luc Dehaene



Arnoud de Pret



Shohei Naito



Jonathan Oppenheimer



Guy Paquot



Klaus Wendel

Jonathan Oppenheimer, 39

Non-Executive Director

Jonathan Oppenheimer joined the De Beers Group in 1994 and became a Director of De Beers S.A. in 2006. He is also a member of its Executive Committee. He is also the chairman of De Beers Canada Inc. and of Element Six Abrasives Group of companies. In view of his chairmanship of Element Six (in which Umicore has a stake), he is considered to be a non-independent Director.

Director since: 5 September 2001

Expiry of mandate: Ordinary General Meeting of 2011

Guy Paquot, 67

Independent, Non-Executive Director

Guy Paquot joined the Bank Nagelmackers group in 1969 and became Chairman and managing director of Financière Lecocq (a Nagelmackers subsidiary) in 1986. In 1994 Financière Lecocq became known as Compagnie Immobilière et Foncière du Bois Sauvage. In 2003 he left his position as managing director but remains Chairman of Compagnie du Bois Sauvage. He is Chairman of Neuhaus and a member of the Boards of Recticel, Noel Group, Nomacor, Serendip and Fauchon as well as the Quartier des Arts foundation.

Director since: 13 April 2005

Expiry of mandate: Ordinary General Meeting of 2011

Member of the Nomination and Remuneration Committee since:

13 April 2005

Klaus Wendel, 65

Independent, Non-Executive Director

Klaus Wendel, after a career in financial management with General Electric (USA), Siemens, Cockerill Sambre and CBR, joined Société Générale de Belgique in 1988 as member of the Executive Committee, responsible for group control. Since 2000 he has been an independent consultant. He is member of the Board of Recticel. In accordance with Umicore's Governance Charter, the Board of Directors considers Mr Wendel to be an independent director even though he has served more than three terms. Apart from his employment with Société Générale de Belgique, from which he retired in 2000, Mr Wendel has had no other assignment with any company directly or indirectly related to Umicore.

Director since: 26 July 1989

Expiry of mandate: Ordinary General Meeting of 2009

Chairman of the Audit Committee since: 13 April 2005

Retirement of Karel Vinck, 70

Karel Vinck was Chairman of the Board of Directors of Umicore for most of 2008. On 19 November 2008 he retired and was succeeded as Chairman of the Board of Directors by Thomas Leysen. Karel Vinck was Director since October 1994 and Chairman since October 2002.

Executive Committee

Marc Grynberg, 43

Chief Executive Officer

Marc Grynberg was appointed Chief Executive Officer of Umicore in November 2008, succeeding Thomas Leysen. He joined Umicore in 1996 as Group Controller. He was Umicore's CFO from 2000 until 2006, after which he became the head of the Group's Automotive Catalysts business unit until his appointment as Chief Executive Officer. Marc holds a Commercial Engineering degree from the University of Brussels (Ecole de Commerce Solvay) and, prior to joining Umicore, worked for DuPont de Nemours in Brussels and Geneva.

Martine Verluysen, 57

Chief Financial Officer: Finance, Information Systems

Martine Verluysen joined Umicore in 2006 from Mobistar, Belgium's second largest mobile phone operator, where she also held the position of Chief Financial Officer. Before that she held a number of international positions at advanced plastics firm Raychem, both in Belgium and the United States. She started her career with KPMG as an auditor.

Alain Godefroid, 60

Executive Vice-President: Legal Affairs;
Environment, Health & Safety

Alain Godefroid holds a Law doctorate from the University of Brussels (ULB) and a MJ from the University of Texas at Austin. After working as a lawyer in the United States and in Europe, he joined Umicore in 1978 as Legal Counsel. He was appointed to his present function in 1992. He also fulfills the role of Compliance Officer at Umicore. Alain Godefroid will retire on 31 March 2009.

Martin G. Hess, 56

Executive Vice-President: Precious Metals Products,
Cobalt & Specialty Materials, Corporate Development

Martin G. Hess joined Degussa in 1972 as a commercial trainee. He served in a variety of functions and business units, gathering extensive international experience in Africa and Asia. Between 1999 and 2006, he headed the business unit Automotive Catalysts. Subsequently he managed the business unit Zinc Specialties during the transition of the zinc refining activity into Nyrstar, as well as being responsible for Corporate Development. Since then, he retains this responsibility together with that for the Cobalt and Precious Metals Materials. He joined the Umicore Executive Committee in 2003.

Hugo Morel, 58

Executive Vice-President: Precious Metals Services,
Procurement and Transport, Corporate Security

Hugo Morel holds a Masters degree in Metallurgical Engineering from the University of Leuven. He joined Umicore in 1974 and held several jobs in production, commercial departments, strategy and general management of different units. He was appointed to his present position in 2002.

Pascal Reymondet, 49

Executive Vice-President: Zinc Specialties

Pascal Reymondet holds an MSc from Stanford University and an Engineering degree from the Ecole Centrale in Paris. He held different management positions within the Degussa group including management of the Port Elizabeth and Burlington automotive catalyst plants. He joined the Umicore Executive Committee in 2003 to be in charge of the Precious Metal Products group. In September 2007, he was appointed to head the Zinc Specialties group.

William Staron, 60

Executive Vice-President: Automotive Catalysts

William Staron holds a degree in Mechanical Engineering from Ohio University and has a long experience in the catalyst industry. During his time at Engelhard (now BASF), he headed the Environmental Catalyst, Specialty Minerals & Colors, and the Chemical Catalyst Groups. William joined Umicore in 2002 as Senior Vice-President for Automotive Catalysts in North America. In 2007, he was appointed as Head of Global Research & Technology for the Automotive Catalysts division. In October 2008 he succeeded Marc Grynberg as the head of that business unit.

Marc Van Sande, 56

Executive Vice-President: Chief Technology Officer

Marc Van Sande holds a PhD in Physics from the University of Antwerp as well as an MBA. He joined MHO, a predecessor company of Umicore in 1980, and held several jobs in research, marketing and production. In 1993 he was appointed Vice-President of the Electro-Optic Materials business unit and he was appointed as an Executive Vice-President in 1999. He assumed the newly-created role of Chief Technology Officer in 2005.



From left to right:

Alain Godefroid - William Staron - Martin G. Hess - Marc Grynberg - Hugo Morel - Martine Verluysen - Pascal Reymondet - Marc Van Sande

Senior Management



Advanced Materials

Michel Cauwe, Senior Vice-President
Electro-Optic Materials

Ignace de Ruijter, Senior Vice-President
Thin Film Products

Dirk Uytendwilligen, Senior Vice-President
Cobalt & Specialty Materials

Precious Metals Services

Ralf Drieselmann, Senior Vice-President
Precious Metals Management

Hugo Morel, Executive Vice-President
Precious Metals Services

Precious Metals Products & Catalysts

William Staron, Executive
Vice-President Automotive Catalysts

Joerg Beuers, Senior Vice-President
Jewellery and Electroplating

Michael Neisel, Senior Vice-President
Automotive Catalysts Europe and Africa

Jan Vliegen, Senior Vice-President
Catalyst Technologies

Dietmar Becker, Senior Vice-President
Technical Materials

Not on picture: Dieter Lindner,
Senior Vice-President R&T Automotive Catalysts

Zinc Specialties

Guy Beke, Senior Vice-President Zinc Chemicals

Pascal Reymondet, Executive Vice-President Zinc Specialties



Corporate

Stephan Csoma, Senior Vice-President Umicore South America

Ursula Saint-Léger, Senior Vice-President Corporate Human Resources

Guy Ethier, Senior Vice-President Environment, Health and Safety

Klaus Ostgathe, Senior Vice-President Umicore Greater China

Luc Gellens, Senior Vice-President Corporate Development

Edwin D'Hondt, Senior Vice-President Information Systems

Glossary

BAT:

“Best Available Technique” to prevent or reduce emissions and the impact on the environment taking into consideration the costs and advantages.

Biodiversity:

The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.

Biological monitoring:

Assessment of the health risk and/or exposure of industrial chemicals, through the evaluation of the internal dose.

CDC:

Centers for Disease Control and Prevention; a US based organisation focusing on disease prevention and control, environmental health and health promotion and education.

Decibel:

Unit of noise level

Frequency rate lost time accidents:

Number of lost time accidents per million hours worked. Accidents on the road to and from work are excluded.

Global Reporting Initiative® (GRI):

The GRI is a long-term multi-stakeholder, international process whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines.

Greenhouse gases:

Gases contributing to global warming such as CO₂, methane, etc.

Headcount:

Number of employees (blue collar, white collar, managers) on Umicore's payroll at the end of the reported period. Number includes part-time, old age part-time and temporary employees but excludes employees with a dormant contract and subcontracted employees.

Hours of training per person:

Average number of training hours per employee - including internal and external training and training on-the-job. Training on-the-job can include the hours a person is being trained on the shop-floor, without being fully productive. The total number of training hours is divided by the headcount.

ISO 14000:

“International Standards Organisation” specification for environmental management systems (ref. ISO).

Lost-time accident:

A workplace injury resulting in more than one shift being lost from work.

Microgramme per decilitre blood:

Unit of metal content in blood.

Microgramme per gramme creatinine:

Unit of the metal content in the urine.

Nano materials:

Materials consisting of microscopic particles with at least one dimension less than 100 nanometre.

Process safety:

Safety issues related to the use and storage of hazardous

OHSAS 18000:

“Occupational Health and Safety Assessment Series”, an international occupational health and safety management system specification.

REACH:

Registration, Evaluation and Authorization of Chemicals; new EU chemicals policy.

Recordable injury:

A workplace injury resulting in more than one first aid treatment or in a modified working programme but excluding lost-time accidents.

Recovery:

The collection of waste materials with the aim of returning them to the recycling process.

Recycled materials:

Materials that have ended a 1st life cycle and will be reprocessed through recycling leading to a 2nd, 3rd... lifecycle.

Risk assessment:

The evaluation of the risks of existing substances to man, including workers and consumers, and to the environment, in order to ensure better management of those risks.

Secondary raw materials:

By-products of primary material streams.

Severity rate lost time accidents:

Number of calendar days lost per thousand hours work. Accidents on the road to and from work are excluded.

Sickness rate:

Total number of working days lost due to sickness; excluding longterm sickness and days lost due to maternity leave. This number is related to the total number of working days per year (260 days).

Strike Days:

Number of days lost due to “declared” strikes. This figure does not include days lost due to workers who were willing to work but were not able to do so because of the strike. Work-stoppages of less than one day are not counted, unless they are repeated over a longer period of time.

Sustainable development:

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs (ref. UN World Commission on Environment and Development).

Voluntary leavers:

Number of employees leaving at their own will (excluding lay-offs, retirement, and end of fixed-term contract). This number is related to the total headcount.

Financial definitions

Average capital employed:

For half years: average of capital employed at start and end of the period.

For full year: average of the half year averages.

Capital employed:

Total equity (excluding fair value reserves) + net financial debt + provisions for employee benefits – deferred tax assets and liabilities – IAS 39 impact.

Capital expenditure:

Capitalized investments in tangible and intangible assets.

Cash flow before financing:

Net cash generated by (used in) operating activities + net cash generated by (used in) investing activities.

EBIT:

Operating profit (loss) of fully consolidated companies, including income from other financial investments + Group share in net profit (loss) of companies accounted for under equity method.

EBITDA:

EBIT + [depreciation & amortization + non-cash expenses other than depreciation (i.e. increase and reversal of provisions, inventory write-downs and write-backs, other impairment result) +/- IAS 39 effect] of fully consolidated companies.

EPS:

Earnings per share for equity holders.

EPS - basic:

Net earnings, Group share / average number of outstanding shares - treasury shares.

EPS adjusted - basic:

Net recurring earnings, Group share / total number of outstanding shares - treasury shares.

EPS adjusted - diluted:

Net recurring earnings, Group share / [average number of outstanding shares - treasury shares + (number of potential new shares to be issued under the existing stock option plans x dilution impact of the stock option plans)].

EPS - diluted:

Net earnings, Group share / [average number of outstanding shares - treasury shares + (number of potential new shares to be issued under the existing stock option plans x dilution impact of the stock option plans)].

Gearing ratio:

Net financial debt / (net financial debt + equity of the Group)

IAS 39 effect:

Non-cash timing differences in revenue recognition in case of nonapplication of or non-possibility of obtaining IAS hedge accounting to

a) transactional hedges, which implies that hedged items can no longer be measured at fair value, or

b) structural hedges, which implies that the fair value of the related hedging instruments are recognized in the income statement instead of the equity and this prior to the occurrence of the underlying forecasted or committed transactions, or

c) Derivatives embedded in executory contracts, which implies that the change in fair value on the embedded derivatives must be recognized in the income statement as opposed to the executory component where the fair value change in the income statement cannot be recognized.

Market capitalization:

Closing price x total number of outstanding shares.

Net financial debt:

Non-current financial debt + current financial debt - cash and cash equivalents - loans granted in a non-operating context.

Non-recurring EBIT:

Includes non-recurring items related to restructuring measures, impairment of assets, and other income or expenses arising from events or transactions that are clearly distinct from the ordinary activities of the company. Any writedowns on those metal inventories permanently tied up in operations are part of the non-recurring EBIT of the business groups.

Recurring EBIT:

EBIT - non-recurring EBIT - IAS 39 effect.

Recurring EBIT margin:

Recurring EBIT of fully consolidated companies / revenues excluding metals.

Recurring effective tax rate:

Recurring tax charge / recurring profit (loss) before income tax of fully consolidated companies.

Return on capital employed (ROCE):

Recurring EBIT / average capital employed
Historic, previously published figures are not restated.

Revenues (excluding metal):

All revenue elements - value of purchased metals.

NPAT:

Net consolidated profit, Group share, without discontinued operations.

The above financial definitions relate to non-IFRS performance indicators except for EPS, basic and EPS, diluted



GRI Index

Umicore has been applying the principles of the Global Reporting Initiative (GRI) to its reporting framework since the publication of the 2005 Report to Shareholders and Society. The index shows where to find information on the core elements and indicators of the GRI in this report. Umicore moved to a B+ level reporting in its 2008 Report to Shareholders and Society. A full GRI index is available on Umicore's website (www.sustainabledevelopment.umicore.com/grindex). More information on the GRI, the full set of indicators and the various application levels can be found at www.globalreporting.org

Reference	Indicator	Pages
General		
1. Strategy and Analysis		
1.1	CEO and Chairman Statement	3-4; comments on organisation membership can also be found on p. 149
1.2	Description of key impacts, risks and opportunities	3-4; 7; 14-21; 43; 51; 69; 93-95; 143-149; detailed sustainability profiles can be accessed at www.sustainabledevelopment.umicore.com
2. Organizational Profile		
2.1 - 2.2	Name, products / services	Front cover; 16-21; 25; 29; 33; 37
2.3 - 2.7	Structure, geographical presence, markets served	16-21; 25; 29; 33; 37; 66-67; 96; 99-98; 106; 138; 143; 147-148; inside cover; inside back cover; see also www.umicore.com/en/ourBusinesses
2.8	Scale	7; 65-67
2.9	Significant changes in size, structure or ownership	1; 29; 65
2.10	Awards received in 2008	72; 147
3. Report Parameters		
3.1 - 3.4	Report profile, contacts points	Front cover; 1; inside back cover
3.5 - 3.13	Report scope and assurance	1; 4; 27; 29; 31; 43; 51; 69; 79; 106; 136-137; 148; 156-157; 158-159; see also the management approach section at www.sustainabledevelopment.umicore.com
4. Governance, Commitments, and Engagement		
4.1 - 4.7	Structure and governance	1; 138; 139; 140; 141; 142; 150-151 for all governance related elements please refer also to website for access to Corporate Governance Charter (www.governance.umicore.com/en/charter) and Code of Conduct (www.governance.umicore.com/en/CodeOfConduct)
4.8 - 4.11	Internal guidelines and policies	inside cover; 138-143; 80-81; see also www.governance.umicore.com/en
4.12 - 4.13	Adherence to external initiatives	inside cover; 54; 142; 149
4.14 - 4.16	Stakeholder engagement	inside cover; 1; 70; 146-149
Full details of the management approach regarding economic, environmental and social elements can be found at www.sustainabledevelopment.umicore.com/ approach; the summary of Group key performance indicators can be found on p.7		
5. Management Approach and Performance Indicators		
Economic indicators		
Economic Performance		
EC1	Economic value generated and distributed	11; 13; 70-71
EC3	Coverage of the organization's defined benefit plan obligations	116-119
EC4	Significant financial support received from government	149
Indirect Economic Impacts		
EC8	Development and impact of investments for public benefit	70-71

Environmental Indicators		
Materials		
EN2	Recycling ratio	7; 43-44 (see also business unit profiles at www.sustainabledevelopment.umicore.com)
Energy		
EN3 - EN5	Direct and indirect energy consumption by primary energy source and energy saved	44-45; 49; 56-57 NB direct and indirect energy consumption is grouped in one indicator (indicator partially reported) 14-20; 27; 31; 39; 44 (detailed sustainability profiles of each business group can also be accessed at www.sustainabledevelopment.umicore.com)
EN6	Initiatives to provide energy-efficient or renewable energy based products	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	45; 56-57 (indicator partially reported)
Water		
EN8	Water used	44; 49
Biodiversity		
EN11	Location and size of operations in or adjacent to protected areas and areas of high biodiversity	(Indicator partially reported); 48
Emissions, Effluents and Waste		
EN16 - EN20	Greenhouse gases, other emissions to air	47; 49; 56-57 NB direct and indirect greenhouse gas emissions are grouped in one indicator
EN21	Water discharge	46; 55
EN22	Waste	45
Social Indicators		
Labour Practices & Decent Work		
LA1-LA2	Employment	6; 7; 65-67; 72
LA4	Labour Management Relations	77
LA7	Health and safety	72-73; 79-83 (indicator partially reported)
LA10	Training	76
LA13	Composition of governance bodies and breakdown of employees per category	77; 138-140; 150-155
Human rights		
HR3; HR5-7	Collective bargaining, child labour, forced / compulsory labour	77; 143; see also Code of Conduct at www.governance.umicore.com/en/CodeOfConduct + Human Rights Policy annex (indicator partially reported)
Society		
S01	Community relations	70-71
S02; S03	Corruption	143; 149; all businesses are subject to the annual business risk assessment which covers all elements related to the Code of Conduct; Umicore is a signatory of the UN Partnership Against Corruption Initiative (PACI) (indicator partially reported)
S05 - S06	Public policy	149
Product Responsibility		
PR1	Customer health and safety	58-59 (indicator partially reported)
PR3	Product and service information	58-59 (indicator partially reported)

Financial calendar ⁽¹⁾

28 April 2009	General meeting of shareholders (financial year 2008) Press-release and trading update for the first quarter of 2009
30 April 2009	Share traded ex-dividend
6 May 2009	Payment of dividend
7 August 2009	Press-release and interim results for the first half of 2009
end October 2009	Press-release and trading update for the third quarter of 2009
11 February 2010	Press-release and results for the financial year 2009
27 April 2010	General meeting of shareholders (financial year 2009)

Additional information

Stock	Euronext Brussels
General information	Bart Crols Phone: 32-2-227.71.29 E-mail: bart.crols@umicore.com
Financial information	Tim Weekes Phone: 32-2-227.73.98 E-mail: tim.weekes@umicore.com
Social information	Mark Dolfyn Phone : 32-2-227.73.22 E-mail : mark.dolfyn@umicore.com
Environmental information	Bert Swennen Phone: 32-2-227.74.45 E-mail: bert.swennen@umicore.com
Annual report	This report is also available in French and Dutch
Internet	This report can be downloaded from the Umicore website: www.umicore.com
Registered office Umicore	Rue du Marais 31 B-1000 Brussels - Belgium Phone: 32-2-227.71.11 Fax: 32-2-227.79.00 Internet: www.umicore.com E-mail: info@umicore.com Company Number: 0401574852 VAT No: BE 0401 574 852
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Umicore
Société Anonyme / Naamloze Vennootschap
Broekstraat 31 rue du Marais
B-1000 Brussels, Belgium

Tel +32 2 227 71 11
Fax +32 2 227 79 00
e-mail info@umicore.com
www.umicore.com

VAT BE 0401 574 852
Company Number 0401574852
Registered Office: Broekstraat 31 rue du Marais - B-1000 Brussels - Belgium