Perstorp Annual Report 2014

REPORT OF THE BOARD OF DIRECTORS

WINNING FORMULAS

Perstorp in brief

Perstorp is a world leading specialty chemicals Group with about 1,500 employees. We have manufacturing units in Asia, Europe and North America. Sales in 2014 amounted to SEK 11,084 m. The Perstorp Group is controlled by funds managed and advised by the French private equity company PAI partners.

The specialty chemicals Perstorp produces are added to a wide range of products used every day at home, work or leisure. Customers are in the coatings, plastic processing and automotive industries – as well as construction and engineering, the agricultural sector and many more. Good products are made even better by incorporating Perstorp´s products that provide certain targeted and desired characteristics.

Perstorp is a differentiated specialty chemicals company with a unique position on the market. This is possible through an offer that adds maximum value to our customers – everything from Intermediates & Derivatives to Specialties & Solutions.

Perstorp believes in improving everyday life – making it safer, more convenient, more fun, and more environmentally sound for millions of people all over the world. This is achieved through innovative chemistry which maximizes performance and minimizes environmental impact at the same time. Approximately 80% of all innovation efforts endorse sustainable responsibility.

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"Being agile is critical in order to enable us to correct the course early when problems arise. Agility is a cornerstone of the Performance Culture in Perstorp, a culture that embraces everybody and means that we have the ambition to improve ourselves and our results in everything we do."

Jan Secher, President and CEO

A year in review

KEY FIGURES IN SUMMARY, CONTINUING OPERATIONS

	Full year	
SEK m unless otherwise stated	**2014**	**2013**
Net sales	11,084	10,343
Operating earnings before depreciation (EBITDA)	1,269	1,095
% of net sales	11.4	10.6
EBITDA excluding non-recurring items	1,318	1,113
% of net sales	11.9	10.8
Operating earnings (EBIT)	633	-9
% of net sales	5.7	-0.1
Free cash flow	1,201	272
Net debt excluding Parent company loan and pensions liabilities	10,514	9,092

PERSTORP'S ORGANIZATION

President & CEO
Jan Secher

Finance, Legal & IT
Magnus Heimburg

Innovation & Strategy
Eric Appelman

Regions & Group Management
Mikael Gedin

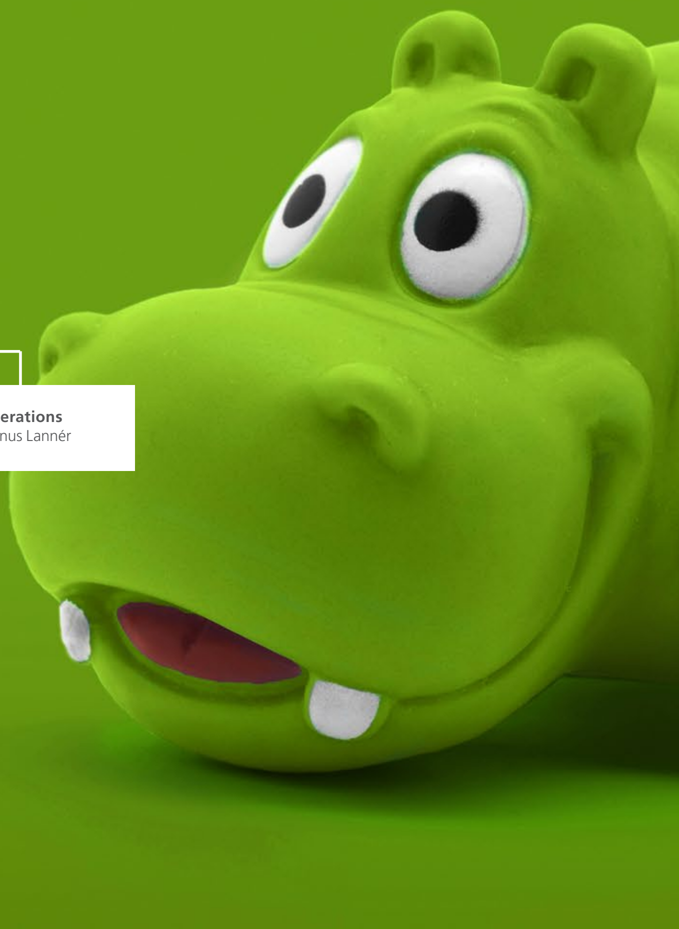
Transformation Projects
Anders Lundin

BA Intermediates & Derivatives
Gorm Jensen

BA Specialties & Solutions
Marie Grönborg

Supply Chain
Wolfgang Laures

Operations
Magnus Lannér



IMPORTANT EVENTS

For the Perstorp Group's continuing operations, sales in January to December 2014 amounted to SEK 11,084 m (10,343), which is an increase of 7% compared to the previous year and is mainly explained by stronger volumes and positive foreign exchange effects.

Operating earnings before depreciation and amortization (EBITDA) relating to continuing operations were SEK 1,269 m (1,095). Excluding non-recurring items, the corresponding figure was SEK 1,318 m (1,113), an increase of 18%.

In June, Perstorp signed an agreement with Chemko a.s. Strážske for the acquisition of its penta and calcium formate businesses, related technology and certain assets. It does not include any manufacturing facilities, real estate or employees. For Perstorp, this is part of an ambitious investment plan to increase its polyol production.

In the second quarter, Perstorp implemented an off-balance, non-recourse, trade receivables financing program related to its Swedish entities. The program will be extended in 2015 and include also entities in Germany, US and UK.

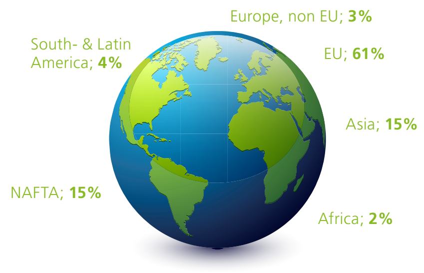
End of August, Perstorp and PTTGC International (Netherlands) B.V. agreed on a change in strategy and shareholding structure for Vencorex Holding SAS. The financial transaction is fully in line with Perstorp's long term strategy to focus on its core business activities outside the isocyanates market. After the transaction, Perstorp retains a 15% ownership of the company, and will continue to support Vencorex as the new strategy will be implemented, thereby benefitting from future value creation.

Perstorp successfully attended a number of large and important trade shows in Asia, Europe, Middle East and America over the year.

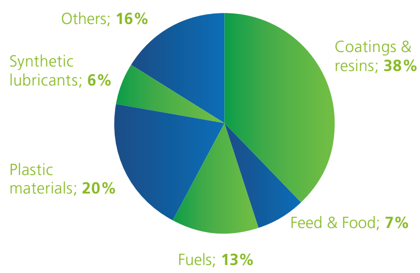
The strategic investment Valerox, a new production plant for Emoltene™ 100 and Pevalen™, was successfully started in early January 2015, on time and on budget.

The internal transformation project 'From Good to GREAT' has progressed with focus on safety and environmental responsibility together with the need to meet our future business challenges. Looking at our market situation, two business models – one for more supply/demand driven products, called Intermediates & Derivatives, and the second a much more value driven, differentiated business, called Specialties & Solutions.

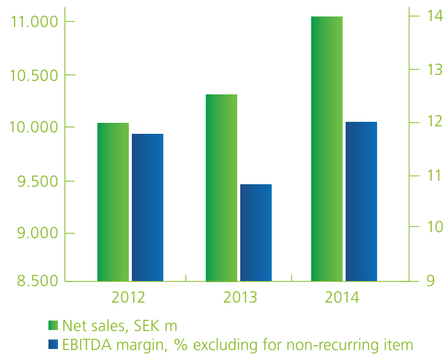
NET SALES PER GEOGRAPHIC MARKET
(continuing operations)



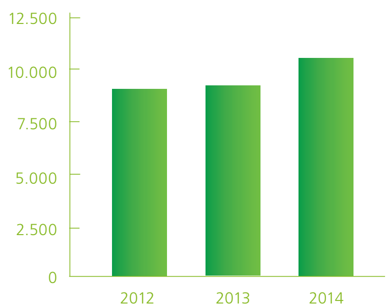
EXTERNAL SALES PER MARKET SEGMENT
(continuing operations)



NET SALES & EBITDA MARGIN
(continuing operations)



NET DEBT EXCL. PARENT COMPANY LOAN AND PENSION LIABILITIES



The Group´s year-end accounts

Market & economic conditions

GLOBAL OVERVIEW

2014 was a year of volatility and uncertainty in both the political and financial fields. The world economy grew around 3 percent, which was less than expected, but perhaps still satisfactory considering the conflicts and crises currently plaguing the world. The last quarter saw a drop in the price of crude oil to the lowest level since the financial crisis of 2008/2009. In mid-2014 Dated Brent crude was traded at around 110 USD/barrel, but the price more than halved in the second part of the year. The fall in price of crude oil was expected due to weak demand and less energy-intensive growth. The large oil surplus and the consequently low price put producers under severe stress during the fourth quarter.

REGIONAL COMMENTS

The European economy continued to disappoint in the fourth quarter, keeping the Euro under pressure. The economic recovery did not come to a standstill, but remained weak and fragile. The usual summer slowdown was expected, but demand was slow to return in the fourth quarter. A flat demand from across all industry segments and countries was evident all over Europe, the UK being a very positive exception. The final Euro area manufacturing PMI came in at 50.6 for December. Despite the overall slow-down in this part of the world, Perstorp's European business was in general satisfactory. We have continued to grow faster than the market in specific products, which includes our pre-marketing of Emoltene™ 100 and Pevalen™, in preparation for the start-up of our Valerox plant. The Americas saw two very different business climates in 2014, with more positive signs in North America and less positive results in South America. Although the US economy slowed during the fourth quarter, growth remained. Driven by lower raw material costs and strong demand from the US and Asian markets, North American chemical companies has expected to report solid fourth quarter earnings. The Perstorp business continued to develop positively in North America in the fourth quarter. South America remained a market with very low GDP growth across the region. In particular Brazil, South America's largest economy, continued to disappoint in the fourth quarter. Despite this, our South American business continued to grow significantly above GDP.

The APAC region grew according to expectations in 2014. During the fourth quarter, Perstorp's growth exceeded GDP. We are particularly pleased to have realized a strong growth of NEO from our Zibo plant. China is a main market and the GDP growth has recently been confirmed at a solid 7%. Korea was a strong market in the fourth quarter, developing positively. Our business in India performed according to expectations with some impact of Penta supply interruptions from Saudi Arabia.

RAW MATERIALS

Naphtha, heating oils and fuels mostly followed crude oil prices in the fourth quarter. Prices for other downstream derivatives kept steady initially, falling only gradually until November when the price slump escalated.

Methanol prices stayed more stable, but prices came under pressure in December and the European March 2015 contract went down by EUR 10, at EUR 344/ton in late December.

The aromatics, Benzene, Toluene and Xylene, fell more in line with cost for crude oil and naphtha. The European January contract price for Benzene at 693 USD/ton represents a 50% drop from September.

Net sales & earnings

CONSOLIDATED INCOME STATEMENT

SEK m	Note	2014	2013
Continuing operations			
Net sales	**9**	**11,084**	**10,343**
Cost of goods sold	6, 7, 8, 21	-9,791	-9,191
Gross earnings		**1,293**	**1,152**
Selling and marketing costs	6,7,8	-416	-450
Administrative costs	6,7,8,34	-245	-219
Research and development costs	6,7,8	-62	-72
Other operating income and expenses [1]	10,11	56	-425
Result from participations in associated companies	12	7	5
Operating earnings (EBIT)	**10,23,27**	**633**	**-9**
Net financial items	22	-2,251	-1,371
Result from participations in associated companies	12	-142	-506
Earnings/loss before tax		**-1,760**	**-1,886**
Tax	24	-26	-5
Net earnings/loss for the year		**-1,786**	**-1,891**
Discontinued operation	*33*		
Net sales		–	257
Operating earnings (EBIT)		–	841
Result before tax		–	826
Tax		–	-5
Net result for the year		**–**	**821**
Group total			
Net sales		11,084	10,600
Operating earnings (EBIT)		633	832
Earnings/loss before tax		-1,760	-1,060
Tax		-26	-10
Net result for the year		**-1,786**	**-1,070**
of which, attributable to non controlling interest	15	7	1
Continuing operations			
Operating earnings before depreciation (EBITDA)		**1,269**	**1,095**
EBITDA adjusted for non-recurring items		**1,318**	**1,113**

NET SALES

The Perstorp Group's net sales for continuing operations amounted to SEK 11,084 m during 2014, compared with SEK 10,343 m in 2013, an increase of 7%. Volumes increased 7% compared to last year following generally stronger demand. All quarters in 2014 show higher volumes than corresponding quarter last year, especially the first two quarters was substantially stronger. The start-up of our new Neo plant has positively affected 2014's figures as deliveries to customers started in the later part of Q3 last year. Our acquisition of Chemko has also started to pay off in terms of higher volumes.

Sales prices were 4% lower than last year, primarily linked to lower raw material prices, especially for rape seed oil, but also a somewhat negative product mix effect.

The Swedish krona has weakened during the year, against both the USD and the Euro, with an escalation during the second half of year, which have had a positive effect on sales of +4% compared to last year.

EARNINGS

Operating earnings before depreciation and amortization (EBITDA) for continuing operations reached SEK 1,269 m (1,095) for the full year of 2014. Excluding non-recurring items, earnings amounted to SEK 1,318 m (1,113).

The depreciation of the Swedish krona positively affected earnings when comparing with last year. Currency effects on EBITDA amount to around SEK 175 m relating to both translational and transactional effects from flows in USD and Euro.

The improved earnings compared to last year have mainly been the result of stronger volumes and positive currency effects.

Non-recurring items included in this year's result relate primarily to restructuring costs in connection with the reorganizational program that was implemented in the first quarter of 2014.

Operating earnings before interest and taxes (EBIT) amounted to SEK 633 m (-9) for 2014. Depreciation was on the same level as last year, SEK 636 m (634).

Earnings before tax amounted to SEK -1,760 m (-1,886). The stronger EBIT was offset by negative currency effects when revaluating financial liabilities in foreign currencies. Participation in associated companies contributed with a loss of SEK 142 m in 2014, compared to a loss of 506 m, including a write-down of SEK 322 m, in 2013.

For 2014, the net loss amounted to SEK -1,786 m, compared to a loss of -1,891 m last year. Tax amounted to SEK -26 m in 2014 compared to SEK -5 m in 2013.

Financial position

Perstorps financial accounts are based on the going-concern principle. The management and the Board of Directors consequently monitoring the going concern. This principle includes a number of estimates and judgments about the future, please see note 4 for further information.

The equity for the Perstorp Holding AB (Publ.) amounts to SEK 962 m at the end of the year. The corresponding amount for the group amounts to SEK - 1.050 m.

The company performs an annual impairment test for goodwill as well as shares in group companies. Assumptions are based on the business plan with a discount interest rate of 11% and a terminal growth rate of 2%. No impairment has been identified.

The loan agreements include quarterly key indicators (covenants) linked to net debt in relation to EBITDA and EBITDA in relation to interest payments. This key indicators has not been breached.

Working capital for continuing operations decreased SEK 688 m during the year. The implemented trade receivables financing program had a positive effect on working capital with SEK 640 m. Adjusted for these effects, working capital decreased SEK 48 m.

Accounts receivable and other current receivables decreased SEK 428 m compared to December 2013 following the trade receivables financing program offset by stronger sales and foringe exchange effects. Accounts payable and other liabilities increased SEK 234 m. Inventory levels decreased SEK 26 m compared to December 2013.

Working capital for continuing operations amounted to SEK 691 m at the end of the fourth quarter 2014 compared to SEK 1,118 m at the end of the third quarter 2014 and SEK 1,379 m at the end of the fourth quarter 2013. The Group's available funds, including liquid funds and letter of credit facilities, were SEK 1,119 m at the end of the period, compared with SEK 949 m at the end of third quarter. In the first quarter of 2014, the shareholder loan was converted to equity with the amount of SEK 633 m.

CONSOLIDATED BALANCE SHEET

SEK m	Note	Dec 31, 2014	Dec 31, 2013
ASSETS			
Non current assets			
Tangible fixed assets	6	4,903	4,497
Intangible fixed assets	7	4,997	4,845
Deferred tax assets	24	252	187
Participations in associated companies	13	56	506
Other participations	14	358	–
Direct pension, endowment insurance		96	91
Other interest-bearing, long-term receivables	17, 22	1	1
Other interest-free, long-term receivables	17	30	22
Total non current assets		**10,693**	**10,149**
Current assets			
Inventories	21	1,205	1,231
Accounts receivable	19	859	1,420
Operating receivables, associated companies		3	13
Tax receivable		47	72
Other operating receivables	19	326	168
Other current financial receivables	22	42	37
Cash & cash equivalents	20	1,019	905
Total current assets		**3,501**	**3,846**
Total assets		**14,194**	**13,995**
EQUITY & LIABILITIES			
Shareholders' equity			
Share capital (100,000 shares, par value of SEK 5 each)		0	0
Other capital contributions		6,584	5,951
Reserves		-521	-491
Retained earnings		-7,175	-5,289
Equity attributable to owners of the parent		**-1,112**	**171**
Non controlling interests	16	62	46
Total equity		**-1,050**	**217**
Non current liabilities			
Deferred tax liabilities	24	908	897
Direct pension	23	119	113
Pensions liability, others	22,23	451	330
Long term liabilities, Parent Company	22	4	626
Long-term interest-bearing liabilities [1]	22	11,281	9,688
Other liabilities, provisions	25	59	64
Total non current liabilities		**12,822**	**11,718**
Current liabilities			
Accounts payable	26	912	774
Other operating liabilities, associated companies		–	11
Tax liabilities		57	8
Other operating liabilities	26	823	716
Accrued interest expense		495	429
Other financial liabilities	22	135	122
Total current liabilities		**2,422**	**2,060**
Total equity and liabilities		**14,194**	**13,995**
Contingent liabilities	28	133	295
Assets pledged	29	9,019	10,410

[1] The amount includes expenses for loan financing in connection with Perstorp Holding AB´s refinancing of senior debt. The amount was SEK 160 (225) m.

Consolidated statement of comprehensive income

SEK m	Note	2014	2013
Net result for the period		**-1,786**	**-1,070**
Other comprehensive income:			
Items that will not be reclassified to profit and loss			
Re-measurements of defined benefit plan	23, 33	-93	47
Items that may be subsequently reclassified to profit or loss			
Currency translation effects		-28	-44
Market valuation of forward contracts		7	7
Other comprehensive income net after tax		**-114**	**10**
Total comprehensive income for the year		**-1,900**	**-1,060**
Attributable to:			
Owners of the parent		-1,916	-1,062
Non controlling interests	16	16	2
Total		**-1,900**	**-1,060**
Total Comprehensive income attributable to equity shareholders arises from:			
Continuing operations		-1,900	-1,804
Discontinued operations	33	–	744
Total		**-1,900**	**-1,060**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY						
SEK m	Share capital	Other capital contributions	Other reserves	Retained earnings	Total	Non controlling interest	Total equity
Opening balance, January 1, 2013	**0**	**5,951**	**-453**	**-4,265**	**1,233**	**44**	**1,277**
Net Result for the period	–	–	–	-1,071	-1,071	1	-1,070
Other comprehensive income	–	–	-38	47	9	1	10
Closing balance, December 31, 2013	**0**	**5,951**	**-491**	**-5,289**	**171**	**46**	**217**
Opening balance, January 1, 2014	**0**	**5,951**	**-491**	**-5 289**	**171**	**46**	**217**
Net Result for the period	–	–	–	-1,793	-1,793	7	-1,786
Other comprehensive income	–	–	-30	-93	-123	9	-114
Transaction with owners, recognised directly in equity	–	633	–	–	633	–	633
Closing balance, December 31, 2014	**0**	**6,584**	**-521**	**-7,175**	**-1,112**	**62**	**-1,050**

Dividend to shareholder´s is limited, subject to customary restrictions under debt agreements.

Cash flow

Cash flow from operating activities for continuing operations was SEK 977 m (13) for the period January to December 2014. The improved cash flow from operating activities against last year is primarily explained by the implementation of a trade receivable financing program and higher earnings but partly offset by higher investments.

In June, Perstorp implemented an off-balance, non-recourse, trade receivables financing program related to its Swedish entities. Credit line was initially set to Euro 70 m but was increased to Euro 90 m end of the third quarter. By the end of the year, around Euro 79 m had been used. The corresponding amount has reduced accounts receivable. The target is to further increase the credit line up to Euro 125 m and gradually increase the utilization of the program during the first half of 2015.

Capital expenditures amounted to SEK -837 m (-690) for the full year. The investment amount includes the acquisition of Chemko a.s. Strážske. The increase compared to last year reflects our increased spending rate in primarily the Valeraldehyde and derivatives project in Stenungsund, Sweden. Capital expenditures related to maintenance investments was slightly higher compared to the same period last year.

CONSOLIDATED CASH FLOW STATEMENT

SEK m	Note	2014	2013
Operating activities			
Operating earnings		633	-9
Adjustments:			
Depreciation and write-down		636	1,104
Other		-5	-49
Operating activities in discontinued operations		–	23
Interest received		7	12
Interest paid		-1,031	-785
Income tax paid		17	-48
Interest and taxes paid in discontinued operations		–	-22
Cash flow from operating activities before change in working capital		**257**	**226**
Change in working capital			
Increase (-) Decrease (+) in inventories		93	54
Increase (-) Decrease (+) in current receivables		493 [2]	-81
Increase (+) Decrease (-) in current liabilities		134	-124
Change in working capital in discontinued operations		–	-62
Cash flow from operating activities[1]		**977**	**13**
Investing activities			
Acquisition of supplier contract		–	-45
Acquisition of shares in associated companies		-27	–
Acquisition of tangible and intangible fixed assets [1]		-837	-690
Sale of net assets, subsidiaries	33	–	1,018
Sale of tangible and intangible fixed assets		24	–
Change in financial receivables, external		-4	-32
Discontinuing operations		–	-12
Cash flow from investing activities		**-844**	**239**
Financing activities			
Change in loan from Parent Company		–	-61
Change in credit utilization		-32	34
Cash flow from financing activities		**-32**	**-27**
Change in cash & liquid funds, incl. short-term investments		**101**	**225**
Cash and liquid funds opening balance, incl. short-term investments		905	685
Translation difference in cash and cash equivalents		13	-5
Cash & liquid funds, end of period	**20**	**1,019**	**905**
[1] Whereof paid interest		-39	-14

[2] Including trade receivables financing program

The Parent Company year-end accounts

INCOME STATEMENT PARENT COMPANY

SEK m	Note	2014	2013
Net sales		**49**	**57**
Gross earnings		**49**	**57**
Sales and marketing costs		-5	-6
Administration costs	34	-139	-121
Other operating income and expenses	11	-32	-22
Operating earnings (EBIT)	23,27	**-127**	**-92**
Group contribution recieved		1,210	811
Earnings from participations in Group companies [1]		–	-1,265
Earnings from participations in associated companies		-126	–
Net financial items	22	-1,627	-845
Earnings /loss before tax		**-670**	**-1,391**
Tax	24	1	-1
Net result for the year [2]		**-669**	**-1,392**

[1] Comprises of capital loss/gain sale of shares and financial receivables subsidiaries of SEK 0 (-349) m, reversal of previous years write down financial receivables of SEK 0 (461) m and write-down of shares in subsidiaries and associated companies and financial receivables versus subsidiaries of SEK 0 (-1,377) m.
[2] Comprehensive income equals Net result for the year.

BALANCE SHEET PARENT COMPANY

SEK m	Note	Dec. 31, 2014	Dec. 31, 2013
ASSETS			
Non current assets			
Tangible fixed assets	6	6	0
Intangible fixed assets	7	5	5
Shares in group companies	18	6,947	6,947
Long-term receivables, Group companies	22	5,315	4,756
Participations in associated companies	13	–	455
Other participations	14	358	–
Direct pension, endowment insurance		86	78
Total non current assets		**12,717**	**12,241**
Current assets			
Operating receivables, Group companies		10	8
Tax receivables		11	11
Other operating receivables	19	9	14
Financial receivables, Group companies	22	1,280	876
Other current financial receivables	22	0	36
Total		**1,310**	**945**
Cash & cash equivalents	20	179	110
Total current assets		**1,489**	**1,055**
Total assets		**14,206**	**13,296**
SHAREHOLDERS' EQUITY & LIABILITIES			
Shareholders' equity			
Share capital (100.000 shares, par value of SEK 5 each)		0	0
Retained earnings		1,631	2,390
Net earnings/loss for the year		-669	-1,392
Total shareholders´equity		**962**	**998**
Non current liabilities			
Direct pension		107	97
Long-term liabilities, Parent company	22	4	626
Long-term interest bearing liabilities [1]	22	11,278	9,684
Total non current liabilities		**11,389**	**10,407**
Current liabilities			
Accounts payable	26	11	6
Tax liabilities		–	1
Other operating liabilities, Group companies		1	5
Other operating liabilities	26	41	28
Accrued interest expense		492	425
Financial liabilities, Group companies	22	1,310	1,426
Total current liabilities		**1,855**	**1,891**
Total shareholders' equity & liabilities		**14,206**	**13,296**
Contingent liabilities	28	460	624
Assets pledged	29	12,771	12,304

[1] The amount includes expenses for loan financing in connection with Perstorp Holding AB´s refinancing of senior debt. The amount was SEK 160 (225) m.

CASH FLOW STATEMENT PARENT COMPANY

SEK m	2014	2013
Operating activities		
Operating earnings	-127	-92
Interest received	536	591
Interest paid	-1,011	-830
Group contribution received	811	637
Realized exchange rate profit/loss	0	0
Income tax, paid	0	0
Adjustment, depreciation	1	–
Adjustment, change in provisions	2	1
Cash flow from operating activities before change in working capital	**212**	**307**
Change in working capital		
Increase (-) Decrease (+) in current receivables	-6	-2
Increase (+) Decrease(-) in current liabilities	15	-58
Cash flow from operating activities	**221**	**247**
Investing activities		
Shareholder contibution	-27	–
Sale of net assets, subsidiaries	–	8
Sale of financial fixed assets	-1	–
Changes in internal financial receivables	-117	-1,964
Acquisition of tangible assets	-6	–
Acquisition of intangible assets	-1	-1
Cash flow from investing activities	**-152**	**-1,957**
Financing activities		
New loans group companies	–	2,366
Amortizations of loans, Group companies	–	-1,035
Change in loan from parent company	–	-61
Cash flow from financing activities	**0**	**1,270**
Change in liquid funds, incl.short-term investments	**69**	**-440**
Liquid funds opening balance, incl short term investments	110	550
Liquid funds, end of period	**179**	**110**

SHAREHOLDER´S EQUITY 2014, PARENT COMPANY

SEK m	Share capital	Retained earnings	Net earnings/loss for the year	Total shareholder´s equity
Opening balance shareholder´s equity, January 1, 2014	**0**	**2,390**	**-1,392**	**998**
Transfer of preceding year’s results	–	-1,392	1,392	0
Shareholder´s contribution	–	633	–	633
Net earnings/loss for the year	–	–	-669	-669
Closing balance, December 31, 2014[1)]	**0**	**1,631**	**-669**	**962**

[1)] Dividend to shareholder’s is limited, subject to customary restrictions under debt agreements

SHAREHOLDER´S EQUITY 2013, PARENT COMPANY

SEK m	Share capital	Retained earnings	Net earnings/loss for the year	Total shareholder´s equity
Opening balance shareholder´s equity, January 1, 2013	**0**	**2,357**	**33**	**2,390**
Transfer of preceding year´s results	–	33	-33	0
Net earnings/loss for the year	–	–	-1,392	-1,392
Closing balance, December 31, 2013[1)]	**0**	**2,390**	**-1,392**	**998**

[1)] Dividend to shareholder’s is limited, subject to customary restrictions under debt agreements

Other

EMPLOYEES

The number of FTE (full time equivalents) in the continuing operations at the end of the period was 1,455, which is 69 less than at year-end 2013.

THE PERSTORP BOARD

At the Annual General Meeting, held on the 14 May 2014, the Board of Directors was re-elected. The Board of Directors consists of Chairman Fabrice Fouletier, CEO Jan Secher, Karin Markides, Michel Paris, Ragnar Hellenius, Claes Gard, Carl Settergren and Bertrand Monier. As employee representatives Ronny Nilsson, IF Metall, Anders Magnusson PTK and Oleg Pajalic PTK was also re-elected.

THE ENVIRONMENT

Production by the Perstorp Group affects the external environment through emissions in air and water, and through the generation of waste and noise. From a global perspective, the most important environmental factors are the consumption of raw materials and energy; emissions of greenhouse gases and volatile organic substances; and consumption of and contamination of the water. Each unit in the Group submits an annual environmental report to be approved by the inspection authorities.

The Group has production in eight countries. The largest production sites in the Group are situated in Sweden. Proactive environmental work has been carried out locally for many years. The Perstorp Group possesses two multisite certificates of which one is according to the ISO 14001 standard including six of the nine production units. At the site in Perstorp, Sweden a national project regarding soil contamination was initiated in 2004, aiming at a classification of industry land into different categories (MIFO). At Perstorp Industrial Park the classification was done in 2007 and since then several investigations have been conducted for the most concerned areas. Findings and proposed action are regularly reviewed together with the relevant authority. Perstorp Specialty Chemicals has made financial reservations for possible upcoming remediation activities.

Total investments in the environment, health and safety amounted to SEK 54.3 million in 2014 (85.9 in 2013). This amounts to 6.5% (12.4% in 2013) of the Group's total investments. It should be pointed out that in 2014, Perstorp made the largest investment in its history in the Valerox project. For details on resource management, environmental impact and emissions, see www.perstorp.com/Responsibility.

INNOVATION

Following a very active 2013 in terms of new product launches, Group Function Innovation concentrated its efforts in 2014 on bringing those new products forward in close cooperation with partners and customers, and on filling the innovation pipeline with new projects.

On the new products, Perstorp's non-phtalate plasticizer Pevalen found its first major repeat customer. With the Valerox investment coming on stream in the first quarter of 2015, and confirmation of Pevalen's outstanding technical performance, Perstorp can now offer its customers a true solution for softening PVC.

Also Akestra, Perstorp's high-temperature resistant polyester, saw its first successful scale-up, as an alternative for polystyrene in transparent packaging.

Capa polycaprolactones for biodegradable plastics have proven to be perfect combinations with renewable materials like polylactic acid and starch, where the Capa products provide essential flexibility while even improving biodegradability.

The innovation pipeline has been filled with a variety of new projects, serving selected growth markets (lubricants, UV-curable coatings, phtalate-free PVC, airport deicing formulations) and underpinning Perstorp's core process competence. For the core feed & food market, strategic cooperation with academia has provided us with a completely new platform for animal health and well-being, which will be translated into a series of new product developments.

More than ever, innovation these days is a network activity, where cutting edge competences are combined in ad-hoc coalitions of agile companies and institutions. Only by bringing together best-in-class competences, the skill, speed and cost required in today's world can be delivered, and Perstorp is proud to state that all its innovation activity is done within such partnerships

KEY EVENTS AFTER THE END OF THE FINANCIAL YEAR

Our new production plant for Valeraldehyde and its derivatives 2-PH, DPHP and Valeric Acid was successfully started early January 2015, on time and under budget. The plant has been built to the highest environmental and safety standards and Perstorp is now one of the few fully integrated suppliers of plasticizers.

During January 2015, put options equivalent to approximately 50% of the annual transaction exposure were purchased against the price risk of a weaker USD/SEK and EUR/SEK foreign exchange rate. The maximum cost for the hedge is approximately SEK 18 million. The strike price of the put options are 7.80 for USD/SEK and 9.30 for EUR/SEK.

The off-balance, non-recourse, trade receivables financing program was extended to also include legal entities in Germany and US in the first quarter.

The Swedish krona has during Q1 continued to weakened, especially against USD. This has affected the Group and Parent company's equity. At the end of March the equity for Perstorp Holding AB (Publ.) amounts to SEK 495 m.

No other major events have occurred since the balance sheet date and up to the publication of this report.

Notes

DEFINITIONS

CAPITAL RATIOS

Average capital
Based on monthly balances during the year.

Capital employed
Total assets less interest-free liabilities.

Net debt
Interest-bearing liabilities, including provision for pensions, less financial interest-bearing receivables. Activated costs for arranging financing are excluded from Net debt.

NOTES

NOTE 1. GENERAL INFORMATION

Perstorp Holding AB (publ.) and its subsidiaries (jointly designated the Group) produce and sell specialty chemicals. At the end of the report period the Group had 9 manufacturing units in 8 countries in Europe, North America and Asia. These geographic areas comprise the Group's main markets for sales, with the main focus in Europe.

The Group was formed at the end of 2005. PAI partners controll the Group through Luxembourg-based Financière Forêt S.à r.l., corp. reg. no. R.C.S. Luxembourg: B 111 888, which owns 100% of Perstorp Holding AB. The acquisition balance sheet for the Group was completed as of 2006.

The Parent Company is a limited liability company that is registered and has its Head Office in Malmö, Sweden. The address to the head office is Neptunigatan 1, 201 25 Malmö, Sweden.

The Board approved this report for publication on April 29, 2015.

NOTE 2. SUMMARY OF MAJOR ACCOUNTING PRINCIPLES

The principal accounting principles applied in the preparation of these consolidated accounts are stated below. The principles are unchanged compared with all years of comparison unless otherwise stated.

2.1 BASIS OF PREPARATIONS

Group

The consolidated accounts for Perstorp Holding AB have been prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation concerning Supplementary Accounting Rules for Group´s (RFR 1) and International Financial Reporting Standards (IFRS) and IFRIC interpretations as approved by the European Commission. (IFRS has been applied by the Group since 2005). The consolidated accounts have been prepared in accordance with the acquisition value method, apart from matters applying to financial assets held for sale and financial assets and liabilities (including derivative instruments) that are fair valued via the income statement.

Preparing financial reports in accordance with IFRS requires the use of a number of important accounting estimates. In addition, management must make certain judgments when applying the company's accounting principles. The areas subject to a high degree of judgment and that are complex, or those areas in which assumptions or estimates have been made that are of material importance to the consolidated accounts, are presented in Note 4.

Change in Accounting priciples and disclosures

The following new standards, changes and interpretations of existing standards have been published and are mandatory for the Group's financial statements for financial years starting 1 January 2014 or later.

IFRS 10 Consolidated financial statements is based on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard has no significant impact on the Group's financial reports.

IFRS 11 Joint Arrangements focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The standard has no significant impact on the Group's financial reports.

IFRS 12 Disclosure of interests in other entities includes the disclosure requirements for subsidiaries, joint arrangements, associates and non-consolidated structured entities. The standard has no significant impact on the Group's financial reports.

IFRIC 21 Levies explains the recognition of an obligation to pay a tax or duty that is not income tax. The interpretation explains what the obligating event that triggers the obligation to pay tax or duty is and when a liability must therefore be recognised. The Group is not currently subject to any significant taxes or duties that are not income tax and therefore this interpretation has no significant impact on the Group.

Parent Company

The Parent Company's financial reports are produced in accordance with the Annual Accounts Act and recommendations from the Swedish Financial Reporting Board concerning Reporting for legal entities (RFR 2). The starting point for RFR 2 is that the Parent Company shall implement all of the EU-approved standards and interpretations as far as possible within the framework of the Annual Accounts Act, the Swedish law safeguarding pension commitments and with consideration for the relationship between accounting and taxation. The main differences between the Group's and Parent Company's accounting principles are as follows:

Subsidiaries
Shares in subsidiaries are reported at the time of acquisition at acquisition value/fair value. This value remains until impairment is carried out. Impairment tests of reported balance sheet values are carried out in accordance with chapter 2.10.

The change in IFRS 3 regarding transaction cost shall not apply for the Parent Company´s financial reporting. Transaction cost shall be accounted for as part of the acquisition value and is therefore capitalized under the "Group company holdings". Furthermore, because the Parent Company does not report financial instrument in accordance with IAS 39 they shall not account for a contingent consideration at fair value, as stated in IFRS 3. Instead the Parent Company account for a contingent consideration as part of the acquisition value only if it is likely that the consideration will be paid. The contingent consideration is accounted as a liabilities/provision and any future re-evaluation is accounted for as a change in acquisition value under the "Group company holdings".

Group contribution & shareholders' contribution
In accordance with the Swedish Financial Reporting Board RFR 2, the Parent Company reports received Group contributions from subsidiaries as dividends and reports them in the income statement. Shareholder contributions are reported directly under the shareholders' equity of the receiver and are capitalized under the "Group company holdings" of the provider to the extent that impairment is not required.

Pensions
The Parent Company reports pension commitments in accordance with the Swedish law safeguarding pension commitments. Adjustments are made to the accounts at Group level in accordance with IAS 19.

Leasing
For the Parent Company, all leasing agreements are reported according to the rules for operational leasing.

2.2 CONSOLIDATED ACCOUNTING

Subsidiaries

Subsidiaries are all companies in which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated accounts from the date on which the Group gains this decisive influence. Subsidiaries are excluded from the consolidated accounts from the date on which the decisive influence ceases. The Group uses the acquisition method. The cost of an acquisition of a subsidiary compromises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The cost of an acquisition includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The contingent consideration is normally accounted for as a liabilities/provision and a re-evaluation is accounted for in income statement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non controlling interest in the acquirer's either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets.

The surplus, which consists of the difference between the acquisition value and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities, is reported as goodwill. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is reported directly in the income statement.

All intra-Group transactions, balance sheet items and unrealized gains and losses on transactions between Group companies are eliminated in the consolidated accounts.

The accounting principles for subsidiaries have been changed, where necessary, to guarantee the consistent and appropriate application of Group principles.

When the Group ceases to have control of a subsidiary it recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost. The change in the carrying amount is recognized in income statement.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to income statement.

Associated companies

Associated companies are companies over which the Group exercises a controlling influence, which generally applies to shareholdings corresponding to 20 to 50% of the voting rights.

Holdings in associated companies are accounted for using the equity method and are initially valued at acquisition value, including any goodwill identified on acquisition. The Group's share of associated company earnings arising after acquisition is reported after tax in the Group's operating earnings. Classification in the income statement is the consequence of the company conducting operations in line with the rest of the Group. Accumulated changes following the acquisition are reported as changes in the book value of the holding. When the Group's share of an associated company's losses amounts to or exceeds its holding in the associated company, including any unsecured receivables, the Group does not report further losses unless it has assumed obligations or made payments on behalf of the associated company.

Unrealized gains on transactions between the Group and its associated companies are eliminated in relation to the Group's holding in the associated company. Unrealized losses are also eliminated, unless the transaction is evidence of there being an impairment requirement for the transferred asset.

The accounting principles for associated companies have been changed in places to guarantee the consistent and appropriate application of Group principles.

When the Group ceases to have a controlling influence over an associate it shall account for the investment in accordance with IAS 39 from that date, provided the associated does not become a subsidiary. On the loss of the controlling influence the investment is measured at it´s fair value. The change in the carrying amount is recognized in income statement.

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. Perstorp has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Other participations

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified as non-current asset if expected to be settled beyond 12 months, otherwise they are classified as current assets.

Non-controlling interest

The share of net assets belonging to the non-controlling interest is reported as a separate item in consolidated shareholders' equity. In the consolidated income statement the non-controlling interest is included in reported earnings.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Saleable financial assets

Saleable financial assets are non-derivative assets where the assets are identified as saleable or not classified in any other category. They are reported as noncurrent assets if management doesn't intend to dispose of the asset within 12 months after the end of the reporting period. Acquisitions of saleable financial assets are valued on the trade date at the acquisition value. Changes to the fair value of securities are classified as saleable financial assets and reported in other comprehensive income. Investments with no listed market price on an active market and whose fair value cannot be reliably ascertained must be valued at the acquisition cost.

2.3 CURRENCY TRANSLATION

Functional currency & reporting currency

Items included in the financial reports of the various Group units are valued in the currency used in the economic environment in which each company mainly operates (functional currency). In the consolidated accounts, SEK is used, which is the Parent Company's functional currency and the Group's reporting currency.

Transactions & balance sheet items

Transactions in foreign currencies are translated into the functional currency according to the exchange rates applicable on the transaction date or the date when the items are re-assessed. Exchange-rate gains and losses arising through the payment of such transactions and on the translation of monetary assets and liabilities in foreign currencies at the exchange rate applicable on the closing date are reported in the income statement under "Other income and expenses" when the underlying receivable/liability is operational; otherwise in net financial items. The exception is where transactions represent hedges meeting the requirements for hedge accounting of cash flows or net investments, where gains and losses are reported in other comprehensive income in the consolidated statement of comprehensive income.

Group companies

The earnings and financial position of all Group companies are established in each company's functional currency (none of which is classified as a high-inflation currency). In the consolidated accounts these amounts are then translated into the Group's reporting currency (SEK) in accordance with the following:

- assets and liabilities for each balance sheet are translated at the exchange rate applying on the balance-sheet date
- income and costs for each income statement are translated at the average exchange rate for each year, and
- all exchange-rate differences that arise are reported as a separate item in consolidated shareholders' equity in the consolidated statement of comprehensive income.

On consolidation, exchange-rate differences arising as a consequence of the translation of net investments in foreign operations, borrowing and other currency instruments identified as hedges for such investments are allocated to shareholders' equity in the consolidated statement of comprehensive income. On the divestment of foreign operations, accumulated exchange-rate differences in the income statement are reported under shareholders' equity in the consolidated statement of comprehensive income as part of the capital gain/loss.

Goodwill and adjustments of fair value arising from the acquisition of foreign operations are treated as assets and liabilities associated with such operations and are translated at the exchange rate applying on the balance-sheet date.

2.4 REVENUE RECOGNITION

Reported revenue is the fair value of what has been received or will be received for sold goods and services within the Group's ongoing business with deductions for VAT, discounts, returns and eliminations of intra Group transactions.

Revenue per category is reported as follows:

Sales of goods

Revenues from the sales of goods are reported upon delivery to the customer in accordance with sales terms and thereby in the period when all significant risks and benefits attributable to the goods are transferred to the purchaser in accordance with an agreement.

Interest income

Interest income is recognized as revenue distributed over the contract term using the effective interest method.

Received dividends

Dividends are reported as revenue when the right to receive the dividend is judged to be certain.

2.5 INCOME TAXES

Reported income taxes in the income statement include current tax, adjustment of prior-year current tax and changes in deferred tax. Tax is reported directly in shareholders' equity if the tax is attributable to transactions that are reported directly in shareholders' equity.

Calculation of income tax and assessment of all current and deferred tax liabilities and receivables are made in accordance with each Group company's national tax regulations and tax rates that have been decided or that with a great degree of certainty will be determined and apply when the tax is to be paid. It can be added that the Group management team regularly assesses claims made in tax assessments concerning situations where applicable tax rules are subject to interpretation. When interpretations change and when it is considered to be appropriate, allocations are adjusted to the amount that will probably be paid to the tax authority.

Deferred tax is calculated in accordance with the balance sheet method on the basis of all material temporary differences between the book values and taxable values of assets and liabilities. Deferred tax assets pertaining to unutilized tax loss carry-forwards are only reported when it is likely that it will be possible to realize the loss carry-forwards within the foreseeable future.

Deferred tax assets/liabilities are offset when there is a legal right to offset the asset or liability in question and when deferred tax assets/liabilities relate to taxes debited by the same tax authority. In this context there shall also be an intention to settle the item through a new payment.

2.6 INTANGIBLE FIXED ASSETS

Goodwill comprises the amount by which the acquisition value exceeds the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of Group companies is reported as an intangible asset.

Goodwill is tested annually in order to identify impairment requirements. When conducting tests to identify possible impairment requirements, goodwill is divided among cash-generating units and each unit is tested individually. The reported value of goodwill comprises therefore the acquisition value less accumulated impairments. Impairment of goodwill is not recovered.

Trademarks, patents and licenses that apply to separately acquired assets from external parties are reported initially at acquisition value. Trademarks, patents and licenses acquired through acquisition of a business are reported initially at their fair value on the day of acquisition.

Trademarks, patents and licences that have a determinable period of utilization are assessed individually and depreciated linearly based on this, normally over 5-30 years. Assets with unlimited utilization periods are not normally subject to depreciation.

For the Group, assets with an indeterminate life length within this category refer to the Perstorp, which in connection with the allocation of acquisition values in 2006, were judged to have an unlimited life, based on the company's 125 year history and the continuous renewal process. Annual testing of possible impairment requirements is performed for assets in this category.

Technological know-how was identified as a balance sheet item in connection with the allocation of acquisition values in 2006 and its acquisition value has linear depreciation to divide the costs over the assessed utilization period of 30 years. Testing of possible impairment requirements is performed annually.

Customer relations: In connection with the allocation of acquisition values in 2006, a value was identified that reflects the future value generation related to core customers. A value for intangible assets was established relating to customer relations in connection with the acquisition of the UK business in 2008. The acquisition value has linear depreciation in order to divide the cost over the lifespan of the relations which is expected to be 30 years and 10 years respectively. Annual testing of impairment requirements is performed through the analysis of future value generation in respect of sales to core customers, adjusted for the values already recognized in the form of trademarks and technological know-how.

Research costs are expensed directly when they arise, while expenses relating to the development of new products/processes are capitalized as intangible assets if they fulfill the following criteria: the expenses must be identifiable in a reliable way, the management team intends to complete production of the asset and use/sell it, there must be external preconditions for using/selling the asset, and it must be highly probable that the asset will generate future financial benefits. Unless all criteria are met, the cost is reported directly. Costs that have previously been expensed may not subsequently be reported as assets. The amortization of capitalized development costs is linear and starts when the product starts to be produced commercially or the process starts to be used for commercial production. The amortization period must not exceed five years. Tests are performed annually to see if there is an impairment requirement.

Software: Acquired software licenses are capitalized on the basis of the costs that have arisen for acquiring and deploying the software. Costs for the development and maintenance of software are normally expensed when they arise. If the particular software is unique, controlled by the Group and will probably generate economic benefits that exceed the costs for more than one year, the software is reported as an intangible asset. Personnel expenses for software development and a reasonable portion of attributable indirect costs are included.

Costs for capitalized software licenses and software development are amortized over their estimated useful life, which may not exceed three years. All capitalized assets in this category are subject to an annual test concerning utilization period and impairment requirement.

2.7 TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at their acquisition value less accumulated depreciation according to plan and in certain cases less impairment. The acquisition value includes expenses that can be directly attributable to the acquisition of an asset.

This also includes borrowing costs attributable to acquisitions of fixed assets that take a significant amount of time to complete for use (these were previously charged directly). Additional expenses are added to the asset's reported value or reported as a separate asset, depending on which is appropriate, but only if it is probable that the future economic benefits associated with the asset accrue to the Group and the asset's acquisition value can be measured reliably. Reported value for replaced parts is deducted from capitalized value. All other forms of expenses for repairs and maintenance are reported as costs in the income statement during the period they arise.

Straight-line depreciation is applied based on the asset's acquisition value and estimated useful life. When the assets' depreciable amount is established the residual value of the asset is also considered as appropriate. The following depreciation periods are used:

Buildings	20–50 years
Land improvements	10–35 years
Machinery and equipment	10–30 years
Computers, tools and cars max.	5 years

Land and construction in progress are not depreciated.

The residual value and useful life of assets are impairment tested regularly or when external or internal circumstances dictate such impairment testing, and are adjusted as necessary. An asset's book value is immediately impaired to its recoverable amount if the asset's book value exceeds its estimated recoverable amount. See chapter 2.10.

Gains and losses on divestment are determined by comparing the sales proceeds and the book value and are reported in the income statement under the heading Other operating income and expenses.

2.8 LEASING

The Group is party to leasing agreements whereby the Group as leaseholder to all extents and purposes profits from the economic benefits relating to the leased object while also bearing the economic risks. These agreements are recognized as financial leasing. At the start of the leasing period the leasing object is reported as a fixed asset in the balance sheet at the lower of the fair value and the current value of the contracted minimum leasing fees. On the liability side, the estimated value of the commitment is offset against future cash flow based upon the leasing agreement.

A division is made between short-term and long-term borrowing depending on the due date for payment. Upon settlement the paid sum is divided between amortization of debt and the financial costs. The interest part of the financial cost is reported in the income statement over the leasing period, so that each period includes an amount that corresponds to a fixed interest rate for the reported debt during the period. Capitalized fixed assets in financial leasing agreements are depreciated according to the same principles used for other assets.

Some of the Group's leasing contracts pertain to vehicles and computers, which have been reported as operational leasing.

2.9 FINANCIAL INSTRUMENTS

In its balance sheet, the Group reports financial instruments that comprise loans, other financial receivables, accounts receivable, liquid funds, borrowings, accounts payable and derivatives. Instruments are included in the accounts at the time when the Group becomes a party to them in accordance with contracted terms. In the same way the instrument is removed when the asset and its benefits/risks are no longer attributable to the Group, nor controlled by it, or when an undertaking is completed or ended in any other way. Assessment is initially made at fair value and thereafter at fair value or accrued acquisition value depending on the classification of the instrument. An assessment of the need for impairment is made frequently, see 2.10.

Financial instruments are offset and reported at net value in the balance sheets only when there is a legal right to offset between the amounts and there is an intention to settle the amounts with a net sum, or alternatively to realize the asset and settle the liability at the same time.

Financial instruments assessed at fair value via the income statement

This category includes financial assets/liabilities held for trading plus derivative instruments not identified as hedge instruments. Assessment at fair value via the income statement occurs at both the time of acquisition and at regular assessments thereafter.

Loans & accounts receivable

Loans and accounts receivable are reported initially at fair value. Thereafter, loans are reported at accrued acquisition value using the effective interest method. Accounts receivable are normally reported at their original fair value when the effect of discounting is considered to be marginal. When an assessment is made by the Group that a receivable will not be paid, and there is objective evidence for this, a reservation is made. See further under point 2.10.

Cash & cash equivalents

Cash and cash equivalents include cash and bank balances and other short-term investments maturing within three months and that can easily be converted into cash.

Borrowings

Borrowings are reported initially at fair value, net after transaction costs. Other borrowing expenses are also reported in the income statement based on the period to which they relate including borrowing costs attributed over a period. For classification reasons, borrowings are reported as short-term liabilities to the extent that the Group does not have a unconditional right to defer payment of the liabilities for at least 12 months after the closing date. Other borrowings are reported analogously as long-term liabilities.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Accounts payable

Accounts payable are undertakings to pay for goods/services acquired in the ongoing business and are reported at fair value.

2.10 IMPAIRMENT

Tangible and intangible assets with an indeterminate useful life are not depreciated/amortized but are subject to annual testing of impairment requirements. Tangible and intangible assets with a determined useful life are assessed for a reduction in value whenever events or changes in conditions indicate that the book value may not be recoverable. Impairment is recognized in the amount by which the asset's or cash-generating unit's book value exceeds its recoverable value, which in the current situation means the higher of the utilization value or fair value with deductions for sales costs. In connection with the test an assessment is made as to whether there has been a change in the recovered value for an individual asset/cash-generating unit and if the previous impairment can be recovered fully or partly. Impairment is never recovered for goodwill.

A test for an impairment requirement is performed for financial assets at the end of the report period. Impairment is performed as soon as there is objective evidence that events have taken place which indicate that estimated future cash flows from an asset will be lower than the reported balance sheet total.

The impairment amount is calculated as the difference between the asset's reported value and assessed future cash flow (current value is calculated for instruments classified as fixed assets). If there are observable market prices for the instrument, the impairment calculation is based on this fair value. In connection with the test an assessment is also made if events have occurred, and objective evidence is available, which mean that a previously carried out impairment shall be returned fully or partly.

2.11 INVENTORIES

Inventories are reported on the closing date at the lower of acquisition value and net realizable value. The acquisition value is determined using a method mainly based on weighted average prices. The acquisition value of finished products and work in progress consists of raw materials, direct payroll expenses, other direct costs and attributable indirect manufacturing costs (based on normal manufacturing capacity). Borrowing costs are not included; there are no inventories for which IAS 23 is applicable. The net realizable value is the estimated selling price based on continuing operations, less applicable variable selling costs.

2.12 EMPLOYEE BENEFITS

Pensions

The Group has both defined-contribution and defined-benefit pension plans. The characteristic of a defined-contribution pension plan is that the Group pays a fixed contribution to a separate legal entity. After the premium is paid the has no legal or informal obligations to pay additional fees if the counter party does not have sufficient assets to pay benefits to employee relating to the employee's service in earlier years. There are therefore no provisions in the consolidated balance sheet or among contingent liabilities for this category of pension. Defined-benefit pension plans are not determined by contributions; they are instead a commitment for the Group and are thus balanced as a provision. The commitment comprises an amount for the pension benefit an employee shall receive upon retirement, which is assessed with reference to age, years of service, future salary increase and inflation. The pension plans are normally financed through payments to insurance companies or funds managed by asset managers in accordance with periodical actuarial calculations.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The Group's payments for defined-contribution pension plans are reported as a cost during the period when the employee performed the services to which the contributions pertain. For defined-contribution plans, the interest effect and return on plan assets attributable to the plan are reported in net financial items, while other costs are included in operating profit.

The Group's payments for defined-contribution pension plans are reported as a staff cost during the period when the employee performed the services to which the contributions pertain. For defined-contribution plans, the interest effect and return on plan assets attributable to the plan are reported in net financial items, while other costs are included in operating profit.

Remuneration for redundancy

Remuneration is paid for redundancy when an employee's employment is terminated before normal retirement or when the employee accepts voluntary redundancy in exchange for remuneration. The Group reports severance pay when a formal plan is presented or an offer is made and an obligation or legal undertaking is created.

Other remuneration & bonus plans

Other short-term remuneration to employee is reported as a cost when an employee has performed a service in exchange for remuneration. Reservations for bonuses are reported continually as a liability and cost in accordance with predicted outcome and the economic impact of the agreement.

2.13 PROVISIONS

Provisions are reported when the Group has an existing legal or informal obligation as a result of the occurrence of an event for which it is probable that an outflow of resources will be required to settle the obligation and for which the amount can be reasonably estimated. Provisions for restructuring are primarily reported for severance pay and other costs affecting cash flow that arise in connection with restructuring of the Group's activities.

2.14 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are assessed at fair value and are reported in the balance sheet on the contract date. The Group uses currency forwards and swaps to hedge intra-Group borrowings in different currencies. No interest-rate swaps are currently used. Changes in fair value are directly reported as financial items in the income statement since Perstorp is not applying the exception rules on hedge accounting.

2.15 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.16 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9 'Financial instruments' concerns the classification, valuation and reporting of financial assets and liabilities. The full version of IFRS 9 was published in July 2014. It replaces the parts of IAS 39 that concern the classification and valuation of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The standard must be applied for the financial year beginning 1 January 2018. Earlier application is permitted. The Group has not yet evaluated the full effect of the introduction of the standard.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

NOTE 3. RISK MANAGEMENT

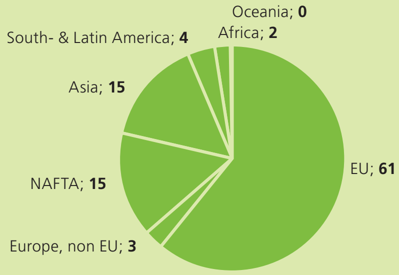
3.1 FINANCIAL RISK FACTORS

The Groups finance policy governs the financial risks the Group is prepared to take and sets guidelines for how these risks should be managed. Corporate Finance has global responsibility for the Group's financing activities.

CURRENCY RISK

The currency risk is the risk that the Group's earnings and net assets will be adversely affected by fluctuations in exchange rates. The Group has considerable flows, earnings and assets in foreign currency, primarily in EUR and USD. Both sales and raw material purchase is primarily USD or EUR based, whereas a large portion of costs is in SEK, mainly as a result of the fact that more than half of the Group's employees are based at Swedish sites.

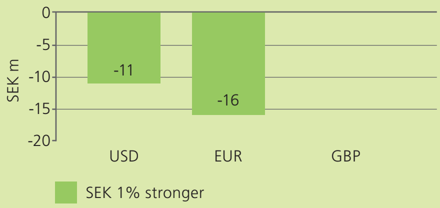
NET SALES PER GEOGRAPHIC MARKET, % [1]



[1] Continuing operations

The Group's currency transaction exposure for 2015 is partly naturally hedged through the interest payments on the EUR and USD denominated loans and partly by FX transactions entered into in the beginning of 2015.

EFFECT ON EBITDA OF 1% STRONGER SEK



EXPOSURE PER CURRENCY, FORECAST FOR 2015[1]

	Net sales	Operating costs	EBITDA	Financial payments	Net	Translated to SEK m[2]
USD	470	-330	140	-74	60	515
EUR	745	-580	165	-75	90	857
GBP	15	-15	0	–	0	0

[1] forward-looking statements are not guarantees of future performance
[2] currency rate on closing day

LIQUIDITY RISK

The liquidity risk is monitored through rolling cash flow forecasts which gives early warning signals and enables correspondingly early corrective measures to safeguard that the Group has sufficient liquid assets and unutilized credit facilities to meet current payments.

The table below shows the market value of the Group's financial liabilities and derivative instruments with their due dates. The amounts shown are the agreed, undiscounted amounts.

NET ASSETS PER CURRENCY, BEFORE & AFTER LOANS IN FOREIGN CURRENCY

SEK m	Net assets per currency, before loans in foreign currency	Loans in foreign currency, Swedish companies	Exposed net assets
EUR	-66	-5,646	-5,712
USD	-710	-5,803	-6 513
GBP	183	-	183
SEK	-839	11,449	10,610
Other currencies	320	-	320
Total	**-1,112**	**0**	**-1,112**

LIABILITIES, INTEREST RATES & FINANCIAL INSTRUMENTS, PER DUE DATE

As of 31 december 2014	0–1 years	1–2 years	2–5 years
Borrowings			
Amortization (incl. Future PIK-interest)	-99	-1	-12,461
Interest	-1,018	-1,034	-1,949
Derivative Instruments			
Interest swaps	–	–	–
Currency swaps outgoing	-338	–	–
Currency swaps ingoing	403	–	–
Currency swaps net market value	65	–	–
Accounts Payable & Other Liabilities	-1,783	–	–

At the end of 2014 there was positive exposure in SEK concerning net assets per currency. This is because a large part of the intangible assets that existed when PAI partners acquired Perstorp was in SEK and in GBP due to the acquisition of the caprolactones business not being financed through loans in GBP. Exposure of net assets in EUR and USD are correspondingly negative because the Group has raised loans in both those currencies to a greater extent than that which corresponds to assets. The translation affect of the loans if SEK is changing by 1% against the USD/EUR, will be approximately SEK 115 million and affect the financial net.

FINANCING RISK

Financing risk refers to the risk that refinancing of due loans becomes more difficult or expensive. The Group's principal financing consists of corporate bonds listed on the Luxembourg Stock Exchange Euro MTF Market since November 2012, a mezzanine facility syndicated at the start of 2006 with over 20 financiers, and a Revolving Credit Facility put in place in November 2012.

The maturity structure of this financing is presented in note 22b. Loan agreements are linked to Financial Covenants that include key indicators for net debt in relation to EBITDA and EBITDA in relation to interest payments. The interest on parent company loans is 10% p.a. and has been capitalized.

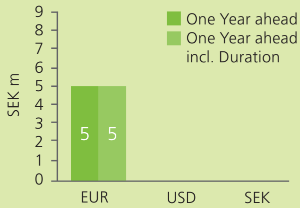
INTEREST-RATE RISK

Interest risk refers to the risk of a negative impact on earnings due to a rise in market interest rates. The table below shows the interest rate and fixed period per currency as per December 31, 2014. Interest rate sensitivity is also illustrated in the diagram below.

	Local currency	SEK m	Effective rate balance sheet date, %	Actual duration, days
EUR	593	5,646	11.7	407
USD	748	5,841	9.9	911
SEK	1	1	0.0	0
Other currencies	–	88	52	128
Total *		**11,576**	**10.7**	**663**

* Financial liability excluding shareholder loans and pension debt.

GROUP SENSITIVITY FOR 1% INCREASE IN INTEREST RATE



COUNTERPARTY RISK/CUSTOMER SENSITIVITY

Counterparty risk relates to the credit risk that may arise when a counterpart cannot fulfil its commitments and thus causes a financial loss to the Group.

For financial counterparts, the exposure at year-end amounts to SEK - (559) m. A Group-wide credit policy is applied within the Perstorp Group. The purpose of this policy is to establish standard procedures to minimize credit losses. The credit policy sets a framework for approving credit, defines who has responsibility and how deliveries may be approved in the event of limits being exceeded or customers having overdue payments. Internal guidelines also include procedures for monitoring outstanding receivables before and after the maturity date depending on materiality and the individual customer's risk profile.

The Group's outstanding customer receivables on the closing date amounted to SEK 859 (1,420) m. The decrease is mainly due to the implementation of a trade receivables financing program started in June 2014. The amounts reported are those that are expected to be repaid by customers based on an individual assessment of outstanding receivables and thereby including a reserve for expected/stated customer losses amounting to SEK 14 (9) m.

To highlight the credit quality of receivables that have either fallen due for payment or have been written down, a maturity analysis is presented below (see note 18 for a maturity analysis of all accounts receivable). The book value of accounts receivable is equal to the fair value since the effect of discounting is not material. It should also be noted that it is not uncommon for a receivable to be settled shortly after the due date, which affects the maturity interval by 1-10 days.

Time analysis on accounts receivables	**Dec. 31, 2014**	**Dec. 31, 2013**
Accounts receivable neither due nor reserved	737	1,252
Accounts receivable due, but not reserved:		
1–10 days	78	127
11–30 days	24	40
31–60 days	11	5
61–90 days	7	0
91–180 days	-1	2
180 days or more	3	-5
Accounts receivable linked to reservation	14	8
Gross total	**873**	**1,429**
Reservation	-14	-9
Net total	**859**	**1,420**

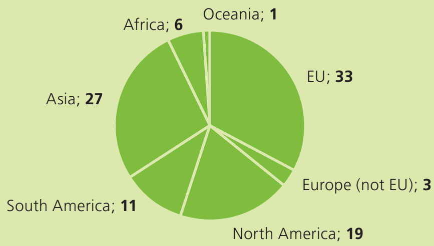
The Group's sales and thus also its accounts receivable are divided among a large number of customers spread across a wide geographic area. This limits the concentration of credit risk exposure. See diagram A below.

The distribution of customers based on the size of accounts receivable at the end of the period is presented in diagram B, below.

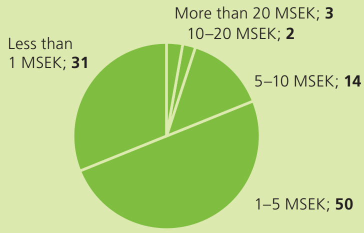
The segment with amounts due exceeding SEK 20 m refers to 3 (6) individual customers, the segment between SEK 10-20 m refers to 1 (10) individual customers. The category of customers owing the Group less than SEK 1 m on the closing date corresponds to around 86 (83)% of all counter parties.

On the closing date the Group had credit insurance, letters of credit or other pledged securities amounting to SEK 7 (13) m. Of these, SEK 0 (0) m is attributable to receivables that have fallen due for payment. Of receivables that have fallen due and which are associated with a limited credit risk due to pledged securities, SEK 0 (0) m are over 30 days due.

A. CONCENTRATION RISK OF ACCOUNTS RECEIVABLE DIVIDED BY GEOGRAPHIC REGION, %



B. CONCENTRATION RISK OF ACCOUNTS RECEIVABLE BASED ON SIZE OF CUSTOMER , %



3.2 OPERATIONAL RISK FACTORS

ACCESS TO RAW MATERIALS

Most of the Group's raw materials (75-80%) are based on oil or natural gas. For production of biodiesel the most important raw material is rapeseed oil. Many of the Group's products are both sold externally and further processed internally.

To safeguard supplies of raw materials and spread risks, the Group's purchasing policy requires that supplies of critical raw materials are made by more than one suppliers where possible. Supplies are secured through long-term delivery agreements.

Perstorp operates on the global chemicals market with suppliers who meet the highest environmental and safety requirements, but as far as possible Perstorp also aims to minimize transport by buying on local markets.

Supplies of raw materials to Perstorp's site in Stenungsund – the largest site in Sweden in terms of volumes – is primarily done via pipelines directly from nearby Producers, a setup which eliminates storage costs and minimizes freight costs but also entail a risk of being closely tied to these suppliers. Perstorp manages this risk through a terminal agreement that gives Perstorp the right to use the supplier's infrastructure for raw materials supplied by other producers.

The prices of crude oil and natural gas fluctuate constantly. To provide stability in the shorter perspective, Perstorp purchases raw materials using pricing formulas based on quarterly or monthly prices on each market where the raw material is used.

Opportunities for hedging raw material prices are assessed continually. To make this a possible alternative, Group policy requires a very strong correlation between the raw material price and the Group's own selling price. At the end of 2014 no raw material prices were hedged. In the historic perspective, the Group has been very successful in passing on increases in raw material prices along the customer chain.

On the electricity market there is the possibility to secure prices for longer periods. In accordance with Group policy, electricity usage in Sweden is hedged over the coming six months at a range of 80-100% of expected usage and thereafter – for a maximum of three years – on a falling scale. From the seventh quarter the range is 0-50%. At the end of 2014 the market assessment of future electricity contracts had a negative effect on shareholders' equity of SEK 6 (13) m after tax.

PRODUCTION DISRUPTIONS

Disruptions at Perstorp's plants may lead to a loss of earnings in the short term if the Group cannot deliver agreed volumes to customers and in the long term if this leads to alternative products taking over for the same application. Regular technical risk inspections are performed at production sites to minimize these risks.

Perstorp has a global function whose job is to ensure that, in case of unforeseen events, the Group has complete insurance coverage while also supporting work aimed at minimizing risks. Through a global insurance program involving different international insurance companies the Group can capitalize on its size for competitive advantages in insurance terms and cost.

NOTE 4. SIGNIFICANT ESTIMATES & JUDGMENTS MADE FOR ACCOUNTING PURPOSE

Perstorp's financial accounts are based on the going-concern principle. To a certain extent, the financial statements are based on estimates and judgments about the future trend. In turn, these judgments are based on historical experience and different assumptions that are considered to be reasonable in current circumstances. Reported values may have another actual outcome if other assumptions are made or circumstances change. The following particular areas can be distinguished where estimates and judgments are of importance to the amounts entered in the accounts and differences can have a significant effect on the Group's earnings and financial position.

Impairment testing of goodwill and trademarks: In accordance with the accounting principle described in point 2.10, impairment testing is currently performed annually through analysis of individual assets'/cash-generating units' recovery value. The Group tests goodwill for any impairment on an annual basis or whenever events or objective circumstances indicate that the fair value of acquisition-related goodwill may have decreased. To determine whether the value of goodwill has decreased, the cash-generating unit to which the goodwill is attributable must be valued and this is done by discounting the future cash flow. In applying this method, the Company relies on several factors, such as profit/ loss, business plans, financial forecasts and market data, see note 7.

Valuation of shares in subsidiaries: Impairment testing is performed annually through analysis of the value of shares in subsidiaries, in each owning companies, taken into account discounted future cash flow based on the latest business plan. For further details, see note 7.

Other participations: In accordance with the accounting principle other participations is valued at fair value. To determine the fair value the Company relies on several factors, such as profit/loss, business plans, financial forecasts and market data. For further details, see note 14.

Valuation of tax-loss carry-forwards: The valuation of tax-loss carry-forwards is based on an assessment that it will be possible to utilize these carry-forwards in the foreseeable future. Assessments are based on, among other matters, an assumption about future business opportunities and earnings capability. The outcome is often dependent on tax rules that are current or likely to come into effect. Tax-loss carry-forwards have been assigned values in, primarily, the Group's companies in Germany and UK. For booked values see Note 24.

Pension benefits: The current value of the Group's future pension commitments regarding defined-benefit pension plans is based on a number of assumptions in connection with the actuarial estimate. Changes in these assumptions may affect the reported value of the pension commitment. For further details, see chapter 2.12 and note 23.

Available funds: The future estimated available fund includes a number of estimates and judgments based on the long term business plan. Perstorp is constantly monitoring the available funds to secure that available funds are on a satisfied level for the coming periods.

Environmental liabilities: The Group's on¬going activities are reflected in how any possible environmental damage is assessed. The Group complies with decisions by public authorities and conducts measures both proactively to prevent environmental impact and reactively in the event that environmental disturbances arise.

NOTE 5. SEGMENT INFORMATION

As from Q1 2014 Perstorp reports the segment information based upon two Business Areas; Intermediates & Derivatives and Specialties & Solutions. Each business group is divided further into business units that are identified by the key chemical products produced. Intermediates & Derivatives consists of the business units Penta, Oxo, TMP & Neo, Formates and BioFuels. Specialties & Solutions consists of the business units Caprolactones, Feed & Food and Specialty Polyols.

SEK m	2014	2013[1]
NET SALES		
Intermediates & Derivatives	8,533	7,918
Specialties & Solutions	2,338	2,028
Other/Eliminations	213	397
Total Continuing operations	**11,084**	**10,343**
EBITDA		
Intermediates & Derivatives	959	786
Specialties & Solutions	401	307
Other/Eliminations	-91	2
Total Continuing operations	**1,269**	**1,095**

[1] Restated according to new group structure.

The group is domiciled in Sweden. The result of its revenue from external customers in Sweden is 15% (15%), and the total revenue from external customers from other countries is 85 % (85%).

No single external customer accounted for more than 10% of our sales.

NOTE 6. TANGIBLE FIXED ASSETS [1)]

Group	Land		Buildings, land improvements		Plant & machinery		Equipment, tools, fixtures & fittings		Work in progress incl. advance payments [4)]		Total	
SEK m	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Acquisition value												
Opening balance	186	178	931	844	5,742	5,375	277	293	720	484	7,856	7,174
Investments [2)]	1	4	4	59	20	94	7	2	707	546	739	706
Divestments of subsidiaries [3)]	–	–	–	–	–	-33	–	-33	–	-23	–	-89
Divestments and disposals	-5	–	-4	–	-55	-21	-17	-2	0	0	-81	-23
Reclassifications	1	–	83	17	108	263	25	10	-219	-288	-2	2
Translation effects	11	4	43	11	296	64	16	7	5	1	371	87
Closing balance	**194**	**186**	**1,057**	**931**	**6,111**	**5,742**	**308**	**277**	**1,213**	**720**	**8,883**	**7,856**
Accumulated depreciation according to plan												
Opening balance	–	–	-362	-307	-2,696	-2,301	-217	-203	–	–	-3,275	-2,812
Depreciation	–	–	-53	-50	-417	-389	-26	-26	–	–	-496	-465
Divestments of subsidiaries [3)]	–	–	–	–	–	17	–	17	–	–	–	34
Divestments and disposals	–	–	1	–	30	20	11	2	–	–	42	22
Reclassifications	–	–	6	–	-6	0	–	–	–	–	0	0
Translation effects	–	–	-15	-5	-155	-43	-14	-7	–	–	-184	-55
Closing balance	**–**	**–**	**-423**	**-362**	**-3,244**	**-2,696**	**-246**	**-217**	**0**	**0**	**-3,913**	**-3,276**
Write-downs												
Opening balance	-6	-5	-5	-5	-64	-62	-6	-6	-3	-4	-84	-82
Write-downs during the year	–	–	0	0	–	-2	–	–	–	–	0	-2
Divestments and disposals [3)]	–	–	1	–	20	–	5	–	1	–	27	–
Reclassifications	–	-1	–	0	–	0	–	0	–	–	0	-1
Translation effects	-1	0	-1	0	-8	0	0	0	0	1	-10	2
Closing balance	**-7**	**-6**	**-5**	**-5**	**-52**	**-64**	**-1**	**-6**	**-2**	**-3**	**-67**	**-84**
Closing book value	**187**	**180**	**629**	**564**	**2,815**	**2,982**	**61**	**54**	**1,211**	**717**	**4,903**	**4,497**

1) The Group's tangible fixed assets were assessed in 2006 in connection with an acquisition analysis. The assessment was based on replacement cost, remaining life and the difference in operating costs between newly acquired plants and existing ones. The re-assessment, after deductions for deferred tax, was credited to Other reserves under Shareholders' equity.
2) Borrowing costs due to investments have been capitalized with sek 39 (14) m during 2014 and are based on a weighted average rate of RCF and the trade receivable program.
3) Divestment of subsidiaries during 2013 refers to the divestment of Formaldehyde technology and catalyst business.
4) Work in progress mainly refers to investment in project Valerox.

Depreciation per function	2014	2013
Cost of goods sold	491	457
Selling Cost	1	1
R & D	2	3
Administration	2	2
Continuing operations	**496**	**463**
Discontinuing operation	–	1
Total	**496**	**464**

Impairment and the result effects of scrapping are included in Other operating expenses.
Buildings and land with a value of SEK 1,667 (1,606) m are used as collateral for bank loans.

NOTE 7. INTANGIBLE FIXED ASSETS

Group	Goodwill		Trademarks		Patents, licenses & similar rights		Know–how		Customer relations		Development costs		Reach		Other [1]		Total	
SEK m	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Acquisition value																		
Opening balance	2,308	2,514	1,363	1,461	206	199	1,209	1,268	1,346	1,558	30	11	40	32	302	281	6,804	7,324
Investments	–	–	–	–	–	–	–	–	27	–	–	–	6	8	64	34	97	42
Divestments and disposals	–	-241	–	-99	–	–	–	-60	–	-219	–	–	–	–	–	–	–	-619
Reclassifications	–	–	-1	–	–	6	–	–	–	–	–	18	–	–	-10	-18	-11	6
Translation effects	151	35	1	1	1	1	5	1	71	7	–	1	1	–	36	5	266	51
Closing balance	**2,459**	**2,308**	**1,363**	**1,363**	**207**	**206**	**1,214**	**1,209**	**1,444**	**1,346**	**30**	**30**	**47**	**40**	**392**	**302**	**7,156**	**6,804**
Accumulated depreciation according to plan																		
Opening balance	0	0	-58	-50	-84	-70	-340	-312	-619	-601	-13	-10	-4	-2	-243	-197	-1,361	-1,242
Depreciation	–	–	-9	-9	-14	-13	-39	-40	-68	-65	-3	-4	-2	-2	-4	-38	-139	-171
Divestments and disposals	–	–	–	2	–	–	–	14	–	52	–	–	–	–	–	–	–	68
Reclassifications	–	–	–	–	–	–	–	–	–	–	–	–	–	–	5	–	5	0
Translation effects	–	–	–	-1	-1	-1	-3	-2	-32	-5	–	1	–	–	-32	-8	-68	-16
Closing balance	**0**	**0**	**-67**	**-58**	**-99**	**-84**	**-382**	**-340**	**-719**	**-619**	**-16**	**-13**	**-6**	**-4**	**-274**	**-243**	**-1,563**	**-1,361**
Write–downs																		
Opening balance	-462	-3	0	0	0	0	-10	-10	-120	-120	0	0	0	0	-6	-6	-598	-139
Write-downs during the year	–	-462	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0	-462
Reclassifications	–	3	–	–	–	–	–	–	–	–	–	–	–	–	4	–	4	3
Translation effects	–	–	–	–	–	–	-2	–	–	–	–	–	–	–	–	–	-2	0
Closing balance	**-462**	**-462**	**0**	**0**	**0**	**0**	**-12**	**-10**	**-120**	**-120**	**0**	**0**	**0**	**0**	**-2**	**-6**	**-596**	**-598**
Closing book value	**1,997**	**1,846**	**1,296**	**1,305**	**108**	**122**	**820**	**859**	**605**	**607**	**14**	**17**	**41**	**36**	**116**	**53**	**4,997**	**4,845**

[1] Other intangible assets refer to tenancy rights, development costs, advance payments for intangible assets and non-compete agreements in connection with acquisitions.

Depreciation per function	**2014**	**2013**
Cost of goods sold	45	47
Selling Cost	93	123
R & D	0	0
Administration	1	1
Total Group	**139**	**171**

Impairment is included in the Other operating costs item.

Know-how and customer relations are depreciated linearly. The remaining average life length is 20 (21) and 8 (9) years respectively. Non-compete agreements acquired in 2008 are depreciated linearly over 6 years. For further details concerning accounting principles for intangible assets, see note 2.6.

Impairment testing
During 2014 a new organization and new reporting segments are introduced for the Group. A re-evaluation of relevant Cash Generating Units have been performed. The cash-generating units comprise Specialty Polyols, Oxo, Caprolactones, Feed & Food, BioFuels Products and other business. Allocation of Goodwill & Operating capital to the new CGU's have been performed based on relative values and original PPA.

Recoverable amounts for a cash-generating unit are established on the basis of calculations of value in use. These calculations are based on estimates of future cash flow, in accordance with financial five-year plans that have been approved by management. Cash flows beyond this five-year period are extrapolated using an estimated growth rate of 2%. The discount interest rate amounts to 11% after tax. No impairment has been identified.

A sensitivity analysis, with an increase in the discount rate by 1%, has been carried out for the Group showing a headroom of aproximately SEK 1 bn.

Assets not depreciated – goodwill & trademarks from acquisition
Goodwill and the trademarks assigned a value in connection with the acquisition allocation following the acquisition of the Group at the end of 2005 (Perstorp) have been adjudged to have an unlimited life. Goodwill and trademarks for the acquired caprolactones business were added in 2008. A summary of the allocation per cash-generating unit, for goodwill and trademarks, is presented below.

SEK m	**Goodwill**	**Trademarks**	**Total**
Specialty Polyols	699	523	1,222
Oxo	781	541	1,322
Caprolactones business	318	117	433
Feed & Food	199	115	315
Total	**1,997**	**1,296**	**3,293**

Parent company

	Other	
Acquisition value	**2014**	**2013**
Opening balance	5	4
Investments	1	1
Depreciation	-1	–
Closing balance	**5**	**5**

NOTE 8. LEASING

Financial leasing agreements:

	Group	
Future minimum leasing fees	**2014**	**2013**
Due:		
Year 1	0	0
Year 2–5	1	1
Year 6–	0	0
Total	**1**	**1**

Operational leasing agreements:

The operational leasing agreements for continuing operations that exist are attributable to activities in Sweden.
Future payment commitments for these contracts are as follows:

Future minimum leasing fees	**2014**	**2013**
Due:		
Year 1	25	27
Year 2–5	38	40
Year 6–	1	1
Total	**64**	**68**

Operational leasing costs during the period	**2014**	**2013**
Minimum leasing fees	36	37
Variable charges	2	2
Total	**38**	**39**

NOTE 9. NET SALES

SEK m	Group	
Net sales by type of income	**2014**	**2013**
Goods	11,043	10,303
Services	41	40
Contracts (reported according to level of completion)	0	0
Continuing operations	**11,084**	**10,343**
Discontinued operations	–	257
Total	**11,084**	**10,600**

	Group	
Net sales by geographic region	**2014**	**2013**
EU and rest of Europe	7,053	6,645
North and South America	2,130	1,971
Asia	1,643	1,471
Africa	215	209
Oceania	43	47
Continuing operations	**11,084**	**10,343**
Discontinued operations	–	257
Total	**11,084**	**10,600**

The Parent Company did not report any net external sales in 2014 or 2013.

NOTE 10. BREAKDOWN OF COSTS

SEK m	Group	
Costs divided by type	**2014**	**2013**
Raw materials, goods for sale, energy, transport and packaging costs	-8,139	-7,680
Other external costs	-589	-533
Employee benefits (note 27), excl. restructuring costs	-1,150	-1,085
Depreciation (note 6, 7)	-636	-634
Other operating income & expenses (note 11)	56	-425
Earnings from participations in associated companies	7	5
Continuing operations	**-10,451**	**-10,352**
Discontinued operations	–	584
Total	**-10,451**	**-9,768**

NOTE 11. OTHER OPERATING INCOME & COSTS

	Group		Parent Company	
SEK m	**2014**	**2013**	**2014**	**2013**
Insurance remuneration	1	4	–	–
Operations-related exchange-rate differences	98	-1	–	–
Restructuring costs	-74	-9	-23	-11
Write-downs, disposal (note 6, 7)	–	-470	–	–
Other	31	51	-9	-11
Continuing operations	**56**	**-425**	**-32**	**-22**
Discontinued operations	–	302	–	–
Total	**56**	**-123**	**-32**	**-22**

NOTE 12. RESULT FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

Reported within EBIT result

SEK m	**2014**	**2013**
PetroPort Holding AB, Sweden	6	4
Koei-Perstorp Company Ltd, Japan	0	1
Polygiene AB, Sweden	1	0
Total	**7**	**5**

The companies sales amounted to a total of SEK 115 m (417) in 2014 and earnings after tax was SEK 14 (10) m.

Reported within financial items

SEK m	**2014**	**2013**
Vencorex Holding France SAS	-142	-506[1]
Total	**-142**	**-506**

[1] Including a write down of SEK 322 m.
In August 2014 Perstorp reduced its ownership in Vencorex Holding SAS to 15%. Perstorp has a put option to sell the remaining 15% and PTTGC NL has obtained a call option to buy the remaining 15% holding in Vencorex The company sales amounted to a total of SEK 2,442 m (3,759) in 2014 and the loss after tax was SEK -233 m (-375).

NOTE 13. PARTICIPATIONS IN ASSOCIATED COMPANIES & JOINT VENTURES

SEK m	**Share of capital/ voting rights, %**	**Group's share of shareholders' equity**	**Book value, Group**
PetroPort Holding AB, Sweden	50/50	54	54
Polygiene AB, Sweden	29/29	3	2
Total		**57**	**56**

	2014	**2013**
Opening book value	506	981
Earnings from participations including write down	-133	-501
New shares issue in associated companies	27	–
Dividend from liquidated company	-2	–
Reclassification	-358	–
Translation difference	16	26
Closing book value	**56**	**506**

The assets of associated companies amounted to SEK 317 m (3 383) at the end of 2014 and liabilities amounted to SEK 199 m (1,690).

NOTE 14. OTHER PARTICIPATIONS

SEK m	**Book value Dec. 31, 2014**	**Book value Dec. 31, 2013**
Opening book value	–	–
Reclassification	358	–
Closing book value	**358**	–

Other participations consists of shareholding in Vencorex Holding France SAS and Perstorp´share at the end of the year is 15 %.

NOTE 15. NON CONTROLLING INTERESTS´ SHARE IN NET PROFIT/LOSS FOR THE YEAR

SEK m	**2014**	**2013**
Shandong Fufeng Perstorp Chemicals Co. Ltd, China	7	1
Total	**7**	**1**

NOTE 16. NON CONTROLLING INTERESTS

SEK m	**Book value Dec. 31, 2014**	**Book value Dec. 31, 2013**
Shandong Fufeng Perstorp Chemicals Co., Ltd, China	62	46
Total	**62**	**46**

SEK m	**2014**	**2013**
Opening book value	46	44
Translation effects	9	1
Change in the period	7	1
Closing book value	**62**	**46**

Perstorp´s share in Shandong Fufeng Perstorp Chemicals Co.,Ltd at the end of the year is 68.3 (68.3) %

NOTE 17. OTHER LONG-TERM RECEIVABLES

SEK m	Dec 31, 2014	Dec 31, 2013
Interest-bearing long-term receivables		
Other receivables	1	1
Total	**1**	**1**
Interest-free long-term receivables		
Other receivables	30	22
Total	**30**	**22**

NOTE 18. PARENT COMPANY SHARES IN GROUP COMPANIES

Direct holdings in Group companies	Corp. Reg. number	Registered head office	2014 Holding, %	2013 Holding, %	2014 Book value	2013 Book value
Perstorp Financial Services AB	**556762-4563**	**Perstorp, Sweden**	**100**	**100**	**6,944**	**6,944**
Perstorp AB	556024-6513	Perstorp, Sweden				
Perstorp Quimica do Brasil Ltda	NIRE 35.218.522.982	Brazil				
Perstorp SA [1)]	RUT 76.448.840-7	Chile				
Perstorp Sales France	442650768 R.C.S. Nanterre	France				
Perstorp SpA	171 467	Italy				
Perstorp Japan Co Ltd	0100-01-053962	Japan				
Perstorp (Shanghai) Chemical Trading Co.,Ltd	310000400587711	China				
Shandong Fufeng Perstorp Chemical Co. Ltd	782323786	China				
Perstorp Chemicals Asia PTE Ltd	199905508W	Singapore				
Perstorp Iberica SL	B65592503	Spain				
Perstorp UK Ltd	02715398	UK				
Perstorp BioProducts AB	556728-5779	Sweden				
Perstorp Fastighets AB	556571-3798	Sweden				
Perstorp Oxo AB	556041-0895	Sweden				
Perstorp Oxo Belgium AB	556579-4244	Sweden				
Perstorp Specialty Chemicals AB	556247-6290	Sweden				
Perstorp Holding (U.S.) Inc.	26-3020217, Delaware	USA				
Perstorp Polyols Inc.	34-1386676, Delaware	USA				
Perstorp Holding B.V.	34089250	s-Hertogenbosch, Netherlands				
Perstorp Specialty Chemicals BV	23091252	Netherlands				
Perstorp Specialty Chemicals Holding BV	23092336	Netherlands				
Perstorp Waspik BV	18116759	Netherlands				
Perstorp Chemicals India Private Ltd	04-32032	India				
Franklin Feed Additives SA	A62968368	Spain				
Perstorp Chemicals Korea Co. Ltd	230111-0095660	South Korea				
Perstorp Holding GmbH	**HRB 7465, Arnsberg**	**Arnsberg, Germany**	**6**	**6**	**3**	**3**
Perstorp Chemicals GmbH	HRB 1900, Arnsberg	Germany				
Perstorp Service GmbH	HRB 6542, Arnsberg	Germany				
Total book value in Parent Company			**–**	**–**	**6,947**	**6,947**

1) This company is under liquidation.

All companies are wholly-owned by the Group except for Shandong Fufeng Perstorp Chemical Co. Ltd, for which the ownership share is 68.3 (68,3)%.

SEK m	2014	2013
Opening book value	6,947	7,731
New issue of shares in Group companies	–	8
Sale of group companies	–	-8
Write-down	–	-784
Closing book value	**6,947**	**6,947**

NOTE 19. ACCOUNTS RECEIVABLE & OTHER OPERATING RECEIVABLES

	Group	
SEK m	**Dec. 31, 2014**	**Dec. 31, 2013**
Accounts receivable, gross	873	1,429
Bad debt provision	-14	-9
Accounts receivable, net	**859**	**1,420**
Other operating receivables		
Value added tax	48	54
Emissions credits	29	5
Receivables from suppliers	15	20
Other current receivables	140	14
Prepaid insurance premiums	5	4
Other prepaid costs and deferred income	89	71
Total other operating receivables	**326**	**168**

The Parent Company had other operating receivables totaling SEK 9 (14) m, and accounts receivable amounting to SEK 0 (0) m.

Analysis of accounts receivable	**Dec. 31, 2014**	**Dec. 31, 2013**
Not due	737	1,252
Due:		
1–10 days	79	128
11–30 days	24	40
31–60 days	13	0
61–90 days	8	6
91–180 days	2	2
181 days or more	10	1
Accounts receivable, gross	**873**	**1,429**
Reservation for bad debts	-14	-9
Accounts receivable, net	**859**	**1,420**
Proportion of accounts receivable due	15.6%	12.4%
Proportion of accounts due over 60 days	2.3%	0.6%
Reservation in relation to total accounts receivable	1.6%	0.6%

For more details about the credit risk in outstanding receivable, see the section on Counterparty risk in note 3.1.

Allocation for bad debts	**2014**	**2013**
Allocation, opening balance	-9	-24
Recovered predicted customer losses	1	2
Established customer losses	1	15
Reservation for predicted customer losses	-5	-1
Exchange rate effects and other	-2	-1
Allocations at year-end	**-14**	**-9**

NOTE 20. CASH & CASH EQUIVALENTS

	Group		Parent Company	
SEK m	**Dec 31, 2014**	**Dec 31, 2013**	**Dec 31, 2014**	**Dec 31, 2013**
Short-term deposits	179	81	179	67
Cash and Bank	840	824	–	43
Total	**1,019**	**905**	**179**	**110**
Assets held for sale	–	-7	–	–
Continuing operations	**1,019**	**898**	**179**	**110**

For more details about available funds see note 22D.

NOTE 21. INVENTORIES

	Group	
SEK m	**Dec. 31, 2014**	**Dec. 31, 2013**
Raw material and consumables	389	336
Products in progress	19	23
Finished goods and goods for resale	815	877
Work in progress on behalf of others	1	-2
Advance payment to suppliers	5	6
Impairment reserve	-24	-9
Total	**1,205**	**1,231**

	2014	**2013**
Impairment reserve, opening balance	9	11
Provision utilized during the year	-5	-5
Allocation for the year	19	3
Translation effects	1	0
Impairment reserve, closing balance	**24**	**9**

Of the total value of inventories, SEK 48 m (56) is assesed at net sales value. During the assessment of net sales price, impairment that affects earnings has arisen (Cost of goods sold) amounting to SEK 3 m (10). The net value of the year´s allocations/provisions utilized during the year affects earnings for the year.

NOTE 22. BORROWINGS & FINANCIAL COSTS

A. Specification net debt

	Group		Parent Company	
SEK m	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Senior secured notes/loans	5,538	4,888	5,538	4,888
Second lien secured notes/loans [1]	2,890	2,408	2,890	2,408
Mezzanine loans	3,065	2,678	3,065	2,678
Revolver	0	0	0	0
Inter-company financial liabilities	–	–	1,310	1,426
Other financial liabilities, excluding loans from Parent Company [1]	83	60	-56	-67
Financial liabilities, excl. shareholder loans and pension liabilities	**11,576**	**10,034**	**12,747**	**11,333**
Interest-bearing pension liabilities, net	451	330	0	0
Loan from Parent Company	4	626	4	626
Total interest-bearing debt	**12,031**	**10,990**	**12,751**	**11,959**
Cash and cash equivalents	-1,019	-905	-179	-110
Inter-company financial receivables	–	–	-6,595	-5,632
Other interest-bearing receivables, long- and short-term	-42	-37	–	-36
Interest-bearing assets	**-1,061**	**-942**	**-6,774**	**-5,778**
Net debt including pension liabilities and shareholder loan	**10,970**	**10,048**	**5,977**	**6,181**

[1] Second Lien recorded at a discount at the time of listing. The difference between the issue price and par value amounts to -56 (64) million by the closing date and recognized over the vesting period. This item is included in other financial liabilities.

The Net debt includes secured loans (secured notes and other borrowing against collateral). See note 28 for further information.

B. Maturity structure

	Group		Parent Company	
SEK m	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Between 1 and 2 years	4	1	–	–
Between 2 and 3 years	11,437	1	11,437	–
Between 3 and 4 years	–	9,909	–	9,907
Between 4 and 5 years	–	–	–	–
More than 5 years	–	–	–	–
Long-term borrowing, excl. shareholder loans & pension liabilities	**11,441**	**9,911**	**11,437**	**9,907**
Short-term borrowing, 0–1 year	135	123	–	0
Inter-company financial liabilities	–	–	1,310	1,426
Financial liabilities, excl. shareholder loans & pension liabilities	**11,576**	**10,034**	**12,747**	**11,333**

These loan agreements include quarterly key indicators(covenants) linked to net debt in relation to EBITDA and EBITDA in relation to interest payments. This key indicators has not been breached.

Perstorp successfully completed an issue of senior secured and second lien notes in the end of 2012, to refinance its existing senior debt in full and partly refinance its mezzanine debt facilities. EUR 270 million and USD 380 million of senior secured notes, as well as USD 370 million of second lien notes rere raised. The notes are listed on the Luxembourg Stock Exchange as of November 15, 2012. The notes will mature in 2017 and the maturity of the remaining mezzanine facilities has also been extended to 2017.

C. Currency composition, interest rates & duration

	Local currency	SEK m	Effective interest on balance sheet date, %	Actual duration days
SEK	1	1	0.0	0
EUR	593	5,646	11.7	407
USD	748	5,841	9.9	911
Other currencies		88	5.2	128
Financial liabilities, excl. shareholder loans & pension liabilities		**11,576**	**10.7**	**663**

At the end of the year 73% of loans had a fixed rate of interest. In addition to the above loans, there is a loan from parent company in Luxemburg, see note 31. There was no hedge contracts at the end of 2014.

D. Unutilized credits
Available funds at the end of the year amount to SEK 1,119 m (1,162) where the Group's available credit limits amounts to SEK 413 (400) m.

E. Financial income & costs

	Group		Parent Company	
SEK m	**2014**	**2013**	**2014**	**2013**
Interest income	7	11	2	7
Interest income, Group companies	–	–	537	588
Total financial income	**7**	**11**	**539**	**595**
Notes and loans	-1,204	-1,087	-1,195	-1,094
Loans from Parent Company	-18	-71	-18	-71
Periodized borrowing costs	-65	-78	-65	-78
Pension costs, interest	-13	-13	–	–
Currency gains and losses from financing measures, net	-835	-117	-743	-129
Interest costs, Group companies	–	–	-101	-44
Write down financial claim [1]	-35	–	-35	–
Amounts capitalised on qualifying assets	39	14	–	–
Trade receivables financing cost	-106	–	–	–
Other financial costs	-21	-30	-9	-24
Financial costs	**-2,258**	**-1,382**	**-2,166**	**-1,440**
Net financial items	**-2,251**	**-1,371**	**-1,627**	**-845**
Discontinued operations	–	-15	–	–
Total financial costs	**-2,258**	**-1,397**	**-2,166**	**-1,440**
Total	**-2,251**	**-1,386**	**-1,627**	**-845**

[1] Relates to divested unit.

F. Market valuation of financial instruments

The Group has negotiated its loans on market terms.

Interest terms for around 73% of the external loans are based on fixed rates that apply throughout the loan period.

For the remaining 27% of external loans, interest terms are based on an underlying official market rate plus an interest margin.

The market value for forward currency contracts was calculated using the rates on the closing date. All outstanding financial derivative instruments were held for hedging purposes. All recognized derivatives are classified under level 2 of the value hierarchy.

The reported amount, after possible impairment, for accounts receivable and accounts payable, is expected to correspond to the fair value because these are current items.

Internal loans are subject to customary restrictions under debt agreements.

NOTE 23. PENSION OBLIGATIONS & COSTS

The Group has both defined-contribution and defined-benefit pension plans. During the year costs for these plans, excluding discontinuing operations had an accumulative effect on earnings of SEK 192 (198) m, of which SEK 183 (170) m is attributable to defined-contribution plans and SEK 28 (32) m to defined-benefit plans. Pension costs attributable to restructuring of SEK 9 (3) m are included in the accumulated amount. The distribution of costs in the income statement are as follows:

A. PENSION COSTS THE INCOME STATEMENT

SEK m	2014	2013
Cost of sold goods	96	95
Sales and marketing overheads	38	37
Administrative costs	42	38
Research and development costs	11	12
Non comparable items	-8	3
Net financial items	13	13
Total, Continuing operations	**192**	**198**
Discontinued operations	–	3
Total	**192**	**201**

DEFINED-CONTRIBUTION PENSION PLANS

There are defined-contribution pension plans in most of the countries in which the Group is active. In the swedish units, these mainly consist of state pension contributions and negotiated pensions for blue-collar workers. In the United States, such plans are called 401K and in Germany they are called Staatliche Rente and Pensionskasse, etc. The costs that are capitalized during the year attributable to defined-contribution pensions plans can be classified as follows:

B. PENSION COSTS, DEFINED CONTRIBUTION PLANS

SEK m	2014	2013
State pension plans	72	62
Other defined-contribution pension plans	67	63
ITP, insured through Alecta	44	45
Total, Continuing operations	**183**	**170**
Discontinued operations	–	3
Total, pension costs, defined-contribution plans	**183**	**173**

Most of the Group's Swedish companies have secured their obligations for old-age and family pensions via pension insurance with Alecta. In accordance with a statement by the Swedish Financial Accounting Standards Council, UFR3, this is a defined-benefit plan that covers several employers. For the 2014 and 2013 financial years the Group did not have access to information that enabled it to report this plan as a defined-benefit pension plan, so it is therefore reported as a defined-contribution pension plan. The surplus at Alecta may be divided between the plan provider or the insured. At year-end 2014, Alecta's surplus in the form of its collective funding ratio amounted to 143 (148)%. The collective funding ratio equals the market value of Alecta's assets, in percentage of the insurance obligations as computed in accordance with Alecta's actuarial calculation assumptions; this does not comply with IAS 19.

DEFINED-BENEFIT PENSION PLANS

There are defined-benefit pension plans in most of the companies and countries in which the Group is active. The main provisions for defined-benefit pension plans pertain to the Pension Registration Institute (PRI) and Pensionszulage (Germany), pension plans for employees in certain currently divested units and specific pension insurance plans for senior executives in various countries. In the table below, the defined-benefit pension obligations are specified, divided into funded and unfunded pension plans.

C. PROVISIONS FOR PENSIONS, DEFINED BENEFIT PLANS

SEK m	Dec. 31, 2014	Dec. 31, 2013
Unfunded pension plans		
Defined-benefit obligations	132	105
Total	**132**	**105**
Funded or partly funded pension plans		
Defined-benefit obligations	635	510
Salary taxes	13	5
Fair value of plan assets	-329	-290
Total	**319**	**225**
Net value	**451**	**330**

Commitments are divided as follows by region:	Dec. 31, 2014	Dec. 31, 2013
Sweden	196	152
Germany	124	91
Other EU	20	13
USA	108	70
Other countries	3	4
Net liability concerning defined-benefit pension plans	**451**	**330**

The plan assets presented here relate primarily to Group companies in the US, were 71 (72)% are invested in stocks and 29 (28)% in bonds as interest-bearing securities. The expected return is assumed to be 9.0 (9.0)% and 4.3 (4.3)% respectively, which is based on historic returns. The actual return on plan assets in 2014 was SEK 0 m (34).

In addition to the above, so-called direct pensions are included under assets and liabilities at SEK 119 (113) m including salary tax. The asset is capital insurance, with assets and liabilities reported separately at gross amounts. Healthcare insurance is not included in pension commitments.

Development during the year for the Group's commitments, plan assets and unrecognized actuarial profit/loss is presented below:

D. CHANGES DURING THE YEAR IN COMMITMENTS, PLAN ASSETS, UNREALIZED ACTUARIAL GAINS & LOSSES & PAST SERVICE COSTS

	2014			2013		
SEK m	Defined-benefit plans, unfunded plans	Defined-benefit plans, funded or partly funded	Plan assets	Defined-benefit plans, unfunded plans	Defined-benefit plans, funded or partly funded	Plan assets
Opening balance	**105**	**515**	**-290**	**103**	**543**	**-242**
Costs for current year service	3	11	–	2	11	-34
Expected return on plan assets	–	–	-15	–	–	–
Interest expense	3	23	–	4	19	–
Divestment of subsidiaries	–	-61	44	–	–	–
Fees from employer	–	–	-26	–	–	-25
Disbursement	-7	-16	11	-5	-16	11
Actuarial profit/loss	26	92	–	-3	-42	–
Translation effects	2	84	-53	4	–	–
Closing balance	**132**	**648**	**-329**	**105**	**515**	**-290**

E. NET PENSION PROVISIONS, CHANGES DURING THE YEAR

SEK m	2014	2013
Opening balance	330	407
Pension costs during the year	10	28
Disbursements during the year	-42	-35
Gains/losses from change in demographic assumptions	10	15
Gains/losses from change in financial assumptions	130	-59
Experience gains/losses	-6	-5
Change in asset ceiling	–	-24
Other	-1	–
Translation effects	20	3
Closing balance, provision for pensions, net	**451**	**330**

Amounts reported in the income statement are as follows concerning defined-benefit pension plans:

F. PENSIONS COST, DEFINED-BENEFIT PLANS

SEK m	2014	2013
Costs for current year service	14	14
Expected return on plan assets	0	-9
Interest expense	13	23
Gains/losses on a curtailment or settlement	-17	–
Continuing operations	**10**	**28**
Discountinuing operations	–	–
Total pension costs, defined-benefit plans	**10**	**28**

The principal actuarial assumptions, weighted in accordance with closing amounts for the various pension obligations/plan assets, are specified in the table below:

G. KEY ACTUARIAL ASSUMPTIONS

	2014	2013
Discount rate, %	2.7	3.7
Future salary increases, %	2.8	3.0
Anticipated return on plan assets, %	3.6	3.9
Anticipated average remaining employment term, year	16.0	16.3

H. PARENT COMPANY

The parent company reports a pension expense of SEK 21 (19) m, which is solely based on defined-contribution plans as there were no benefit-based pension plans at the end of the two most recent financial years. For classification reasons, the entire amount is reported as administration costs in the income statement, with the exception of SEK 1 (2) m of the cost attributable to restructuring which is included in Other income and expenses.

NOTE 24. CURRENT & DEFERRED INCOME TAXES

A. Income taxes in the income statement

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Current tax	-48	-33	1	-1
Deferred tax	22	28	–	–
Total, Continuing operations	**-26**	**-5**	**1**	**-1**
Current tax	–	-3	–	–
Deferred tax	–	-2	–	–
Total, Discontinuing operations	**–**	**-5**	**–**	**–**
Total Group	**-26**	**-10**	**1**	**-1**

The tax on pretax earnings differs as follows from the theoretical amount that would have arisen from applying a weighted average tax rate for the earnings in the consolidated companies:

Tax cost	Group		Parent Company	
	2014	2013	2014	2013
Pretax earnings	**-1,760**	**-1,060**	**-670**	**1,391**
Tax computed on basis of national tax rates applying in each particular country	416	245	147	306
Non-taxable revenues	24	-296	17	-332
Non-tax-deductible costs	-151	389	-58	25
Re-measurement of deferred tax	0	-113	–	–
Tax loss carry-forwards for which no deferred tax asset has been recognized	-295	-17	-107	–
Tax cost not related to current year's profit/loss and other tax expenses	-20	-32	1	–
Tax cost	**-26**	**-10**	**1**	**-1**

The effective tax rate for 2014 is judged to be 24%.

B. DEFERRED INCOME TAX, NET CHANGE

SEK m	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Opening balance, net deferred tax liability	710	770	–	36
Divestments	–	-12	–	–
Exchange-rate differences	5	4	–	–
Tax recognized in the income statement (table A)	-22	-28	–	-36
Tax recognized in shareholders' equity	-36	-24	–	–
Closing balance	**657**	**710**	**–**	**–**

C. DEFERRED TAX ASSETS, SPECIFICATION

SEK m	Group Dec. 31, 2014	Group Dec. 31, 2013	Parent Company Dec. 31, 2014	Parent Company Dec. 31, 2013
Loss carry-forward	132	111	–	36
Provisions	84	44	–	–
Forward contracts	2	6	–	–
Other receivables	34	26	–	–
Total	**252**	**187**	**–**	**36**

D. DEFERRED TAX LIABILITY, SPECIFICATION

SEK m	Group Dec. 31, 2014	Group Dec. 31, 2013	Parent Company Dec. 31, 2014	Parent Company Dec. 31, 2013
Tangible fixed assets	389	370	–	–
Intangible fixed assets	519	527	–	–
Total	**908**	**897**	**–**	**–**

E. TAX LOSS CARRY-FORWARDS

The value of unutilized tax loss carry-forwards is capitalized in cases where it is expected that the carry-forwards will be utilized in the foreseeable future. In addition, there are unutilized tax loss carry-forwards totaling SEK 2,154 (474) m that have not been assigned any value, since it is considered that these will not be utilized in the foreseeable future. Deferred tax assets relate tax loss carry-forwards mainly in Germany and the UK.

NOTE 25. OTHER LIABILITIES, PROVISIONS

SEK m	Group Dec. 31, 2014	Group Dec. 31, 2013	Parent Company Dec. 31, 2014	Parent Company Dec. 31, 2013
Pension obligations, interest-free	8	8	–	–
Market value, hedge contracts [1]	–	8	–	–
Provision for environmental measures	26	20	–	–
Provision for divested operations	21	20	–	–
Other provisions	4	8	–	–
Other liabilities, provisions	**59**	**64**	**0**	**0**

[1] SEK 0 (8) m is attributable to forward contracts.

NOTE 26. ACCOUNTS PAYABLE & OTHER OPERATING LIABILITIES

SEK m	Group Dec. 31, 2014	Group Dec. 31, 2013	Parent Company Dec. 31, 2014	Parent Company Dec. 31, 2013
Accounts payable	**912**	**774**	**11**	**6**
Other operating liabilities				
Value added tax	14	6	–	–
Advance payments	17	10	–	0
Payroll tax	16	14	1	1
Other operating liabilities	145	112	2	1
Accrued wages, salaries and social security costs	244	208	32	21
Market value of forward contracts	9	9	–	–
Allocation for restructuring costs	22	2	–	–
Other accrued costs and prepaid income	356	355	6	5
Total	**823**	**716**	**41**	**28**

NOTE 27. EMPLOYEES & WAGES, SALARIES & OTHER REMUNERATION

AVERAGE NUMBER OF EMPLOYEES

Country	2014 Total employees	2014 of which men	2013 Total employees	2013 of which men
Sweden				
Parent company	31	17	36	17
Subsidiaries	810	554	852	589
Belgium	40	33	41	32
France	5	4	5	4
Italy	29	21	31	23
The Netherlands	42	33	38	30
Spain	3	1	3	1
Poland	2	–	1	0
UK	89	75	89	77
Germany	118	106	124	112
Total EU	**1,169**	**844**	**1,220**	**885**
Turkey	3	–	2	0
Russia	4	2	7	3
Total non-EU Europe	**7**	**2**	**9**	**3**
Brazil	12	6	12	6
Argentina	1	1	1	1
Chile	–	–	0	0
USA	112	93	119	96
Total North & South America	**125**	**100**	**132**	**103**
India	22	18	24	20
Japan	7	3	7	3
China	137	96	145	96
Singapore	5	–	23	13
Dubai	2	1	3	1
South Korea	6	3	6	3
Total Asia	**179**	**121**	**208**	**136**
Total average no. of employees	**1,480**	**1,067**	**1,569**	**1,127**
Of which discontinued operations	–	–	34	27
Proportion of men, %		72.1		71.8

WAGES, SALARIES & OTHER REMUNERATION, BY COUNTRY

SEK m	2014 Board and CEO	2014 Other employees	2013 Board and CEO	2013 Other employees
Sweden				
Parent company	19	35	8	28
Subsidiaries	6	445	8	429
Belgium	–	25	–	22
France	–	5	–	4
Italy	–	14	–	14
The Netherlands	–	27	–	22
Spain	–	2	–	2
Poland	–	1	–	1
UK	2	44	1	40
Germany	–	69	–	65
Total EU	**27**	**667**	**17**	**627**
Turkey	–	1	–	1
Russia	–	3	–	4
Total non-EU Europe	–	**4**	**0**	**5**
Brazil	–	6	–	6
Argentina	–	1	–	2
Chile	–	0	–	0
USA	–	63	–	59
Total North & South America	**0**	**70**	**0**	**67**
India	1	3	1	3
Japan	–	4	–	5
China	–	20	–	18
Singapore	–	4	–	12
Dubai	–	2	4	2
South Korea	1	2	1	1
Total Asia	**2**	**35**	**6**	**41**
Total	**29**	**776**	**23**	**740**

REMUNERATION TO EMPLOYEES

SEK m	Group 2014	Group 2013	Parent Company [1] 2014	Parent Company [1] 2013
Salaries and other remuneration	804	764	54	38
Pension – defined-contribution (note 22)	183	173	21	19
Pension – defined-benefit (note 22)	9	28	–	–
Social fees	154	144	11	9
Total	**1,150**	**1,109**	**86**	**66**
OF WHICH DISCONTINUED OPERATIONS				
Salaries and other remuneration	–	17	–	–
Pension – defined-contribution (note 22)	–	3	–	–
Pension – defined-benefit (note 22)	–	0	–	–
Social fees	–	4	–	–
Total	**–**	**24**	**–**	**–**

[1] Cost reported in accordance with IFRS.

REMUNERATION TO THE GROUP'S BOARD OF DIRECTORS & MANAGEMENT

SEK thousands	Board fee	Salary	Bonus & other remuneration	Pension costs [1]	Total
Chairman of the Board	–	–	–	–	0
Other Members of the Board	394	350	–	40	784
President	–	6,632	11,840	6,624	25,096
Other members of Group management	–	14,010	4,895	5,551	24,456
Previous members of Group management	–	2,806	5,071	1,341	9,218
Total	**394**	**23,798**	**21,806**	**13,556**	**59,554**

[1] All pension costs refer to defined-contribution plans.

Other members of group management comprised of 9 (6) persons during the year.

Principles
Members of the Board receive director fees in accordance with resolutions passed at the Annual General Meeting. Employee representatives do not receive director fees.

Remuneration to the President and other members of Group management comprises basic salary, variable remuneration, company car and pensions.

The President is also entitled to a bonus corresponding to a maximum of 150 % of his fixed salary. Other members of Group management are covered by a a bonus system that provides a maximum of 50% (35) of their basic salary. The variable remuneration is based partly on the Group's earnings trend, cash flow and partly on the fulfillment of various function-based targets by each individual.

Pension & employment termination
A defined contribution (DC) pension plan, in addition to the traditional Swedish ITP pension, has been taken out for the President corresponding to 15% of his basic salary. In addition, a more beneficial ITP pension plan has been signed with premiums equivalent to 10% of basic salary in the range of 20-30 times the basic insurance amount and 25% of basic salary above 30 times the basic insurance amount.

According to a special undertaking, the employment contract can be terminated by both the company and the President as of age 60. The period of employment termination notice is 18 months if notice is served by the company and six months if it is served by the President. If the company terminates the President's employment, the President will also receive severance pay corresponding to 18 monthly salaries. If organizational changes or other changes initiated by the owners results in significant limitations on the President's responsibility or authority, the President is entitled under certain circumstances to terminate his employment and be subject to the same employment termination terms as those that would have applied if the company had terminated his employment.

Other members of Group Management are covered by an agreement regarding DC pension plan, the aim of which is to enable the executives concerned to retire at age 60. The period of employment-termination notice for other members of Group Management is six months. If the company terminates the employment of a member of Group Management, the sum total of salary during the period of notice, severance pay and corresponding benefits will be paid for 12 months to a maximum of 18 months.

NOTE 28. CONTINGENT LIABILITIES

	Group		Parent Company	
SEK m	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Guarantees	133	295	133	295
Guarantees and other contingent liabilities	142	133	327	329
Total	**274**	**428**	**460**	**624**

These contingent liabilities are not expected to result in any material liabilities.

NOTE 29. ASSETS PLEDGED

	Group		Parent Company	
SEK m	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Property mortgages	1,667	1,606	–	–
Chattel mortgages	1,202	1,186	–	–
Shares in subsidiaries	4,973 [1)]	6,401 [1)]	6,947	6,947
Shares in associated companies	–	455	–	455
Other participations	358	–	358	–
Liquid funds	65	67	65	67
Internal financial assets (loan)	–	–	5,315	4,757
Investments, receivables, inventories	658	604	–	–
Endowment insurances	96	91	86	78
Total	**9,019**	**10,410**	**12,771**	**12,304**

[1)] Net assets for Perstorp Financial services AB, including it's subsidiaries.

Endowment insurance relates to pension commitments, see note 23.

NOTE 30. FUTURE UNDERTAKINGS

Perstorp retains a commitment, as part of the refinancing undertaken during the end of 2012, to support the Vencorex business for an amount up to EUR 12 m.

NOTE 31. TRANSACTIONS WITH RELATED PARTIES

Perstorp Holding AB is controlled by the private equity company PAI partners, which owns close to 100% of the shares in Luxembourg-based Financière Forêt S.à r.l., which in turn owns 100% of the shares in Perstorp Holding AB.

Within the framework of an incentive program, PAI partners offered senior Group executives an opportunity to become shareholders in the Parent Company Financière Forêt S.à r.l. and a total of around 120 manager and others key personnel participate.

Perstorp Holding AB has a net amount borrowed from the Parent Company corresponding to SEK 4 (626) m at year-end. The loan is subject to normal market terms and conditions. The term of the loan is ten years, which is extended automatically for up to five periods each of ten years, assuming that neither of the parties terminates the agreement. The interest rate is 10%, which is capitalized. The loan is subordinate to the senior secured notes, second lien and mezzanine loans.

During 2014 Perstorp Holding AB received shareholders' contribution amounting to SEK 633 (0) m, whereof SEK 633 (0) m has been converted from loans to equity.

The receivables and liabilities in relation to associated companies are reported in the balance sheet.

Remuneration to the Group's Board of Directors and Management is reported in Note 27.

NOTE 32. PROPORTION OF BOARD MEMBERS & SENIOR EXECUTIVES WHO ARE WOMEN

	2014			2013		
	Total	of whom, women	%	Total	of whom, women	%
Board members	124	14	11	130	19	15
Other senior executives	119	26	22	134	36	27

The Board members category comprises ordinary members of the boards of all companies within the Group. The same person may be counted several times if he or she is a member of the board of more than one company.
The Other senior executives category comprises the Group's executive management team, management teams within each business area and department, and the management teams of the major companies.

NOTE 33. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

In December 2012, Perstorp's Board of Directors decided to transfer Perstorp's Singapore legal units (isophthalic acid operations) to Financiére Forêt S.á r.l., parent company to the Perstorp Group, as a consequence of the refinancing process in the end of 2012. The transaction was completed in March 2013.

At the end of March 2013, Perstorp closed the sale of its formaldehyde technology and catalyst business, Formox (Formox AB) to Johnson Matthey (Johnson Matthey Plc), a global speciality chemicals company and a leader in sustainable technologies.

SEK m	2014	2013
Discontinued operations		
Net sales	–	257
Operating earnings	–	841
Operating result before tax	–	826
Tax	–	-5
Net result for the year [1]	–	**821**

[1] Translation differences recognized in other comprehensive income amounts to SEK – m (77).

NOTE 34. AUDITORS' FEES

	Group		Parent Company	
SEK m	2014	2013	2014	2013
PricewaterhouseCoopers:				
Audit assignments	6	7	2	2
Tax consultancy	1	1	–	1
Other	4	3	4	3
Total [1]	**11**	**11**	**6**	**6**
[1] Of which discontinued operations	–	2	–	–
Other auditing firms				
Audit assignments	1	1	–	–
Other	3	3	1	1
Sum	**4**	**4**	**1**	**1**
[1] Of which discontinued operations	–	0	–	–

Audit assignments comprise verification of the annual report and accounts and the administration of the Board and President, other assignments that are required to be performed by the company's auditors and advice or other support arising from observations made during verification or performance of other duties. All other work is referred to as 'Other' and mainly refers to consultation on accounting activities.

NOTE 35. CURRENCY EXCHANGE RATES

Currency	Year-end exchange rates Dec. 31, 2014	Dec. 31, 2013	Average exchange rates 2014	2013
BRL	2.890	2.782	2.920	3.031
CNY	1.260	1.073	1.114	1.057
EUR	9.516	8.943	9.097	8.649
GBP	12.139	10.733	11.292	10.186
INR	0.123	0.105	0.112	0.112
JPY	0.065	0.062	0.065	0.067
KRW	0.007	0.006	0.007	0.006
SGD	5.907	5.130	5.412	5.206
USD	7.812	6.508	6.858	6.514

NOTE 36. ACQUISITION

In June, Perstorp signed an agreement with Chemko a.s. Strážske for the acquisition of its penta and calcium formate business, related technology and certain assets. It does not include the manufacturing plant in Strážske, Slovakia, any real estate or employees. The transaction is fully in line with Perstorp´s strategy going forward and part of a plan to increase the penetration in the polyol market.

Proposed treatment of unappropriated earnings

	SEK
The Board of Directors and President propose that the funds available for distribution by the Annual General Meeting, as shown in the Parent Company´s balance sheet, namely:	
Retained earnings	1,630,403,025
Net result for the year	-668,699,320
be distributed as follows:	
To be retained in the business	961,703,705

Perstorp, April 29, 2015

Fabrice Fouletier
Chairman

Jan Secher
President & Chief Executive Officer

Michel Paris

Carl Settergren

Claes Gard

Karin Markides

Ragnar Hellenius

Bertrand Monier

Ronny Nilsson
(elected by employees)

Oleg Pajalic
(elected by employees)

Anders Magnusson
(elected by employees)

Our audit report was submitted April 29, 2015
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant
Lead auditor

Mats Åkerlund
Authorized Public Accountant

Auditors´ report

To the annual meeting of the shareholders of Perstorp Holding AB (publ.), corporate identity number 556667-4205

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Perstorp Holding AB (publ.) AB for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 1–41.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OPINIONS

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Perstorp Holding AB (publ.) AB for the year 2014.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OPINIONS

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Malmö, April 29, 2015
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

Mats Åkerlund
Authorized Public Accountant



Your Winning Formula

The Perstorp Group, a trusted world leader in specialty chemicals, places focused innovation at your fingertips. Our culture of performance builds on more than 130 years of experience and represents a complete chain of solutions in organic chemistry, process technology and application development.

Matched to your business needs, our versatile intermediates enhance the quality, performance and profitability of your products and processes. Present in the aerospace, marine, coatings, chemicals, plastics, engineering and construction industries, they can also be found in automotive, agricultural, food, packaging, textile, paper and electronics applications.

Our chemistry is backed by reliable business practices and a global commitment to responsiveness and flexibility. Capacity and delivery security are ensured through strategic production plants in Asia, Europe and North America, as well as sales offices in all major markets. Likewise, we combine product and application assistance with the very best in technical support.

As we look to the future, we strive for the development of safer products and sustainable processes that reduce environmental impact. This principle of innovation and responsibility applies not only to our own business, but also to our work with yours. In fulfilling it, we partner with you to create a winning formula that benefits your business – as well as the people it serves.

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