

Sydsvenska Kemi AB (publ)
Annual Report 2002



Sydsvenska Kemi AB (publ)

Parent Company of international chemicals group Perstorp

Perstorp holds leading positions in market segments within specialty chemicals and materials technology, mainly for customers in the paint, plastic-processing and automotive industries. Perstorp has 2,200 employees and manufacturing units in eight countries in Europe, North America and Asia. Sales in 2002 totaled SEK 6 billion.

Sydsvenska Kemi is controlled by Industri Kapital 2000 Fund. Industri Kapital is one of Europe's leading private equity companies. Part of the payment for the acquisition of Perstorp consisted of a subordinated debenture loan that is registered on Stockholmsbörsen.

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Highlights of 2002

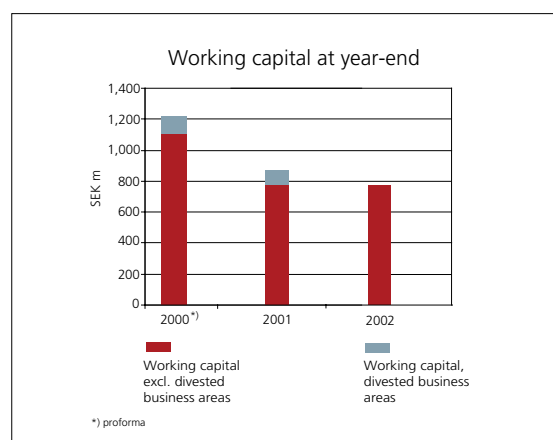
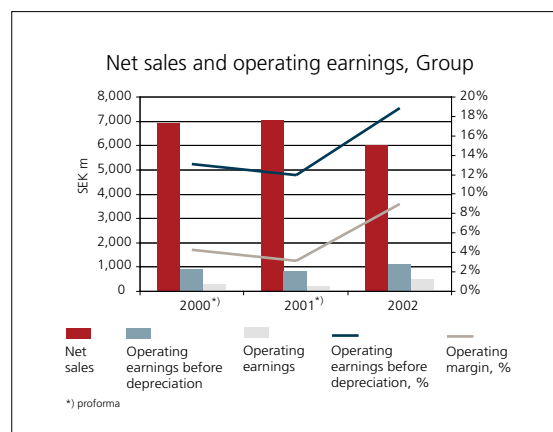
Since the Sydsvenska Kemi Group was formed at the end of June 2001, when the acquisitions of Perstorp and Neste Oxo were completed, all of the comparative figures for the first half of 2001 are pro forma (see Report of the Board of Directors).

- Operating earnings after depreciation increased to SEK 536 m (2001: SEK 190 m for comparable units).
- The ongoing efficiency-enhancing program contributed approximately SEK 170 m to the improvement in earnings.
- Cash flow from continuing operations amounted to SEK 770 m and investing activities reported a positive cash flow of SEK 207 m during the year, as a result of the divestment of operations.
- The Group focuses on specialty chemicals and materials technology. Resin and Construction Chemicals operations were divested during 2002, as was the Group's interest in Perstorp Clariant AB.
- Acquisition of operations within Moldable Composites, a division of Rogers Corporation, USA, is strengthening Perstorp's position in the field of materials technology.



Key ratios for the Group^{1) 2)}

SEK m, unless otherwise stated	2002	2001	2000
Net sales	5,998	7,068	6,923
Operating earnings before depreciation	1,121	845	904
Operating earnings	536	221	299
Operating margin before depreciation, %	18.7	12.0	13.1
Operating margin, %	8.9	3.1	4.3
Investments	564	355	902
of which acquisitions	374	-	624
Investments excl. acquisitions	190	355	278
Depreciation	585	624	605
Cash flow from continuing operations	770	-	-
Cash flow, % of net sales	13	-	-
Working capital, end of year	774	869	1,216
Working capital, average during the year	782	1,116	905
Rate of turnover, working capital	7.7	6.3	7.6
Capital employed, end of year	7,797	8,875	-
Capital employed, average during the year	8,305	-	-
Return on capital employed, %	6.7	-	-
Net debt, end of period	4,514	5,305	-
Debt/equity ratio	1.42	1.55	-
Equity/assets ratio, %	32	31	-
Return on shareholders' equity, %	1.1	-	-
Number of full-time employees, end of year	2,196	2,561	2,756
Number of full-time employees, average	2,118	2,710	-



Key ratios - adjusted for divested business areas³⁾

	2002	2001	2000
Net sales	5,998	6,107	6,077
Operating earnings before depreciation	1,121	772	853
Operating earnings	536	190	279
Operating margin before depreciation, %	18.7	12.6	14.0
Operating margin, %	8.9	3.1	4.6
Investments	564	317	636
of which acquisitions	374	0	400
Investments excl. acquisitions	190	317	236
Depreciation	585	582	574
Working capital, end of year	774	776	1,103
Working capital, average during the year	782	1,001	803
Rate of turnover, working capital	7.7	6.1	7.6
Number of full-time employees, end of year	2,196	2,221	2,334

1) The 2000 and 2001 income statement items, investments and average capital employed are based on pro forma calculations, because the Group was formed in June 2001. No pro forma calculations of financial items, taxes and intangible assets have been made for the period prior to the Group's formation.

2) Industrial Resin was divested at the end of 2001 and is included in the closing balance for 2001. Construction Chemicals was divested in September 2002. Rogers Corp.'s operations were acquired in November 2002.

3) Construction Chemicals is included until the end of September 2002 and the operations acquired from Rogers Corp. are included as of November 2002.



"Focus, speed and forceful action are the key concepts for us during 2003. The overall objective is to increase our growth rate with maintained or improved profitability."

Lennart Holm

Statement by the CEO

The 2002 fiscal year was the first full year of operations for Sydsvenska Kemi, a group that operates under the Perstorp name. It was an intensive but, in many ways, successful year despite weak global economic conditions and lower demand in most markets.

The favorable earnings trend, compared with the preceding year, was partly attributable to improved margins created by lower raw-material prices. Also as a result of the lower raw-material prices, Group sales did not increase despite higher sales volumes.

It is gratifying to note, however, that a large part of the earnings growth during the year was derived from the goal-oriented efficiency programs we started in the autumn of 2001. Our objective at that time was to increase consolidated earnings in 2002 by more than SEK 100 m through internal measures. The actual results were much better than expected, with secured improvements totaling approximately SEK 170 m!

Journey into the future

During the past year, we also saw obvious results of the journey into the future that we embarked upon in 2001. We matched and, in many cases, exceeded the ambitious goals we established for 2002. The organization is now in place and functioning smoothly, the integration of Neste Oxo and Perstorp has been completed successfully and, as a result of our functional follow-up system, more than 200 projects focused on change and greater operating efficiency have been monitored and the desired results have been achieved. The Group's business areas reported significant earnings improvements.

Motivated and skilled employees are, and always will be, extremely important in knowledge-intensive businesses such as ours. The development of shared values and a code of conduct are critically important and comprise a high-priority area in which we conducted systematic work during the year. We also initiated a leadership development program, *Forward*, that will be continued in 2003 and, when fully implemented, will include more than 5% of all Group employees.

Strategic acquisition

A strategic acquisition was completed during the year through our takeover of the Rogers Corporation's Moldable Composites Division in the US. The acquisition will strengthen Group operations in materials technology and lay the foundation for further expansion of our composite materials activities in North America.

Despite the cautious market conditions, determined efforts combined with our strong product program enabled the Group to advance its positions in several product areas during 2002, with particular emphasis on important end-applications in the automotive, paint and varnish industries.

Several new products were launched and received favorably in the marketplace. We are well positioned for the future in several application areas, with products that will support the market's transition to more environmentally compatible solutions. Environmental considerations also characterize our investments and, among other decisions during 2002, we decided to invest in natural gas to replace oil as a raw material for our plant in Stenungsund, Sweden, a decision that is good for both the environment and our competitiveness.

By initiating a number of pilot projects under the collective heading *Customer Back*, we have started a development process toward more value-oriented work methods based on present and future customer requirements. Since our research and development resources will play a key role in this process, we intend to gradually increase R&D investments in the future.

Focus on two main areas

A strategic review of the future direction of our business operations was conducted as planned during 2002. The divestments of resin operations, Perstorp Construction Chemicals and our ownership interest in Perstorp Clariant during the year are concrete evidence of ongoing efforts to streamline Group operations.

In the future, the Group will focus on two main areas where our unique skills and market positions can be fully utilized and further strengthened. Our core business areas are aldehyde-based specialty chemicals and composite materials for quality applications, operations that have now been concentrated in our Specialty Chemicals and Materials Technology business sectors, respectively.

Rapid growth

I consider two factors critical for the success of our established strategy:

- Continuing to develop the Group's attractive product portfolio, which consists of several product platforms with complementary leading-edge products.
- Securing the establishment of *nEverest*, the collective name of a system and operating methods aimed at generating continuous, world-class improvements.

Our expressed goal is that Group operations will grow at least twice as fast as the industry in general and, in parallel, to generate earnings before depreciation and financial expenses (EBITDA) in excess of 20%, calculated as average annual earnings over a complete business cycle.

Focus, speed and forceful action are the key concepts for us during 2003, when our overall objective is to increase our growth rate with maintained or improved profitability. The environment, safety and health are central considerations that will be assigned even more prominence than in the past.

Naturally, our growth will be influenced by factors in the world around us, and global economic growth remains uncertain and difficult to forecast. The plans for the immediate future include expectations of continued weak recovery in global economic conditions.

Our ultimate objective is that, in relation to competitors, the Group will be regarded as an attractive company and business partner for all of our stakeholders - customers, employees, suppliers, society in general and last, but not least, our owners.

Perstorp, March 2003

Lennart Holm
President and CEO



The Perstorp Group

Sydsvenska Kemi AB (publ) acquired Perstorp and Neste Oxo, two established chemical groups, at the end of June 2001. The acquired groups have been integrated in the Group and, since the beginning of 2002, Sydsvenska Kemi's business operations are operated under the Perstorp name.

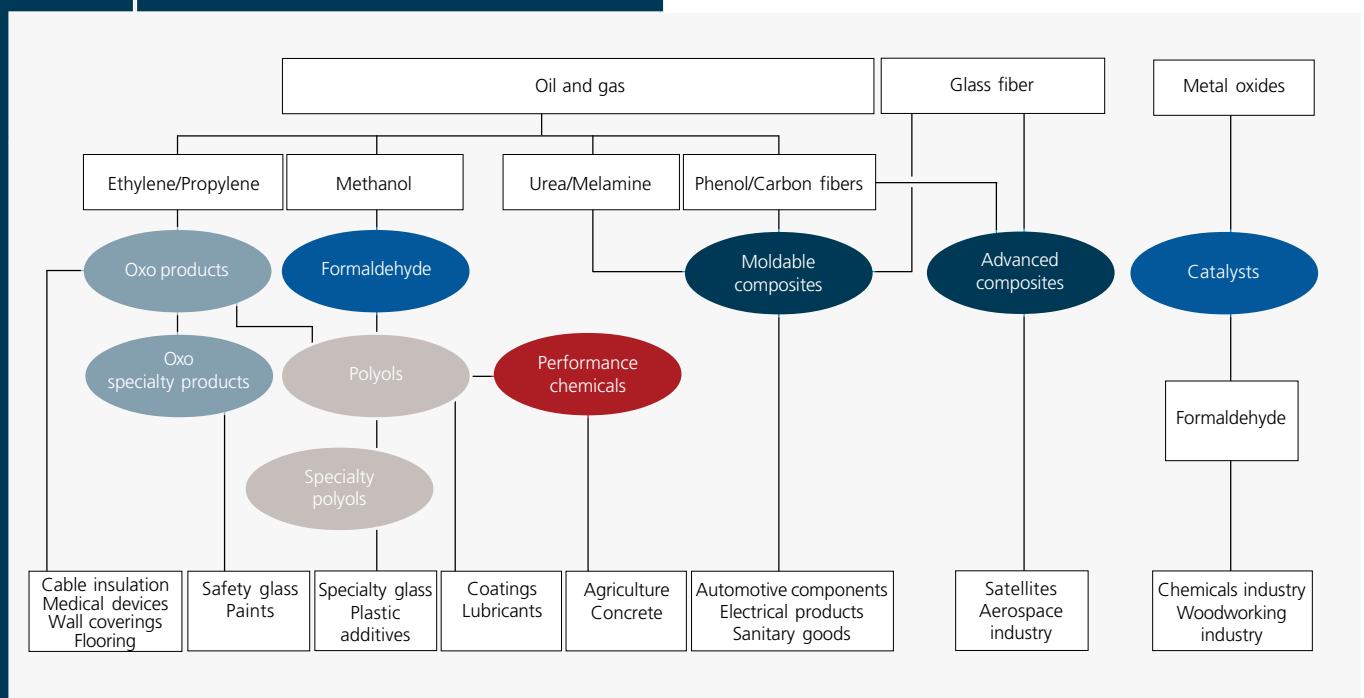
The new Perstorp has a strong technological platform and long value-adding chains in selected segments of markets for specialty chemicals and materials technology. The integration process has created more effective production and more intensified research and development activities. In the marketplace, the merger has increased the resources available for cooperating closely with first-class customers in all parts of the world.

Leading positions

For the past two years, the Group has been focusing its operations around specialty chemicals and materials technology, business sectors in which the Group has excellent potential to achieve and maintain leading positions and sustained growth. Perstorp has leading global market positions for several of the Group's specialty chemicals products and chemical intermediate products, primarily for customers in the coating and plastic-processing industries and in markets for leading-edge composite materials and compounds. The Group is also a leader in formaldehyde technology, among other market areas.

Perstorp's value chain and important application areas are shown in the illustration below and are described in greater detail in the business area sections of this report.

Perstorp value chain



■ Perstorp Oxo Intermediates
 ■ Perstorp Coating Intermediates
 ■ Perstorp Formox
 ■ Perstorp Performance Chemicals
 ■ Perstorp Engineering Materials

Business sectors

Beginning in 2003, the Group's organization is divided into two business sectors, Specialty Chemicals and Materials Technology.

Specialty Chemicals

Specialty Chemicals consists of four business areas: Perstorp Coating Intermediates, Perstorp Oxo Intermediates, Perstorp Performance Chemicals and Perstorp Formox. The first three business units have joint processes for Sales and for Research, Technology and Development.

The combined operations of the Specialty Chemicals business area generated sales of SEK 4,906 m (4,984) in 2002, down 2%, the net result of volume growth of 6 percentage points and negative currency and price effects, each in an amount of 4 percentage points. The operating margin before depreciation rose to 20% (14), mainly as a result of the volume growth and productivity improvements. The Group's policy of hedging net inflows in foreign currencies limited the unfavorable effects of exchange-rate movements, mainly the depreciation of USD.

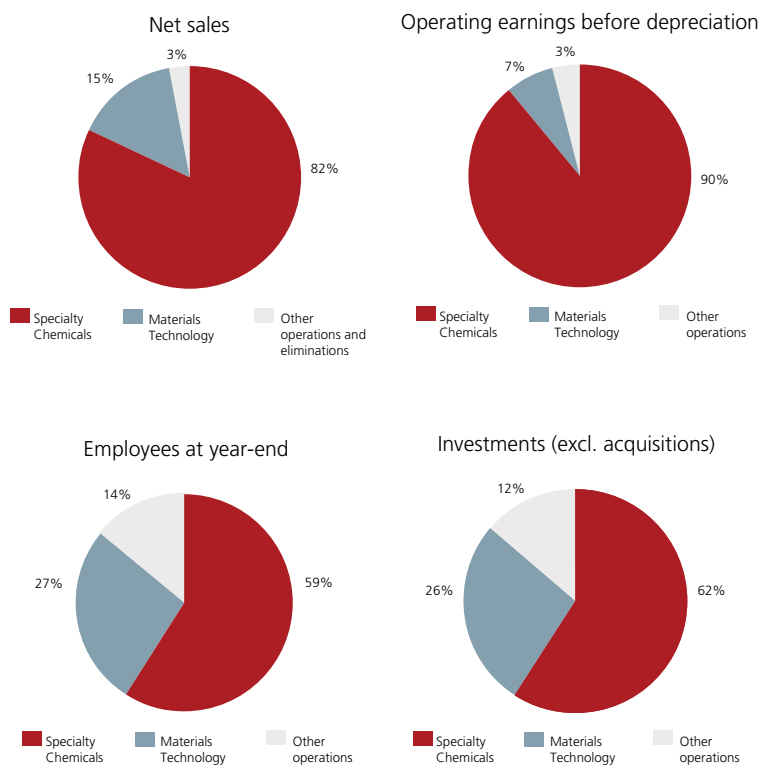
Materials Technology

Materials Technology consists of the Engineering Materials business unit, which reported sales of SEK 902 m (874) during the year, an increase of 3% compared with the preceding year, despite negative currency effects of 3% from the translation of sales into SEK. Adjusted for acquisitions, sales were at the same level as in 2001. Margins increased, mainly on the strength of productivity improvements and changes in raw-material supply.

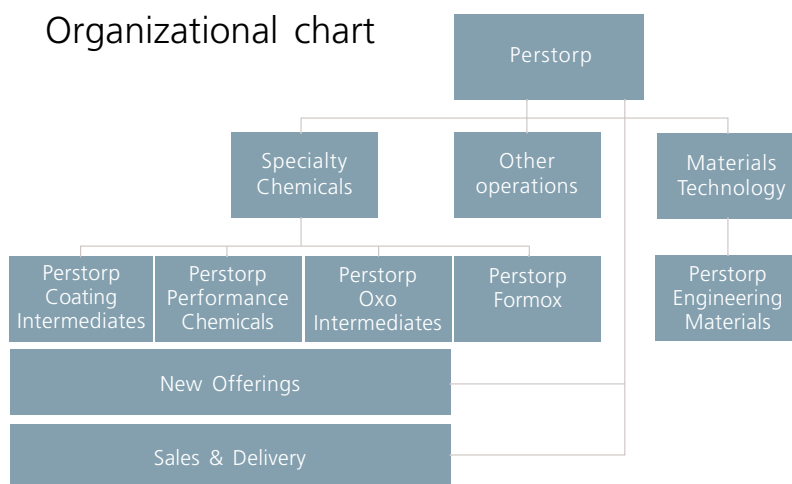
Additional comments on developments within the business sectors are provided in the business area presentations on pages 8–15.

Other operations

The Group includes a number of service companies that operate primarily in the areas of industrial service and maintenance, property services, energy production, administration and IT. They are reported together with Group Management and Group Staff functions under the "Other operations" heading.



Organizational chart



Specialty Chemicals



Perstorp Coating Intermediates

Perstorp Coating Intermediates is a world-leading manufacturer of several types of polyols, polyol acids and other intermediates, primarily for the coating industry. In addition to paint and varnish systems, the products are used in liquid adhesives, plastic additives and lubricants and as building blocks in several other chemical products.

Market

Perstorp Coating Intermediates is unique among its competitors as the only operator with polyol production plants on three continents, and the business area has high shares of several market segments. Its strategy is to defend and strengthen its leading market position in the basic polyols segment, maintain a high growth rate in specialty polyols and develop additional raw materials for the coating industry.

Production units are situated in Sweden, Italy, Germany, the US and India, and production is based on technically advanced processes, many of which are protected by patents.

Performance during the year

Sales volumes for the business area's basic polyols increased marginally, while volumes for specialty polyols rose sharply. Lower raw-material prices and the declining USD exchange rate resulted in lower prices for the business area's products and a slight decline in sales revenues, compared with the preceding year, to SEK 2,464 m (2,493). Margins rose, mainly as a result of cost reductions attributable to ongoing efficiency-enhancement programs. Prices for several raw materials rose during the second half of the year due to growing uncertainty in world markets.

Significant events

Efforts to sell BisMPA (a polyol acid) in the European market generated favorable results during the year, and the product was also launched in the US and Asia. Perstorp's dendritic polymers, which are marketed under the trademark Boltorn®, achieved their commercial breakthrough during 2002 and sales increased sharply. Boltorn® is used to enhance the properties of various polymer systems, such as plastics and resins.

Production capacity for di-TMP used in high-tech adhesive resin systems was increased to meet growing market demand.

The implemented improvement and efficiency-enhancement projects resulted in lower costs and generally higher capacity by eliminating production bottlenecks.



Bengt Sallmén
Business Area Manager

Outlook

The need for new paint systems that are more environmentally compatible, more cost-effective and offer new technical properties is increasing constantly. The new strategy established during the year reflects expectations of favorable long-term growth and development in the market for specialty polyols and other products that satisfy these market needs. After the close of the fiscal year, an agreement was reached with Hansol Chemience Co Ltd regarding the formation of a jointly owned company for production and marketing of the Korean company's range of polyol products in the Asian market and Perstorp's specialty chemical products in Korea. An agreement was also reached with Koei Chemical Company of Japan regarding the establishment of a jointly owned company for marketing and sales of specialty chemical products, primarily in the Japanese market. Both alliances will strengthen the business area's market positions in Asia.

Perstorp Oxo Intermediates

Perstorp Oxo Intermediates manufactures chemical intermediate products that are subsequently refined in the coating, varnish and plastic-processing industries. They consist primarily of monomers for paint resins and solvents, plasticizers for vinyl and safety glass, and agricultural chemicals such as propionic acid, which is used in livestock feed, among other applications.

Production is mainly conducted in Stenungsund, Sweden, as well as in two smaller plants, one in Sweden and one in Belgium. Production capacity totals approximately 300,000 metric tons.

Market

Oxo Intermediates is one of the world's three leading suppliers in many of its product areas. The business area is the world's largest supplier of plasticizers for safety glass.

Comprehensive investments in higher capacity and more differentiated products have created the foundation for strong growth during recent years. Furthermore, since the establishment of the new Perstorp Group, the business area, whose operations consist mainly of the former Neste Oxo, has become a major internal supplier of aldehydes used in the Group's production of various polyols. As a result, specialty products, including internal deliveries, now account for nearly 50% of the business area's volumes.

Performance during the year

The market for all of the main Oxo products was characterized by strong demand during the year, resulting in substantial volume growth and full capacity utilization. Demand was particularly strong during the first half of the year. In Asia, however, demand remained robust throughout 2002.

Net sales amounted to SEK 1,791 m (1,664). Continued favorable trends for specialty products, combined with healthy sales growth for other products, strengthened the business area's margins.

Significant events

During 2002, in line with the strategy aimed at upgrading and differentiating the product range, the business area launched a newly developed film former for applications in water-based paint and a new product group, Peraflex®, which includes special plasticizers, used primarily in PVCs, with properties that enable these plasticizers to be used as replacements for less environmentally compatible products.



Lars Lind
Business Area Manager

A new type of carboxyl acid for applications in various environmentally compatible ester systems has also been developed. This product will be launched in 2003 and is expected to strengthen the business area's positions in the market for organic acids.

Outlook

Through a continued focus on the development of new products, the business area is striving to gradually increase the proportion of specialty products and thereby to further strengthen its profitability.

Perstorp Performance Chemicals

Perstorp Performance Chemicals offers several types of performance chemicals in different markets, ranging from specific products manufactured by the business area to products arising from the production operations of other Perstorp business areas. Accordingly, the business area has a dual mission: to develop and market its own specialty products and to contribute to the Group's total profitability and global positions through proactive efforts to refine and market various co-products. The latter product group includes sodium formate, for which Perstorp is the world's leading manufacturer.

Market

The business area has three business units and production plants in several countries.

The Formates business unit includes such products as sodium and calcium formates, formic acid and sodium sulfate, which are marketed globally to customers primarily in the leather and textile industries.

The Food & Feed business unit comprises products that include silage agents, acetic acid and Creosan®, with most sales targeted at agricultural and food industries in Scandinavia. These areas are characterized by growth, due to a growing trend toward healthier animal husbandry and higher feed quality.

The Concrete Admixtures business unit comprises liquid and powder concrete admixtures (superplasticizers) that are used in the construction industry to improve the flow properties of concrete, which generates significant benefits in such areas as strength, form and production speed. Most customers for the business unit's liquid products are situated in Scandinavia and Germany, while powder products are sold in all parts of the world.

Performance during the year

Net sales increased marginally to SEK 533 m (530). Margins improved, particularly in the Formates business unit, as a result of price increases and changes in the customer structure.

Sales by the Concrete Admixtures business unit were affected adversely by weak construction trends in Europe, particularly in Germany, while sales of specialty products (powder products) showed continued growth. Volumes in the Food & Feed business unit were in line with the preceding year, and sales of silage agents were favorable, despite a dry summer in Scandinavia.

Significant events

The business area was formed at the beginning of 2001



Paul Österberg
Business Area Manager

through the combination of various activities conducted by the former Perstorp Group. Substantial efforts during the year were devoted to establishing the operations, formulating business goals and plans and sharpening the focus on customer requirements.

The business area is developing its range of concrete admixtures to meet growing market demand for concrete with superior flow properties. During 2003, a new generation of concrete admixtures will be placed in production and introduced in the European market.

Outlook

Perstorp Performance Chemicals will continue to develop products and applications aimed at generating increased growth and contributing to the Group's profitability.

Business processes

Coating Intermediates, Performance Chemicals and Perstorp Oxo Intermediates are three business areas whose business operations are closely related in terms of technologies, products and marketing. To capitalize on synergies between these business areas, shared business processes have been introduced for sales operations and for research, technology and development.

Sales

The joint sales organization is divided into one sphere of responsibility for the North American market and one for other markets, which include Europe, Asia, South America and other regions. The sales organization is the primary point of contact between the company and its customers, while each business area is responsible for its own strategies, pricing and business priorities.

The two main purposes of the business process are to secure a uniform approach to customers and to generate powerful sales activities. It consists of two main functions, order generation and order fulfillment, the first of which encompasses sales and the second sales planning, customer service and delivery.

Research, Technology and Development

The joint process for Research, Technology and Development (New Offerings) is flexibly structured and its customer-oriented activities are conducted in close contact and

continuous cooperation with the units in the business areas that are affected by a particular project. Most activities can be conducted in a project structure.

The organization has its own management group and about 80 persons work at development centers in Sweden and Finland.

New Offerings includes units for Industrial Chemistry, which consists of organic chemistry and analytical chemistry, Process Technology, Applications Technology, comprising applications development and applications technology support, and Intellectual Property, which includes patents and information retrieval.

A structured innovation process has been established to ensure that the creativity possessed by the Group is optimally utilized and that a continuous flow of innovative products is generated. New concepts and ideas are continuously evaluated in close cooperation with the business areas.

The integration of operations from the two former groups has provided Perstorp with a solid base that extends its value chain and broadens its competencies, enabling it to manage everything from process technology to new products and applications. The RTD organization is currently focusing mainly on the launch of new environmentally attractive solutions, mainly for the resins industry, and on further improvements in the effectiveness of the Group's process concepts.

The other two business areas, Perstorp Engineering Materials and Perstorp Formox, have their own organizations for sales and for research and development. The Group's R&D costs during the year totaled SEK 71 m, corresponding to 1.2% of total sales.



David Wolf, Business Process
Manager Sales (NAFTA)



John Ekström, Business Process
Manager Sales (Global, excl. NAFTA)



Lars-Peter Lindfors, Business
Process Manager, New Offerings

Perstorp Formox

Perstorp Formox has comprehensive expertise in formaldehyde and catalyst technologies and a proprietary, effective formalin production process. The business area designs and sells complete plants for the production of formaldehyde, an important raw material used primarily in the board industry and various sectors of the chemicals industry. The business area also produces formaldehyde used as a raw material within the Perstorp Group and, to some extent, for external customers. Other important products are catalysts for formaldehyde production and the newly developed environmental catalysts for the treatment of industrial emissions of solvents.

Market

Perstorp Formox is the global leader in formaldehyde technology, with customers that include the world's largest manufacturers of chemicals, resins and board in more than 40 countries.

Nearly half of global growth in formaldehyde production capacity in the past 10 years is attributable to production plants supplied by Perstorp Formox. Including sales of the business area's formaldehyde catalysts for applications in other types of formalin processes, Perstorp Formox accounts for about two-thirds of total global sales of oxide catalysts used in the production of formalin.

Performance during the year

The business area's sales declined compared with the preceding year to SEK 532 m (600). However, the entire decline was due to lower price levels, primarily for intra-Group deliveries of formalin.

Due to the generally weak economic conditions, demand for new formalin plants was limited in 2002. An agreement was signed for one plant in Asia.

Sales of formaldehyde catalysts remained favorable despite the weak economic conditions, and the business area defended its positions in the international market. In addition, sales of new products in the environmental catalyst product group increased sharply from a low level.

Significant events

Perstorp Formox's development work has been intensified to create an even more effective and competitive formalin process. Work is also in progress to develop catalysts for other types of industrial processes and within the environmental segment.



Claes Lundström
Business Area Manager

Market investments in China were increased during the year, creating new business relations. To date, Perstorp Formox has sold five production plants in China, which is a growing market.

Outlook

Perstorp Formox's strategy, based on continuous development of its know-how and its service to customers, is to consolidate its position as a global market leader. The business area will also exploit its knowledge of catalysts to further develop the market's most effective formalin and environmental catalysts.

Materials Technology



Perstorp Engineering Materials

Materials Technology, one of the Group's two business sectors, is based on the Group's core expertise in thermoset chemistry and fiber-reinforced resin systems.

Operations are conducted within the Perstorp Engineering Materials business area, which focuses on high-growth niche markets. The operations include fiber-reinforced composite materials that are used in advanced applications within the automotive and aerospace industries, as well as urea and melamine-based plastics that satisfy stringent demands for durability and heat resistance in, for example, electrical and interior-design components. The objective is, through product and application development combined with acquisitions, to become a leading manufacturer characterized by strong growth and healthy profitability.

Market

The business area has a substantial share of the global market for engineering phenolics (fiberglass-reinforced phenolic molding compounds) through Vyncolit, a subsidiary in Belgium, and through the acquisition in the US of Rogers' moldable composites operations during 2002. YLA, an American subsidiary, is a leading manufacturer of advanced carbonfiber-reinforced composites, mainly for the aerospace industry, with a high share of the satellite market. The Perstorp Compounds business unit holds leading positions in the European and North American markets for amino-based thermosets.

Performance during the year

Net sales amounted to SEK 902 m (874), an increase of 3% compared with the preceding year, despite negative currency effects of 3% resulting from the translation of sales to SEK. Adjusted for acquisitions, sales were at the same level as in 2001. Margins rose, primarily as a result of productivity improvements and changes in raw-materials supply.

The increase in sales was attributable mainly to higher volumes of sales to the automotive industry, a market that showed stable development during the year and where the business area's composite materials captured higher market shares. Sales of compounds and products for communication satellites continued to be impacted negatively by weak conditions in the construction and telecom industries.

Significant events

In accordance with its aim of becoming a full-service supplier of composite materials in selected market segments, the business area acquired moldable composites operations from Rogers Corporation of the US in November 2002. At the time of the acquisition, the acquired unit, which is a leading supplier of engineering phenolics in North America, had annual sales of about USD 35 m (approx. SEK 300 m) and 130 employees at a production plant in Manchester, Connecticut. The new operations provide a strategic platform in North America for



Anders Lundin
Business Area Manager

the materials that the business area has developed for the automotive industry in Europe. At the same time, the acquisition adds new customers, applications and materials that strengthen market positions in the United States and Europe.

Outlook

In the automotive and aerospace industries, the need for components made of lightweight materials is increasing, mainly to reduce fuel consumption. Perstorp's new injection-moldable amino plastics are gradually being launched in the electrical products and automotive industries. Polygiene, the business area's antibacterial material, is gaining ground in the growing market for sanitary products and new products for the furniture industry are also being introduced. These factors are expected to contribute favorably to the business area's growth.



Report of the Board of Directors

Consists of pages 16-25

For Sydsvenska Kemi AB (publ) (Corp.Reg. No: 556602-2769)

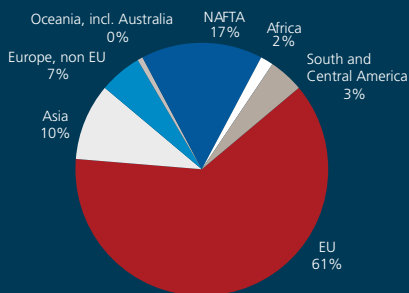
Market and economic conditions

On the whole, demand for the Group's products was relatively robust during 2002, although there were considerable fluctuations during the course of year, mainly because of uncertainty regarding the general economic trend and the price trend for crude oil. Accordingly, demand rose steadily during the first half of 2002 and then weakened towards the end of the year. Raw-material prices, which were lower than in 2001, rose sharply during the final months of the year, due to rising global-market prices for crude oil.

Demand was relatively favorable in most European countries, with certain exceptions, primarily Germany. A slight deterioration was noted in the United States, while a substantial increase in demand was noted in most of the Group's markets in other parts of the world, particularly China and certain Asian markets. As a result, sales volumes were higher than in the preceding year, particularly for Oxo products and specialty polyols.

The higher demand and lower raw-material prices during most of the year, in combination with greater production efficiency, strengthened the Group's margins and earnings compared with 2001. However, lower prices for the Group's products, due to reduced raw-material prices and a changed product mix, led to a slight decline in net sales. In addition, lower exchange rates for the USD and EUR had an adverse impact on net sales on their translation into SEK. Margins were also adversely affected by exchange-rate changes, because the Group has a net inflow of foreign currency. As a result of the Group's policy of hedging most of the currency flows, it was possible to limit the negative effects. Compared with the preceding year, it is estimated that exchange-rate movements had a negative impact of approximately SEK 100 m on operating earnings.

Net sales by geographical market



Net sales by geographical market

	2002	%	2001 ^{*)}	%
EU	3,661	61	4,426	63
Rest of Europe	391	7	411	6
NAFTA	1,009	17	1,104	16
Asia	628	10	669	9
South and Central America	158	3	317	4
Africa	126	2	114	2
Oceania incl. Australia	25	0	27	0
Total	5,998	100	7,068	100

*) pro forma

Outlook

The trend of rising raw-material prices has continued through the beginning of 2003.

However, the Group expects to be able to pass on the price increases to customers, following a certain time lag. The uncertainty regarding global political developments and economic conditions continues.

Pro forma

Since the Sydsvenska Kemi Group was formed at the end of June 2001, when the acquisitions of Perstorp and Neste Oxo were completed, all of the comparative figures for 2000 and the first half of 2001 are pro forma.

When preparing the pro forma consolidated income statement and investment data, it was assumed that Neste Oxo's and Perstorp's chemical operations had been part of the Group since January 1, 2000. Pergo is not included in the pro forma accounts.

Income statement

Net sales amounted to SEK 5,998 m (2001, pro forma including Industrial Resin's operations: 7,068), down 15% in relation to 2001. Adjusted for the divestment of the former Perstorp Chemitec division's resin operations at the end of 2001, the decline was 2%. The reasons underlying the decrease

Income statement, Group			
SEK m	2002	2001 ^{*)}	2000 ^{*)}
Net sales	5,998	7,068	6,923
Cost of goods sold	-4,561	-5,822	-5,641
Gross earnings	1,437	1,246	1,282
Sales, administration and R&D costs	-671	-828	-790
Other operating revenues and expenses	25	62	59
Amortization of intangible fixed assets	-255	-259	-252
Operating earnings (EBIT)	536	221	299
Financial income and expense	-384		
Reversal of write-down of financial holdings (Pergo)	26		
Profit before taxes	178		
Taxes	-142		
Minority share in net profit	1		
Net profit for the year	37		
Operating earnings before depreciation (EBITDA)	1,121	845	904

*) pro forma

in sales revenues were lower price levels (4 percentage points), due to lower raw-material prices and changes in the product mix, and negative exchange-rate effects (3 percentage points). To a certain extent, the negative factors were offset by higher volumes (5 percentage points), mainly attributable to increased sales of Oxo and specialty chemicals products.

Operating earnings amounted to SEK 536 m (2001, SEK 221 m pro forma, including 31 for resin operations). Accordingly, the operating margin rose to 8.9% (2001: 3.1%). The improved earnings derived from lower raw-material costs, increased production efficiency and lower overhead costs. The

Group's efficiency-enhancement program continued according to plan and is estimated to have resulted in earnings improvements of approximately SEK 170 m, compared with 2001.

Other operating revenues and expenses mainly include exchange-rate differences related to operating receivables and liabilities. In accordance with the Group's policy, most of the flow in foreign currencies has been hedged up to the end of the first half of 2004. During 2002, a revised valuation of pension assets within US operations had an adverse impact of SEK 27 m on other operating revenues and expenses.

Depreciation amounted to SEK 585 m (2001, SEK 624 m pro forma, including SEK 42 m for resin operations).

Net financial items amounted to an expense of SEK 358 m during the year, of which capitalized interest on the debenture loan accounted for SEK 148 m. A market valuation of the Group's shareholding in Pergo resulted in a write-up of SEK 26 m (the holding was written down by SEK 212 m in the 2001 accounts). Since net financial items during the period prior to the formation of the Group in June 2001 have not been reconstructed, no comparative figures are available for 2001.

Profit before taxes totaled SEK 178 m.

Tax expenses amounted to SEK 142 m. The main reason for the Group's high tax cost in relation to earnings after net financial items is that amortization of consolidated goodwill is not tax-deductible. However, the Group's tax payments in 2002 amounted to only SEK 13 m (also see Cash flow statement).

Two business sectors

For the past two years, Perstorp has been concentrating its operations around market segments where the Group has the potential to attain leading positions and achieve sustainable growth. As a result, several operations were divested and a company acquired during 2002 in order to strengthen Perstorp's positions in advanced composite materials.

Net sales by business sector and business area			
SEK m	2002	2001 ^{*)}	2000 ^{*)}
Perstorp Coating Intermediates	2,464	2,493	
Perstorp Oxo Intermediates	1,791	1,664	
Perstorp Performance Chemicals	533	530	
Perstorp Formox	532	600	
Eliminations	-414	-303	
Specialty Chemicals	4,906	4,984	5,107
Materials Technology	902	874	743
Other operations, incl. eliminations	190	249	227
Group, before divested operations	5,998	6,107	6,077
Industrial Resin	-	1,140	993
Eliminations	-	-179	-147
Group	5,998	7,068	6,923

*) pro forma

Operating earnings before depreciation (EBITDA) by business sector

SEK m	2002	2001 ^{*)}	2000 ^{*)}
Specialty Chemicals	1,003	687	752
Materials Technology	80	64	56
Other operations, incl. eliminations	38	21	45
Group, before divested operations	1,121	772	853
Industrial Resin	-	73	51
Group	1,121	845	904

*) pro forma

Year-end working capital by business sector

SEK m	2002	2001	2000 ^{*)}
Specialty Chemicals	610	632	
Materials Technology	207	183	
Other operations	-43	-39	
Group, before divested operations	774	776	1,103
Industrial Resin	-	93	113
Group	774	869	1,216

*) pro forma

Group, adjusted for divested business areas

Mkr	2002	2001 ^{*)}	2000 ^{*)}
Net sales	5,998	6,107	6,077
Operating earnings before depreciation (EBITDA)	1,121	772	853
% of net sales	19	13	14
Investments, excl. acquisitions	190	317	236
Working capital	774	776	1,103

*) pro forma

As of the 2003 fiscal year, the Group will focus on selected segments of specialty chemicals and materials technology markets. The five business areas will be organized in the Specialty Chemicals and Materials Technology business sectors, in each of which the degree of coordination in terms of, for example, raw materials, technologies and marketing, will be increased.

Specialty Chemicals

The Specialty Chemicals business sector consists of the Perstorp Coating Intermediates, Perstorp Oxo Intermediates, Perstorp Performance Chemicals and Perstorp Formox business areas.

Sales generated by the operations in the Specialty Chemicals business sector totaled SEK 4,906 m (4,984), a decline of 2%. Volume grew by 6%, while currencies and prices each had a negative effect of 4%. The operating margin before depreciation rose to 20% (14), mainly due to volume growth and

Specialty Chemicals

SEK m	2002	2001 ^{*)}	2000 ^{*)}
Net sales	4,906	4,984	5,107
Operation earnings before depreciation	1,003	687	752
% of sales	20	14	15
Investments, excl. acquisitions	118	256	190
Working capital	610	632	-

*) pro forma

productivity improvements. As a result of the Group's policy of hedging most of the net inflow in foreign currencies, it was possible to limit the adverse impact of exchange-rate movements, mainly the depreciation of the US dollar.

Perstorp Coating Intermediates' sales volumes for basic polyols rose slightly, while volumes of specialty polyols increased sharply. Lower raw-material prices and the declining USD exchange rate led to lower prices for the business area's products and slightly lower sales revenues compared with the preceding year. Margins increased, mainly due to the reduced costs resulting from the ongoing efficiency-enhancement program. The price of several raw materials rose sharply during the second half of the year, because of escalating uncertainty in the world at large.

Perstorp Oxo Intermediates' market for Oxo products during the year was characterized by favorable demand for all main products, resulting in a healthy volume trend and full capacity utilization. Demand was particularly strong during the first half of the year. The favorable trend for specialty products continued which, combined with a robust sales trend for other products, enabled the business area to strengthen its margins.

Perstorp Performance Chemicals' net sales during the year rose marginally compared with 2001. Margins improved, especially for formates, as a result of price increases and a changed customer structure. In the concrete admixtures segment, sales of several products were adversely affected by the weak conditions in the European construction industry, particularly in Germany, while sales of specialty products (powder) continued to rise. Volumes in the Food & Feed business unit were in line with 2001 and sales of silage were favorable, despite dry summer weather in Scandinavia.

Although Perstorp Formox's net sales declined in relation to 2001, this was due entirely to lower price levels, mainly for intra-Group deliveries of formalin. The general business climate resulted in limited demand for formalin plants. Orders were received for one new formalin plant in Asia. Sales of formaldehyde catalysts were favorable, despite the weak business climate, and Perstorp Formox defended its positions in the international market. In addition, sales of products in the new environmental catalyst segment grew sharply from a low level.

Materials Technology business sector

The Materials Technology business sector consists of the Engineering Materials business area.

Materials Technology			
SEK m	2002	2001 ^{*)}	2000 ^{*)}
Net sales	902	874	743
Operating earnings before depreciation	80	64	56
% of sales	9	7	8
Investments, excl. acquisitions	49	35	25
Working capital	207	183	-
*) pro forma			

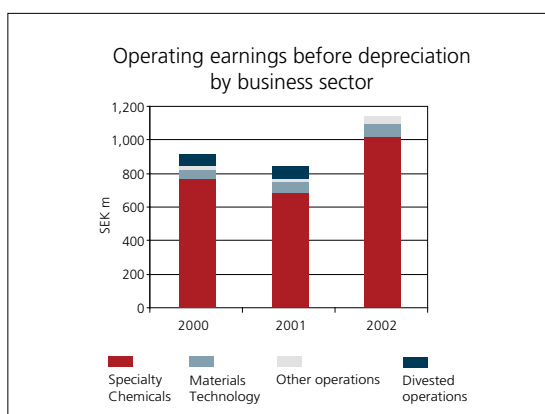
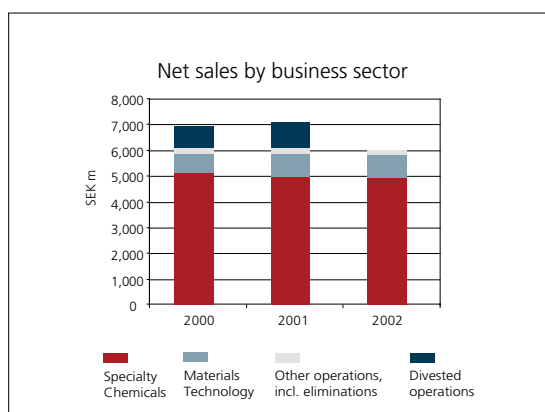
Perstorp Engineering Materials' net sales during the year rose 3% compared with 2001, despite negative exchange-rate effects of 3% resulting from the translation of sales into SEK. Adjusted for acquisitions, sales were at the same level as in 2001. Margins increased, mainly because of productivity improvements and changes in the supply of raw materials. The increased sales were mainly attributable to higher sales volumes for the automotive industry, a market sector that showed stable performance during the year and in which the business area's composite materials operations captured market share by offering products that replace metals in advanced applications. Sales of amino compounds and products for communication satellites in the Advanced Composites segment continued to be adversely affected by the weak conditions in the construction industry and telecom industry, respectively.

Other operations

The Group contains a number of service companies, mainly ITOC AB, Perstorp Fastighets AB, Skånsk Industripartner AB and Perstorp Support AB. These operations, together with Corporate Management and Staff services, are reported under the "Other operations" heading.

Perstorp Industrial Park is the new name of Perstorp AB's industrial complex in Perstorp, Sweden, at which eight international industrial companies, including Perstorp AB, are active and have now commenced a process of intensified cooperation in matters involving the local infrastructure and community contacts.

Other operations and eliminations			
SEK m	2002	2001 ^{*)}	2000 ^{*)}
Net sales	190	249	227
Operating earnings before depreciation	38	21	45
Investments	23	26	21
Working capital	-43	-39	-
*) pro forma			



Acquisition of leading composite materials producer

In accordance with Perstorp Engineering Materials' aim of becoming a full-service supplier of composite materials in selected market segments, the business area acquired Moldable Composites in November 2002. The acquired operation had comprised a division of Rogers Corporation, a publicly traded American group, and was a leading supplier of composite materials for advanced applications, mainly in the field of electrical and automotive components. At the time of the acquisition, Moldable Composites had annual sales of about USD 35 m (approx. SEK 300 m), with 130 employees at its production plant in Manchester, Connecticut, USA.

The new operations provide a strategic platform in North America for the materials that the business area develops for the automotive industry in Europe. The acquisition simultaneously adds new customers, applications and materials that enhance market positions in the United States and Europe. It is estimated that the annual sales of the Perstorp Engineering Materials business area will rise to approximately SEK 1.2 billion as a result of the acquisition. In accordance with the purchase agreement, Rogers will receive a total payment of about USD 40 m, of which approximately USD 10 m was paid in connection with takeover and the remainder will be paid over a five-year period.

Divestments of operations

As part of efforts to focus the Group around specialty chemicals and materials technology, a number of operations were sold during the year. At the beginning of the year, Perstorp sold its 50% shareholding in Perstorp Clariant AB to Clariant, a Swiss chemicals group. Perstorp Clariant AB had sales of slightly more than SEK 470 m in 2001, with just over 100 employees.

During the first quarter of 2002, Perstorp's remaining resin operations were sold to Finnish chemicals group Dynea Oy. Prior to that, in 2001, the Swedish portion of Perstorp's resin operations and a formalin plant in Perstorp were divested, in accordance with a commitment made by Sydsvenska Kemi in connection with the European Commission's approval of Sydsvenska Kemi's acquisition of Perstorp AB. The sold operations had combined sales of approximately SEK 1,140 m, with about 400 employees.

During the third quarter, Perstorp Construction Chemicals was sold to UK-based Flowcrete Group plc. The divested operations supply epoxy-based seamless surface materials. Perstorp Construction Chemicals had sales of approximately SEK 170 m in 2001, with 75 employees.

The Group is not reporting any capital gains from the above divestments, since this matter was taken into account within the framework of the acquisition balance sheet that was prepared. Accordingly, the original goodwill on the acquisition remained unchanged. However, the divestments enabled the Group to reduce its borrowing.

Partnership agreement for markets in Asia

After the close of the fiscal year, an agreement was reached with Hansol Chemience Co Ltd regarding the formation of a jointly owned company for production and marketing of the Korean company's range of polyol products in the Asian market and Perstorp's specialty chemical products in Korea. An agreement was also reached with Koei Chemical Company of Japan regarding the establishment of a jointly owned company for marketing and sales of specialty chemical products, primarily in the Japanese market. Both alliances will strengthen the business area's market positions in Asia.

Financial position

Capital employed at the end of the year amounted to SEK 7,797 m (8,875). The divestment of Industrial Resins and Construction Chemicals, as well as the Group's shareholding in Perstorp Clariant AB, contributed to the decrease. The weakening of foreign currencies, mainly USD but also EUR, during the year also contributed to a reduction in capital employed. On the other hand, the acquisition of Moldable Composite operations resulted in an increase of nearly SEK 200 m in capital employed.

The debt/equity ratio at year-end was 1.4 (1.5). The equity/assets ratio at year end was 32% (31). The Parent

Company was granted the right of first refusal on the remaining shares in Perstorp AB (publ) during the year, following which the minority shareholding was reduced to SEK 3 m. Shareholders' equity fell by SEK 213 m during 2002. Net profit for the year amounted to SEK 37 m, while translation differences were negative in an amount of SEK 250 m, following positive effects of SEK 44 m from currency-hedging measures. The consolidated goodwill resulting from the formation of the SSK Group accounted for SEK 111 m of the negative translation difference, which derived from the appreciation of SEK in relation to mainly EUR and USD. A reversal of translation differences pertaining to divested subsidiaries was made in an amount of SEK 12 m.

Cash flow

Cash flow from continuing operations amounted to SEK 770 m. The earnings before depreciation, SEK 1,121 m, was mainly countered by interest expense totaling SEK 214 m and an increase in working capital by SEK 65 m.

Cash flow from investing activities amounted to SEK 207 m, including a combined total of SEK 527 m from the sale of Construction Chemicals, Industrial Resins and the Group's shareholding in Perstorp Clariant AB. This was offset by the acquisition of Moldable Composite operations (negative impact of SEK 96 m on cash flow), the acquisition of additional shares in Pergo AB (publ) in connection with a new issue (neg: SEK 56 m) and investments in fixed assets (neg: SEK 181 m).

As a result of the positive cash flow, utilization of the Group's credit facilities was reduced by SEK 1,049 m during the year. Liquid assets declined by SEK 69 m during the year, amounting to SEK 27 m on December 31. Subsequently, unutilized credit facilities at year-end amounted to SEK 869 m.

Investments

Investments in fixed assets during 2002 amounted to SEK 190 m (excluding acquisitions), of which SEK 181 m had an impact on cash flow. Major projects included capacity increasing measures in Toledo, USA, for specialty polyols and concrete admixtures. Investments were also made in increasing the efficiency and quality of engineering phenolics operations (composite materials for the automotive industry).

Transactions with closely related companies

During the fiscal year, the Group had business relations with companies in the Dynea group, which is also controlled by Industri Kapital funds. The transactions consisted of purchases of formalin and resins, as well as research and development services in a total amount of SEK 36 m and sales of various specialty chemicals products in a total amount of SEK 19 m. All of the transactions involving products were implemented on normal market terms, while the transactions

involving services were priced at cost.

As stated above under the "Divestments of operations" heading, Perstorp's remaining resin operations were sold to Finnish chemicals group Dynea Oy during the year.

Joint ownership program for senior executives

Within the framework of an incentive program, Industri Kapital 2000 Fund has offered senior executives in the Sydsvenska Kemi Group the opportunity to become joint owners of Sydsvenska Kemi AB. Slightly more than 50 executives accepted the offer and have acquired shares corresponding to 0.56% of the share capital, as well as associated options. Pricing of the shares and options is conducted on normal market terms.

Board and Management

The Board of Directors of Sydsvenska Kemi AB held 14 meetings during 2002. During the year, Lennart Holm, Ronny Nilsson, Gunnar Palme and Björn Savén were elected new members of the Sydsvenska Kemi AB Board. The Board has decided not to form an audit committee. Instead, significant auditing matters will be addressed by the entire Board. The Board and the auditors met during the year. A remuneration committee was formed during 2002.

As of the 2003 fiscal year, Group Management consists of Lennart Holm, President and Chief Executive Officer, Inge Pettersson, Deputy CEO and Chief Operating Officer and Claes Gard, Chief Financial Officer.

Members of Group Management and the heads of business areas, business processes and Group staffs jointly form the Executive Management Team, EMT, which is responsible for issues involving Group-wide strategies and other Group-wide matters of major importance.

Debenture loan

A portion of the purchase consideration paid to Perstorp shareholders in connection with the acquisition of Perstorp in the summer of 2001 took the form of a subordinated debenture loan issued by Sydsvenska Kemi AB. This loan is registered on Stockholmsbörsen (SOX) under the SYSK 1 designation.

The debenture loan is a zero-coupon instrument for which no interest will be paid before maturity, which will be on June 9, 2011. The debenture loan is subordinated, which means that, in the event of bankruptcy, repayment of the loan is subordinate to the payment claims of other creditors and guarantors.

Units in the debenture loan are called debentures. Repayment of the loan will be made at the nominal value of the debentures,

which is SEK 51. There are a total of 71,127,266 debentures. The nominal value of the loan on maturity in June 2011 will be SEK 3,627 m. The loan amount at the end of 2002 was SEK 1,198 m.

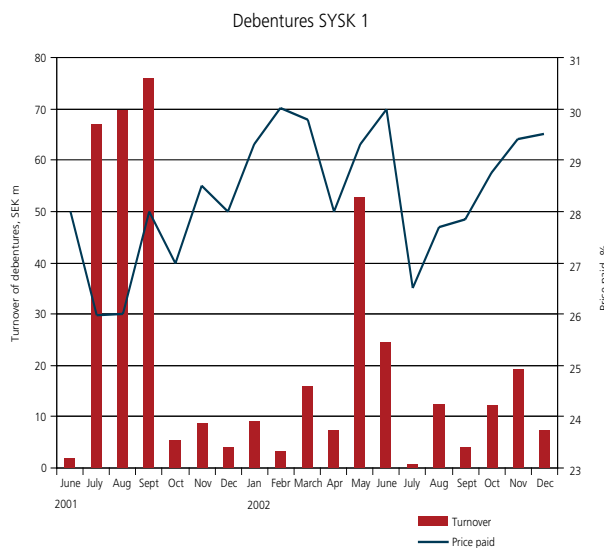
On Stockholmsbörsen, debentures are priced as a percentage of the nominal value at which the loan will be repaid. The lowest price paid in 2002 was 26.0% on September 6 and the highest price was 30.2% on March 1. The price at the end of January 2003 was 29.5%, which would correspond to an annual return of slightly more than 15%, assuming that the loan is redeemed on maturity. The main factors determining the market's pricing of the debentures are the term remaining until maturity, the general interest-rate climate and the risk premium assigned to Sydsvenska Kemi's ability to generate future profits and cash flow. During 2002, debentures with a total nominal value of SEK 169 m were traded, divided among 383 completed transactions.

On condition that the loans from Svenska Handelsbanken, or other loans that replace these loans, have been repaid in full, the creditors and Sydsvenska Kemi each have the independent right to demand premature redemption of the debenture loan on condition that Industri Kapital no longer owns or controls (through ownership or agreements) more than 50% of the shares or voting rights in Sydsvenska Kemi, or if Sydsvenska Kemi shares are accepted for listing on Stockholmsbörsen or another stock exchange or listing system.

On condition that the loans mentioned above have been repaid, Sydsvenska Kemi is also entitled to demand premature redemption of the debenture loan on a quarterly basis beginning on September 30, 2004.

In the event of premature redemption, a discount rate of 12% will be used to compute the amount to be repaid.

For complete information, see the stock exchange prospectus dated April 2, 2001.



Employees



Martin Lundin,
Director Human Resources
& Communications



Peter Karsberg,
Director Business Review
& Improvement Team



Susanna Frennemo,
Head of Corporate IT

The average number of full-time employees during the year was 2,118, distributed as follows geographically: Sweden 55%, other EU countries 23%, the US 10% and Asia 12%.

The actual number of Group employees at the end of the year was 2,196 (2,561). The decrease in the number of employees was due mainly to the divestment of operations, although this was partly offset by the acquisition of Moldable Composites' operations.

During the fiscal year, a number of Group-wide management and personnel-training programs were initiated to support the Group's development. A global program, *Forward*, comprising about 100 senior executives was arranged to enhance awareness and knowledge of Perstorp's challenges in terms of management, strategy and increased customer value and the managers' ability to handle these challenges. A global personnel-management program, People Management and Development, was formulated to facilitate management by objectives, career planning and manager supply.

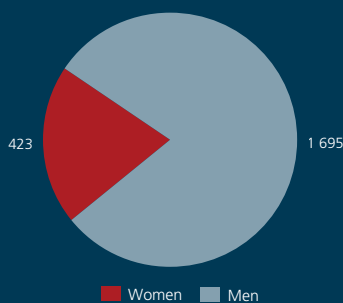
A new function, Learning and Development, was formed to assume responsibility for skills supply at all levels of the Group and for implementing various internal training programs. This includes a requirement that all employees with personnel responsibility must complete a training program that leads to a "manager driver's license." This training program was introduced in the Swedish portion of operations in 2002 and will be launched in overseas units during 2003.

The profit-sharing and bonus system launched during 2001 was implemented in full during 2002 and now covers virtually all employees.

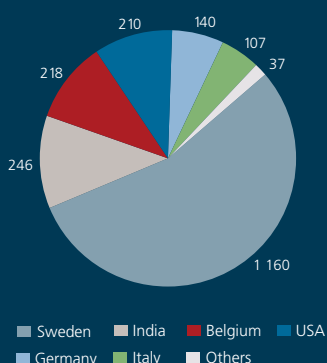
A people satisfaction survey conducted during the year showed clearly that Group employees as a whole perceive the atmosphere and their job satisfaction as good and that virtually all Group units perceive that improvements have been made in several respects in relation to the preceding year. This positive trend is also reflected in the fact that employee turnover among senior executives has decreased drastically, at the same time as reduced absence due to illness was noted among employees in Sweden and elsewhere.

In the field of communications, which is also organized as part of the Human Resources & Communications function, the Group has established a Visual Identity Program, aimed at enhancing the Perstorp trademark.

Distribution, women/men



Average number of employees by country



Process of change and business development

Since the Group's formation in 2001, Perstorp has worked actively and systematically to implement changes aimed at creating a world-class specialty chemicals group.

Following the merger, more than 200 change or efficiency-enhancing measures have been conducted in all parts of the organization and the results have been ascertained with the help of a special follow-up system called TP (Transformation of Perstorp). The business areas have shown significant earnings improvements and the efficiency-enhancing programs have improved earnings at the consolidated level by approximately SEK 170 m.

Productivity and efficiency-enhancing programs within the manufacturing units account for a large proportion of the implemented projects, while several of the most recently launched projects have been in the sales, marketing and purchasing fields.

Continuing to develop the Group's product range and establishing a system and work method for continuous improvements, such as *nEverest*, are other key features of Perstorp's strategy.

In order to support the work of the business areas and other units in terms of business development and efficiency-enhancing programs, a new corporate level function was formed as of January 1, 2003.

A team of five project managers will work in this newly formed function, which will focus on both Group-wide projects and projects emanating from the various parts of the organization. To ensure that the projects gain the requisite support within the organization and can quickly be converted into practical action, each project is sponsored by a member of the Executive Management Team, which means by the manager of the business area or business process concerned or by a senior executive with an equivalent status.

The new function will also serve as a resource in strategic work and will, among other activities, participate in and be the driving force in acquisition projects.

Information Technology, IT

The Group made several strategic decisions during 2002 and initiated new projects in the IT field. To a large extent, these were made necessary by the integration of the Perstorp and Neste Oxo subgroups and by the acquisition and divestment of companies. The most notable measures included:

- A decision to retain all of Perstorp's various business-administration systems until further notice and, as a

consequence of this, to form Data Warehouse, meaning a central-level database that is used mainly for sales-related information collected by the Group's business-administration systems. In connection with this, the foundation was laid for a global integration platform, and a strategic decision was taken to modernize the web environment.

- A decision to install a global e-mail system and to introduce a standardized PC and server environment throughout the Group.
- An organizational strengthening of Perstorp's central-level and global IT operations system unit, Perstorp IT Operations Center (ITOC). As of 2002, ITOC also includes employees from the former Neste Oxo's IT department, which has enhanced ITOC's role as an in-house IT supplier.

In addition, several of the Group's Swedish companies replaced their accounting systems during the year. A suite of older mainframe systems was replaced by a modern integrated standard system. During this project, Perstorp's new integration platform was used for link-ups with other systems.

A new strategy model was formulated for the Group's IT operations, emphasizing the already initiated move towards standardization, centralization and simplification throughout the IT area in terms of infrastructure, applications and organization.

Several of the introduced initiatives will also require considerable resources during 2003, when the new systems will be implemented and start to be utilized by users.

Environment

Environment, health and safety are high-priority areas throughout the Perstorp Group, with the aim of making continuous improvements towards established objectives in each unit. Proactive environmental efforts are a prerequisite for conducting operations in a responsible manner and for achieving sustainable development.

Operations requiring permits

During the fiscal year, the Group had production units in eight countries in Europe, North America and Asia. In Sweden, the Group conducts more than 20 activities that require permits and, for example, Perstorp Specialty Chemicals AB, Perstorp Formox AB and Perstorp Oxo AB have valid permits for the production of polyols, formic acid, formaldehyde, acids, alcohols and certain other products. The units requiring permits comprise the majority of Group operations in Sweden. Each unit has a legal requirement to submit annual environmental reports, which have to be approved by the pertinent supervisory authority. Several production units in the Group are ISO 14001 certified.

In Sweden, consultations were conducted during the year with the County Administrative Board in Skåne County and other interested parties concerning increased production of neopentyl glycol at the complex in Perstorp. An application regarding this matter was also submitted to the Environmental Court in Växjö. During 2003, the Environmental Court in Växjö held its main proceedings concerning increased production of formaldehyde and pentaerythritol at the complex in Perstorp. Subsequently, new permits were received.

In addition, a decision granting a permit for expansion of the formic acid plant was received from the Environmental Court in Växjö during 2002. A private individual has filed an appeal against a decision from the Environmental Court in Växjö granting permission for the establishment of a new production plant for Boltorn® at the complex in Perstorp. This matter is currently being addressed by the Environmental Appeals Court/Svea Court of Appeal. The same private individual has filed an appeal against the new decision to grant a permit for the formic acid plant.

During 2002, the Stenungsund unit initiated, at an early stage of the process, expanded consultations with authorities and other relevant stakeholders regarding a new application to the Environmental Court. This application pertained to use of natural gas instead of EO 5 heating oil as a raw material in the synthetic gas facility, increased production of aldehydes, organic acids and hydrated products and production of new types of esters based on carboxyl acids and other alcohols. A separate judgment enabling the initiation of construction work was announced in early 2003. Introduction of natural gas will give rise to several favorable environmental effects, since this gas does not contain sulfur, nitrogen or heavy metals. As a result, the existing plants for sulfur purification and nitrogen reduction will no longer be required. In addition, it means that biological sludge from the treatment of process wastewater will contain virtually no heavy metals, which will give rise to additional offsetting opportunities.

A number of new permits were also issued during the year for certain units outside Sweden, including units in Germany, Belgium, the US and India.

Environmental impact

The Group's production operations mainly impact on the external environment through emissions into the air and waterways and in the form of waste and noise generation. The Group's Environmental Report contains more detailed information about Perstorp's environmental impact.

A decontamination project is under way at the neopentyl glycol plant in Perstorp, where the groundwater has been polluted by finished products. The project is expected to last for another couple of years. The Group is also involved in discussions regarding responsibility for two previously divested properties in Bankeryd, Sweden.

Environmental Report on the Internet

During the spring of 2003, the Environmental Report for 2002 will be available on the Group's website (www.perstorp.com). The Environmental Report, which will only be published on the Internet, contains more detailed information about the Group's work on the environment, health and safety.



Proposed distribution of profits

Unrestricted shareholders' equity, as shown in the consolidated balance sheet, amounts to SEK 2,873 m. An allocation of SEK 12 m to restricted reserves is required.

The Board of Directors and President propose that the funds available for distribution by the Annual General Meeting, as shown in the balance sheet, namely:

Retained earnings	SEK	3,085,985,570
Net profit for the year	SEK	118,700,663
		<hr/>
	SEK	3,204,686,233

be distributed as follows:

To be allocated to legal reserves	SEK	12,000,000
		<hr/>
To be retained in the business	SEK	3,192,686,233

Perstorp, March 28, 2003

Hans Larsson
Chairman

Björn Savén
Deputy Chairman

Fredrik Arp

Stig Gustavson

Anitha Hermansson

Klas Ingstorp

Stefan Linder

Ronny Nilsson

Gunnar Palme

Michael Rosenlew

Lennart Holm
President

Our audit report was submitted on March 31, 2003.

Michael Bengtsson
Authorized Public Accountant

Ulf Pernvi
Authorized Public Accountant

Financial Accounts

Consolidated Income Statement

SEK m	Note	2002	2001 ¹⁾
Net sales	1	5,998	3,378
Cost of goods sold	2	-4,561	-2,789
Gross earnings		1,437	589
Sales costs	2	-235	-132
Administrative costs	2	-365	-207
Research and development costs	2	-71	-40
Other operating revenues and expenses	3	25	11
Amortization of intangible fixed assets	2	-255	-129
Result from participations in associated companies	4	0	3
Operating earnings		536	95
<i>Result from financial investments:</i>			
Interest income and similar items	6	27	45
Interest expense and similar items	7	-411	-237
Write-down/reversal of write-down of financial holdings (Pergo)		26	-212
Profit before taxes		178	-309
Taxes	8	-142	-33
Minority share in net profit	9	1	-3
Net profit/loss for the year		37	-345

1) The Group has conducted operations since the end of June 2001, when the acquisitions of Perstorp and Neste Oxo were completed. The Parent Company was formed in December 2000.

Consolidated Balance Sheet

SEK m	Note	Dec 31, 2002	Dec 31, 2001
Assets			
Fixed assets			
Intangible fixed assets	10	4,444	4,685
Buildings and land	11	727	805
Machinery and equipment	11	2,344	2,580
Construction in progress and advance payments	11	149	150
Tangible fixed assets	11	3,220	3,535
Deferred tax receivable	8	60	313
Participations in associated companies	13	0	166
Other shares and participations	14	120	38
Other long-term receivables	15	102	134
Financial fixed assets		282	651
Inventories	16	694	703
Accounts receivable		980	1,097
Other receivables	17	303	353
Current receivables		1,283	1,450
Cash and bank		27	96
Total assets		9,950	11,120
Shareholders' equity and liabilities			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	18	300	300
Restricted reserves	18	-	41
Restricted shareholders' equity		300	341
Unrestricted shareholders' equity			
Unrestricted reserves	18	2,836	3,390
Net profit/loss for the year		37	-345
Unrestricted shareholders' equity		2,873	3,045
Shareholders' equity		3,173	3,386
Minority interests	19	3	40
Deferred tax liability	8	464	558
Other provisions	20	577	457
Provisions		1,041	1,015
Convertible debenture loan	22	1,198	1,050
Other long-term liabilities	21	2,890	3,982
Long-term liabilities		4,088	5,032
Accounts payable		611	652
Other operating liabilities	23	577	648
Current operating liabilities		1,188	1,300
Current financial liabilities	21	457	347
Total shareholders' equity and liabilities		9,950	11,120
Pledged assets	24	8,236	8,545
Contingent liabilities	25	272	210

Consolidated Cash Flow Statement

SEK m	2002	2001 ¹⁾
<i>Continuing operations:</i>		
Operating profit	536	95
Adjustment for items not included in cash flow:		
Depreciation/amortization	585	302
Other ²⁾	-59	-61
Interest received	20	37
Interest paid	-234	-207
Paid income tax	-13	-41
Cash flow from continuing operations before changes in working capital	835	125
<i>Changes in working capital</i>		
Increase (-) decrease (+) in inventories	-47	68
Increase (-) decrease (+) in current receivables	-80	365
Increase (+) decrease (-) in current liabilities	62	-96
Cash flow from continuing operations	770	462
<i>Investing activities</i>		
Acquisition of net assets of subsidiaries	-96 ³⁾	-5,410
Acquisition of financial fixed assets	-56	-264
Acquisition of tangible and intangible fixed assets	-181	-173
Sale of net assets of subsidiaries	331 ⁴⁾	0
Sale of financial fixed assets	196	150
Sale of tangible fixed assets	11	16
Change in financial fixed assets	2	-
Cash flow from investing activities	207	-5,681
<i>Financing activities</i>		
New share issue/shareholder contribution	0	3,382
New loans raised	0	5,050
Amount paid in by minority shareholders	3	-
Change in utilization of credits	-1,049	-3,117
Cash flow from financing activities	-1,046	5,315
Change in liquid funds, incl. short-term investments	-69	96
Liquid assets on January 1, incl. short-term investments	96	-
Translation difference in liquid funds	0	0
Liquid funds on December 31	27	96

1) The Group did not arise until the end of June 2001, when the acquisitions of Perstorp and Neste Oxo were completed. The Parent Company was formed in December 2000.

2) Pertains mainly to changes in provisions.

3) 4) See next page.

FINANCIAL ACCOUNTS

3) The Moldable Composites operations of Rogers Corporation, USA, were acquired during the year. The value of the acquired assets and liabilities according to the acquisition analyses were as follows:

Tangible fixed assets	-151
Intangible fixed assets	-139
Inventories	-37
Current receivables	-47
Total estimated acquisition price	-374

Of which

Loan from seller	98
Provision for estimated supplementary purchase consideration	180
Cash flow from acquisition of subsidiaries' net assets	-96

4) Sales of subsidiaries' net assets. Applies to resin operations and Construction Chemicals.

Intangible fixed assets	12
Tangible fixed assets	168
Deferred tax receivable	42
Inventories	66
Current receivables	253
Provisions	-3
Current operating liabilities	-175
Reversal of translation difference in shareholders' equity	-12
Total sales price	351
Promissory note receivable, purchaser	-20
Cash flow from sales of subsidiaries' net assets	331

Consolidated income statement by quarter

Consolidated income statement by quarter

SEK m	2001					2002				
	Q1 ^{*)}	Q2 ^{*)}	Q3	Q4	Full year ^{*)}	Q1	Q2	Q3	Q4	Full year
Net sales	1,827	1,863	1,760	1,618	7,068	1,453	1,629	1,505	1,411	5,998
Cost of goods sold	-1,511	-1,522	-1,472	-1,317	-5,822	-1,098	-1,195	-1,163	-1,105	-4,561
Gross earnings	316	341	288	301	1,246	355	434	342	306	1,437
Sales, administration and R&D cost	-228	-221	-183	-196	-828	-174	-180	-167	-150	-671
Other operating revenues and expenses	31	15	4	7	57	-1	-12	44	-6	25
Amortization of intangible fixed assets	-64	-66	-65	-64	-259	-64	-63	-64	-64	-255
Result from participations in ass. companies	1	1	0	3	5	0	0	0	0	0
Operating earnings (EBIT)	56	70	44	51	221	116	179	155	86	536
Financial income and expense			-121	-97		-98	-96	-108	-82	-384
Write-downs/reversal of write-down of financial holdings (Pergo)				-212		-	-	-	26	26
Profit before taxes			-77	-258		18	83	47	30	178
Taxes			-6	-20		-26	-47	-35	-34	-142
Minority share in net profit			-4	1		0	-1	0	2	1
Net profit/loss			-87	-277		-8	35	12	-2	37
Operating earnings before depreciation (EBITDA)	219	230	203	193	845	264	327	302	228	1,121

Net sales by business sector and business area, by quarter

SEK m	2001					2002				
	Q1 ^{*)}	Q2 ^{*)}	Q3	Q4	Full year ^{*)}	Q1	Q2	Q3	Q4	Full year
Perstorp Coating Intermediates	631	672	629	561	2,493	624	669	581	590	2,464
Perstorp Oxo Intermediates	427	439	430	368	1,664	399	488	471	433	1,791
Perstorp Performance Chemicals	122	149	127	132	530	134	145	132	122	533
Perstorp Formox	170	165	133	132	600	110	150	152	120	532
Eliminations	-59	-86	-84	-74	-303	-100	-113	-97	-104	-414
Specialty Chemicals	1,291	1,339	1,235	1,119	4,984	1,167	1,339	1,239	1,161	4,906
Materials Technology	230	224	217	203	874	233	232	211	226	902
Other operations, incl. eliminations	45	60	72	72	249	53	58	55	24	190
Group, current operations	1,566	1,623	1,524	1,394	6,107	1,453	1,629	1,505	1,411	5,998
Industrial Resin	312	290	275	263	1,140	-	-	-	-	-
Eliminations	-51	-50	-39	-39	-179	-	-	-	-	-
Group	1,827	1,863	1,760	1,618	7,068	1,453	1,629	1,505	1,411	5,998

Operating earnings before and after depreciation, by quarter

Operating earnings before depreciation (EBITDA)

SEK m	2001					2002				
	Q1 ^{*)}	Q2 ^{*)}	Q3	Q4	Full year ^{*)}	Q1	Q2	Q3	Q4	Full year
Specialty Chemicals	191	203	163	130	687	235	302	277	189	1,003
Materials Technology	19	14	8	23	64	23	22	15	20	80
Other operations	-8	-3	15	17	21	6	3	10	19	38
Group, current operations	202	214	186	170	772	264	327	302	228	1,121
Industrial Resin	17	16	17	23	73	-	-	-	-	-
Group	219	230	203	193	845	264	327	302	228	1,121
Operating earnings (EBIT)										
Group, current operations	49	64	38	39	190	116	179	155	86	536
Industrial Resin	7	6	6	12	31	-	-	-	-	-
Group	56	70	44	51	221	116	179	155	86	536

*) Pro forma. No pro forma calculations of financial items, taxes and intangible assets have been made for the period prior to the Group's formation in June 2001.

Parent Company Income Statement

SEK m	Note	2002	2001 ¹⁾
Net sales	1	11	-
Administrative costs	2	-38	-4
Other operating expenses and revenues		-1	-
Gross earnings		-28	-4
Interest income and similar income statement items	6	2	48
Interest expense and similar income statement items	7	-338	-172
Write-down/reversal of write-down of financial holdings (Pergo)	7	26	-212
Group contributions received		493	0
Profit/loss before taxes		155	-340
Taxes	8	-36	36
Net profit/loss		119	-304

1) The Parent Company was formed in December 2000. Profit in 2000 amounted to nil.

Parent Company Balance Sheet

SEK m	Note	Dec 31, 2002	Dec 31, 2001
Assets			
Deferred tax receivable	8	-	36
Participations in Group companies	12	6,866	6,841
Long-term receivables from Group companies		2	-
Other shares and participations	14	120	38
Other long-term receivables	15	38	49
Financial fixed assets		7,026	6,964
Current financial receivables from Group companies		493	-
Other receivables	17	1	1
Current receivables		494	1
Cash and bank		-	69
Total assets		7,520	7,034
Shareholders' equity and liabilities			
Shareholders' equity			
Restricted shareholders' equity:			
Share capital	18	300	300
Total restricted shareholders' equity		300	300
Unrestricted shareholders' equity:			
Retained earnings	18	3,086	3,390
Net profit/loss for the year		119	-304
Unrestricted shareholders' equity		3,205	3,086
Shareholders' equity		3,505	3,386
Debenture loan	22	1,198	1 050
Long-term liabilities to Group companies		150	150
Other long-term liabilities	21	1 145	1 690
Long-term liabilities		2,493	2,890
Accounts payable		2	11
Operating liabilities to Group companies		2	-
Other operating liabilities	23	10	7
Current operating liabilities		14	18
Current financial liabilities to Group companies		1,128	430
Other current financial liabilities	21	380	310
Current financial liabilities		1,508	740
Total shareholders' equity and liabilities		7,520	7,034
Pledged assets	24	6,866	6,910
Contingent liabilities	25	794	2,585

Parent Company Cash Flow Statement

SEK m	2002	2001
<i>Continuing operations</i>		
Operating profit/loss	-28	-4
Adjustment items	-1	-
Interest received	2	47
Interest paid	-181	-148
Cash flow from continuing operations before changes in working capital	-208	-105
<i>Changes in working capital</i>		
Increase (-) /decrease (+) in current receivables	-	-2
Increase (+) /decrease (-) in current liabilities	-3	16
Cash flow from continuing operations	-211	-91
<i>Investing activities</i>		
Acquisition of shares in subsidiaries	-25	-5,452
Acquisition of financial fixed assets	-56	-250
Cash flow from investing activities	-81	-5,702
<i>Financing activities</i>		
New share issue/shareholders' contribution	-	3,280
New loans raised, external	-	5,050
New loans raised, subsidiaries	698	430
Amortization of debt	-475	-2,898
Cash flow from financing activities	223	5,862
Change in liquid funds, incl. short-term investments	-69	69
Liquid assets on January 1, incl. short-term investments	69	-
Liquid funds on December 31	-	69

Definitions of key data

Margin ratios

Operating margin

Operating earnings after depreciation as a percentage of net sales.

Operating margin before depreciation

Operating earnings before depreciation as a percentage of net sales.

Capital ratios

Average capital

Based on all monthly balances during the year.

Working capital

Operating receivables less operating liabilities.

Capital employed

Total assets less interest-free liabilities.

Net borrowing

Interest-bearing liabilities less financial interest-bearing receivables.

Financial ratios

Debt/equity ratio

Net borrowing in relation to shareholders' equity, incl. minority interest.

Equity ratio

Shareholders' equity and minority interest in relation to total assets.

Return ratios

Return on capital employed

Operating earnings plus interest income as a percentage of average capital during the year.

Return on equity

Net profit as a percentage of average shareholders' equity during the year.

Accounting principles and notes

Amounts in SEK millions (SEK m), unless otherwise stated.

Accounting principles

Sydsvenska Kemi complies with the Swedish Financial Accounting Standards Council's recommendations that became effective on January 1, 2002, the Swedish Annual Accounts Act and the accounting principles specified below.

The consolidated accounts have been prepared in accordance with the purchase method. The consolidated accounts include the Parent Company, Sydsvenska Kemi AB, and those companies in which the Parent Company directly or indirectly holds shares carrying more than 50% of the voting rights for all shares, as well as those companies in which the Parent Company has the sole controlling interest for some other reason. Shareholdings in other companies that correspond to between 20% and 50% of the share capital and which are long-term are reported as associated companies in accordance with the equity method. Participations in the results of associated companies are reported after financial items in consolidated operating earnings. Participations in the taxes of associated companies are reported in the Group's tax costs. If the Group's participation in an associated company amounts to zero or is negative, the holding ceases to be reported as profit participation.

Assets, liabilities and provisions in acquired companies are entered at market value in the consolidated accounts. If the acquisition value of the shares in subsidiaries exceeds the market value of the acquired net assets, the difference is reported as goodwill. The final reassessment of the acquisition balance sheet was effected during the year in order to better reflect the actual conditions prevailing at the date of acquisition in June 2001. The significant changes pertain to the valuation of the Group's associated companies in Indonesia, the operations conducted in Italy and the units that have been divested (resin operations, Construction Chemicals and the shareholding in Perstorp Clariant). Consolidated goodwill was not affected by these changes. Fixed assets and goodwill are depreciated/amortized in the manner specified under "Depreciation" below.

Earnings in companies that were acquired/divested during a fiscal year are only included in the consolidated income statement for that portion of the year in which the companies concerned belonged to the Group, or up to the date of divestment.

Net sales are defined as the total invoiced value of products delivered and services rendered, less direct discounts. Revenues from sales of products are reported when the risk associated with the products is transferred to the purchaser. The exchange rate prevailing on the transaction date is used for the reporting of sales in currencies other than the company's local currency.

Sales revenues and earnings pertaining to sales of formalin plants are reported in accordance with RR10 "Contracts and similar assignments," which means that revenues and costs are reported in relation to the rate of completion of the assignments at year-end. In cases where it is probable that the total contract costs will exceed the total contract revenues, the surplus amount is reported immediately as a cost.

Depreciation according to plan is based on the acquisition value of assets and on their estimated economic life. Any restoration costs prior to 2001 have not been taken into account. The table below shows the depreciation and amortization periods for the various types of fixed assets.

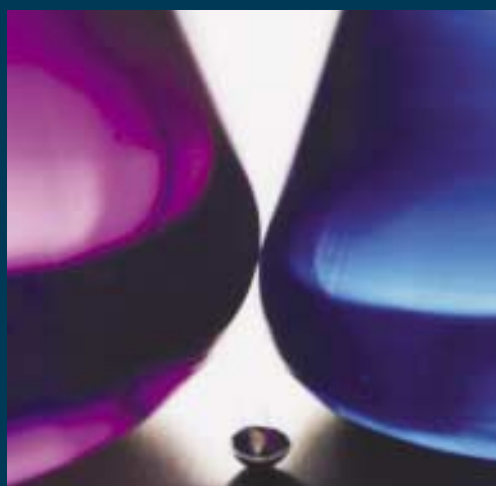
Depreciation periods

Buildings	20-50 years
Land improvements	10-35 years
Machinery and equipment	10-30 years
Goodwill	5-20 years
Know-how	3-7 years
Trademarks	5 years
Computers, molds and vehicles	max 5 years

Land and construction in progress are not depreciated.

Goodwill related to the acquisition of Perstorp and Oxo is amortized over 20 years, since these are strategic acquisitions that provide Sydsvenska Kemi with world-leading positions within a number of segments of the specialty chemicals market. A corresponding amortization period is applied for the strategic acquisition of moldable composite operations within Materials Technology.

Inventories are valued at the lower of acquisition value and actual value. The acquisition value is calculated in accordance with the "first in, first out" principle.



FINANCIAL ACCOUNTS

Accounts receivable are entered in the amount expected to be received after individual assessment.

Transactions in foreign currency are booked at the exchange rate prevailing on the transaction date. In the financial statements, receivables and liabilities in foreign currency are valued at the year-end exchange rate. In cases where the value of accounts receivable and accounts payable has been hedged through forward contracts, the forward rate is used when valuing the underlying receivable or liability. The exchange-rate differences resulting from this in commercial operations, meaning those that affect sales and purchases, are reported under "Other revenues and costs" within the "Operating earnings" item. Exchange-rate differences pertaining to financing operations are included in financial income or financial expense.

The current method is used for **translating the financial accounts of foreign subsidiaries** into Swedish kronor. Accordingly, income statements are translated using the average exchange rates during the fiscal year, while balance sheets are translated using year-end rates. All foreign units are regarded as independent units.

The changes that arise in the Group's shareholders' equity due to differences in year-end rates between the various years are entered directly in shareholders' equity. Exchange-rate differences resulting from loans intended to hedge net investment in foreign subsidiaries are reported after tax against translation differences in these subsidiaries' shareholders' equity.

The pension liability consists of the capital value at year-end of the pension commitments that are not secured through pension insurance policies or allocations to independent pension foundations. The annual change in the capital value of the pension commitments is charged against earnings for the year. The pension commitments existing in the various countries in which the Group is active may be divided into three categories:

- Defined benefit plans: Swedish Group companies
- Defined contribution plans: Group companies in India and Italy.
- A combination of defined benefit and defined contribution plans: Group companies in Belgium, the US and Germany.

The premiums for benefit-based pension schemes vary in accordance with the legal, fiscal and economic conditions pertaining in each particular country. The benefit is based on the number of years of service and salary level. The pension liability was calculated in accordance with generally acceptable accounting practices in the countries concerned.

Deferred tax attributable to significant temporary differences between the book and taxable value of assets and liabilities is entered in the consolidated and Parent Company financial statements. The deferred tax receivable attributable to unutilized tax-loss carryforwards is only reported if the probability that the carryforwards will be utilized within a ten-year period is regarded as high. The tax is estimated on the basis of the current tax rate in the countries concerned.

1. Net sales

Net sales by market area.

	Group	
	2002	2001
EU	3,661	2,115
Rest of Europe	391	196
NAFTA	1,009	527
Asia	628	320
South and Central America	158	154
Africa	126	54
Australia and Oceania	25	12
Total	5,998	3,378

The Parent Company's sales of services during 2002 amounted to SEK 11 m (0).

2. Depreciation/amortization of tangible and intangible fixed assets

	Group	
	2002	2001
Depreciation/amortization according to plan by type of asset		
Machinery and equipment	290	146
Buildings and land improvement	40	27
Goodwill and other intangible assets	255	129
Total	585	302
Depreciation/amortization according to plan by function		
Production	318	160
Sales	3	2
Administration	7	9
Research and development	2	2
Goodwill and other intangible assets	255	129
Total	585	302

The Parent Company had no fixed assets at year-end 2002.

Depreciation/amortization is based on the acquisition value of assets and on their estimated economic lifetime as stipulated in the Accounting Principles section.

3. Other operating revenues and costs

	Group		Parent Company	
	2002	2001	2002	2001
Exchange-rate differences on operating receivables/liabilities ¹⁾	31	-4	-	-
Revaluation of pension assets, USA	-27	-	-	-
Insurance compensation	8	1	-	-
Sale of land, Belgium	5	-	-	-
Commission income	0	4	-	-
Other	8	10	-1	-
Total	25	11	-1	-

¹⁾ Also see Note 21, Financial risk management.

4. Results from participations in associated companies

	Group	
	2002	2001
Bumi Raya, Indonesia	0	0
Perstorp Clariant AB	-	3
Total	0	3

5. Leasing agreements

Operational leasing agreements

	Group	
	2002	2001
Future minimum leasing fees		
Due		
2003	8	6
2004-2007	22	7
2008-	-	-
Total	30	13
Leasing costs during the year		
Minimum leasing fees	4	3
Variable costs	2	1
Total	6	4

The Parent Company has not concluded any leasing agreements. The above fees pertain to leasing agreements entered into at December 31, 2002, including leases for properties.

Financial leasing agreements

	Group	
	2002	2001
Future minimum leasing fees		
Due		
2003	1	-
2004-2007	1	-
2008-	-	-
Total	2	-
Included in tangible fixed assets	2	-

FINANCIAL ACCOUNTS

6. Interest income and similar items

	Group		Parent Company	
	2002	2001	2002	2001
Interest income	20	36	2	33
Interest income from subsidiaries	-	-	-	13
Exchange-rate gains	7	9	-	2
Total	27	45	2	48

7. Interest expense and similar items

	Group		Parent Company	
	2002	2001	2002	2001
Interest expense	-387	-218	-268	-159
Interest expense, subsidiaries	-	-	-57	-6
Amortization of capitalized costs for raising bank financing	-10	-5	-10	-5
Other financial expenses	-14	-14	-3	-2
Total	-411	-237	-338	-172

8. Tax

	Group		Parent Company	
	2002	2001	2002	2001
Current tax	-50	-	-	-
Deferred tax on net profit for the year	-92	-33	-36	36
Total tax reported in income statement	-142	-33	-36	36

Corporate taxation In Sweden, the corporate tax rate was 28% in 2002. The effective tax rate for the Group, based on earnings after net financial items, was 31% in 2001, because tax rates in the US and Belgium are higher than the Swedish rate. The reasons for the difference between the estimated local tax rate for Sweden and the effective tax rate are described below.

Group tax costs	Group		Parent Company	
	2002	2001	2002	2001
Earnings before taxes	178	-309	155	-340
Tax computed in accordance with Swedish tax rate	-50	87	-43	95
Difference between nominal tax rate in Sweden and effective tax rate in the Group	-5	-13	-	-
Tax cost pertaining to divested subsidiaries	-12	-	-	-
Non-capitalized tax loss carryforwards	-21	-12	-	-
Adjustment for taxes in prior years	4	-	-	-
Valuation of previously non-valued tax loss carryforwards	105	-	-	-
Write-down of deferred tax receivable	-115	-	-	-
Non-taxable income				
Reversal of write-down of Pergo shareholding	7	-	7	-
Other non-taxable income	13	-	-	-
Non-tax-deductible items				
Write-down of Pergo shareholding	-	-59	-	-59
Goodwill amortization attributable to acquisition of Perstorp and Neste Oxo Groups	-66	-36	-	-
Other non-tax-deductible items	-2	-	-	-
Total	-142	-33	-36	36

Tax loss carryforwards As stated in the accounting principles, the value of unutilized tax loss carryforwards is capitalized in cases where it is highly probable that the carryforwards will be utilized within a ten-year period. In addition, there are unutilized tax loss carryforwards totaling SEK 265 m and temporary differences totaling SEK 157 m that have not been assigned any value.

Temporary differences arise in cases where the reported value of assets or liabilities differs from the value for tax purposes. The temporary differences in the Group resulted in a deferred tax receivable or a deferred tax liability with respect to the following items:

	Group		Parent Company	
	2002	2001	2002	2001
Deferred tax liabilities				
Untaxed reserves	243	360	-	-
Tangible fixed assets	210	173	-	-
Other	11	25	-	-
Total	464	558	-	-

	Group		Parent Company	
	2002	2001	2002	2001
Deferred tax receivables				
Tangible fixed assets	8	13	-	-
Tax loss carryforwards	4	273	-	36
Provisions	48	27	-	-
Total	60	313	-	36

9. Minority share in net profit for the year

The minority share in net profit for the year mainly pertains to Perstorp Aegis Chemicals PVT Ltd.

10. Intangible fixed assets

Group	Goodwill	Know-how, trademarks and similar rights	Total
Acquisition value			
Opening balance	4,859	43	4,902
Acquisition of subsidiaries	151	-	151
Sale of subsidiaries	-	-24	-24
Reclassifications (in relation to tangible fixed assets)	-	-7	-7
Sales/scrappage	-10	-	-10
Translation effects	-121	0	-121
Accumulated acquisition value, December 31, 2002	4,879	12	4,891
Accumulated depreciation according to plan			
Opening balance	-199	-18	-217
Amortization	-254	-1	-255
Sale of subsidiaries	-	12	12
Sales/scrappage	9	-	9
Translation effects	4	0	4
Accumulated depreciation December 31, 2002	-440	-7	-447
Residual value according to plan, December 31, 2002	4,439	5	4,444

Most of the Group's goodwill is amortized over 20 years. The Parent Company had no intangible fixed assets

FINANCIAL ACCOUNTS

11. Tangible fixed assets

Group	Buildings and land	Machinery and other technical plant	Equipment, tools, and installation	Work in progress, including advance payments	Total
Acquisition value					
Opening balance	1,177	4,413	380	150	6,120
Capital expenditure	16	56	5	113	190
Acquisition of subsidiaries	38	96	3	2	139
Sales/scrappage	-7	-45	-4	-	-56
Sale of subsidiaries	-113	-159	-89	-19	-380
Change in relation to acquisition balance sheet	-	30	-	-	30
Reclassifications	-	86	10	-89	7
Translation effects	-30	-149	-10	-8	-197
Accumulated acquisition value, December 31, 2002	1,081	4,328	295	149	5,853
Accumulated depreciation according to plan					
Opening balance	-372	-2,075	-138	-	-2,585
Depreciation	-40	-261	-29	-	-330
Sales/scrappage	1	40	3	-	44
Sale of subsidiaries	60	109	43	-	212
Change in relation to acquisition balance sheet	-14	-32	-	-	-46
Reclassifications	-	4	-4	-	-
Translation effects	11	59	2	-	72
Accumulated depreciation, December 31, 2002	-354	-2,156	-123	-	-2,633
Residual value according to plan, December 31, 2002	727	2,172	172	149	3,220

The Parent Company had no tangible fixed assets.

The tax assessment value for tangible fixed assets amounted to:

Group	Book value
December 31, 2002	
Buildings, including building fittings	492
Land and land improvements	66
Total	558
	400

The above tax assessment values pertain solely to Swedish Group companies.

12. Parent Company shares in Group companies

	Dec 31, 2002	Dec 31, 2001
Opening book value	6,841	-
Acquisition of Perstorp AB and Oxo Holding AB	-	6,841
Redemption of remaining minority-held shares	25	-
Closing book value, December 31, 2002	6,866	6,841
Direct holdings in Group companies	Corp. reg. number	Registered head office
Perstorp AB	556024-6513	Perstorp
Perstorp		100
Oxo Holding AB	556579-4327	Stenungsund
		100
Total		6,866

13. Participations in associated companies

Group's share of shareholders equity	Book value Group
Corp. reg. number	Share of capital/ voting rights
PT Perstorp Bumi Raya, Pontianak, Indonesia	50/50
	-9
	-32

In connection with the adjustment of the acquisition balance sheet, a provision was booked for a provided bank guarantee (also see Note 20). At the beginning of the year, the Group's share of the associated companies' shareholders' equity was negative in an amount of SEK 10 m.

Opening book value	166
Divestment of holding in Perstorp Clariant AB	-164
Write-down of holding in PT Perstorp Bumi Raya	-2
Closing balance, December 31, 2002	0

14. Other shares and participations

	Corp. reg. number	Share of capital/ voting rights	Book value Group Parent Company
Pergo AB	556563-2600	14.3%	120
			120
Opening acquisition value			250
New share issue			56
Closing acquisition value			306
			306
Opening write-down			-212
Reversal of write-down			26
Closing write-down			-186
Closing balance, December 31, 2002			120
			120

The book value of the shares, SEK 120 m, corresponds to the year-end market value.

15. Other long-term receivables

	Group	Parent Company
	Dec 31, 2002	Dec 31, 2001
Capitalized costs for raising bank financing	38	48
Endowment insurance	14	35
Assets in pension fund	25	-
Promissory note receivables	-	35
Other receivables	25	16
Total	102	134
		38
		49
Of which, interest-bearing receivables	11	12
		-
		-
Opening balance		134
Amortization of costs for raising bank financing		-10
Repayment of endowment insurance		-21
Reclassifications		26
Revaluation of pension assets		-27
Closing balance, December 31, 2002	102	38
		49

The capitalized costs for raising bank financing pertain to the borrowing for financing Sydsvenska Kemi's acquisition of the Perstorp and Oxo groups. The costs for raising bank financing are amortized during the average maturity periods for the loans, which is nearly six years from June 2001.

FINANCIAL ACCOUNTS

16. Inventories

	Group	
	Dec 31, 2002	Dec 31, 2001
Raw materials and supplies	207	262
Products in progress	30	46
Finished and semi-finished goods	448	389
Work in progress on behalf of others	7	-
Advance payments from suppliers	2	6
Total	694	703

17. Other receivables

	Group		Parent Company	
	Dec 31, 2002	Dec 31, 2001	Dec 31, 2002	Dec 31, 2001
Prepaid pension costs	-	56		
Prepaid insurance premiums	5	21	1	-
Other prepaid expenses and accrued income	62	52	-	-
Value added tax	106	80	-	-
Tax receivables	31	39	-	-
Current financial receivables	71	39	-	-
Other receivables	28	66	-	1
Total¹⁾	303	353	1	1

¹⁾ Including interest-bearing receivables of SEK 69 m (36).

18. Shareholders' equity

Group	Share capital	Re-stricted reserves	Unre-stricted reserves	Unre-Net profit/loss for the year	Total
Shareholders' equity, December 31, 2001	300	41	3,390	-345	3,386
Translation difference - change during the year			-282		-282
- less effect of hedging measures during the year			61		61
- tax effect of hedging measures during the year			-17		-17
- reversal of translation differences, divested companies			-12		-12
Reversal of net loss for preceding year			-345	345	0
Transfers between unrestricted and restricted shareholders' equity		-41	41		0
Net profit for the year				37	37
Closing balance, December 31, 2002	300	0	2,836	37	3,173

The accumulated translation differences in the Group's shareholders' equity at year-end were negative in an amount of SEK 209 m.

Parent Company	Share capital	Re-stricted reserves	Unre-stricted reserves	Unre-Net profit/loss for the year	Total
Shareholders' equity, December 31, 2001	300	-	3,390	-304	3,386
Reversal of net loss for preceding year			-304	304	0
Net profit for the year				119	119
Closing balance, December 31, 2002	300	-	3,086	119	3,505

There are 30,000,000 shares with a par value of SEK 10 each.

19. Minority interests

Company	Group	
	Dec 31, 2002	Dec 31, 2001
Perstorp AB, unredeemed shares outstanding	-	39
YLA Inc., USA	3	1
Total	3	40

20. Other provisions

	Group	
	Dec 31, 2002	Dec 31, 2001
Pensions	173	196
Provisions for integration and restructuring measures	-	25
Estimated supplementary purchase consideration, acquisition of moldable composites operations	168	-
Other provisions	236	236
Total	577	457

The Parent Company had no provisions at the end of 2002.

During 2002, the provisions for integration and restructuring measures were utilized in full.

The supplementary purchase consideration pertaining to the acquisition of moldable composites operations depends on the future profit trend of these operations. The provision posted reflects the maximum amount and the difference between the total purchase consideration and the net assets has been booked as goodwill. Payments will be made over a five-year period commencing on the date of acquisition in November 2002.

The "Other provisions" item pertains mainly to previous divestments and a bank guarantee for the associated company in Indonesia.

21. Financial liabilities and risk management

FINANCIAL LIABILITIES excl. debenture loans (see Note 22)

Financial liabilities by creditor, December 31, 2002:

Creditor	Group	Parent Company
Svenska Handelsbanken	3,159	1,525
Other bank loans	59	-
Rogers Corporation	96	-
Pension loans	33	-
Total	3,347	1,525

The loan agreements that Sydsvenska Kemi AB and several subsidiaries have concluded include financial covenants that Sydsvenska Kemi AB has to fulfill on a quarterly basis. These covenants pertain to operating earnings before depreciation in relation to net interest expense, net debt in relation to operating earnings before depreciation, debt repayment capacity (cash flow in relation to interest payments and amortization) and the equity ratio.

Financial liabilities, maturity structure, December 31, 2002:

Maturity	Group	Parent Company
2003	457	380
2004	431	400
2005	461	400
2006	247	245
2007-	1,751	100
Total	3,347	1,525

Distribution of financial liabilities by currency, December 31, 2002:

Currency	SEK m	Percentage of total
SEK	2 156	65
EUR	755	22
USD	414	12
INR	22	1
Total	3,347	100

FINANCIAL RISK MANAGEMENT

BORROWING

Risk management related to borrowing can be divided into the following two areas:

Financing risk: The risk that expiring loans cannot be refinanced. From Sydsvenska Kemi's viewpoint, this risk pertains to the Company's ability to satisfy the financial covenants it has made to banks (also see "Financial liabilities by creditor" above).

Interest risk: The effect on the Group's net interest items of changes in interest rates. Periods of fixed interest were generally short during the year. The average interest rate for loans outstanding was 5.35% at year-end and the average period of fixed interest was approximately 47 days. The interest risk is managed at Group level by Perstorp Treasury AB.

CURRENCY

Due to substantial flows of foreign currency and the relatively large amounts of net assets in foreign subsidiaries, the Group's earnings and net assets are affected by exchange-rate movements. These may be categorized as transaction exposure and translation exposure, respectively. The main instruments used for hedging currencies are forward contracts and loans in foreign currency.

FINANCIAL ACCOUNTS

Transaction exposure

The total transaction exposure, expressed in SEK in terms of the sum total of absolute counter-values for each exposed currency, is estimated to amount to approximately SEK 1,853 m for the 2003 fiscal year. The exporting subsidiaries in Sweden account for essentially all of the exposure. The currencies in which Sydsvenska Kemi has such exposure are shown in the tables below. The total is the sum of the absolute counter-values for each currency and indicates the total amount in SEK that is subject to transaction exposure. At year-end, currencies sold on forward contracts pertaining to 2003 totaled SEK 1,616 m. The corresponding amount for the first half of 2004 is SEK 673 m. Transaction exposure in relation to external parties is managed by Perstorp Treasury AB.

Since the autumn of 2001, Sydsvenska Kemi's policy has been to hedge most of this exposure on an ongoing basis. No currency hedging measure extends further than to June 30, 2004.

Transaction exposure, December 31, 2002

Currency	Exposure, counter-value	Amount hedged, counter-value	Percentage hedged	Average forward exchange rate
Flows in 2003				
EUR	772	735	95	9.20
USD	779	660	84	10.21
GBP	275	201	73	14.42
DKK	18	14	79	1.23
JPY	9	6	70	0.077
Total	1,853	1,616	87	
Flows in first half 2004				
EUR	415	305	73	9.28
USD	401	264	66	9.62
GBP	137	95	70	14.32
DKK	9	6	70	1.25
JPY	4	3	70	0.080
Total	966	673	70	

Market value of forward contracts

The difference between actual value and the value based on the contract rate, for forward contracts with 2003 as the year of expiration, was positive in an amount of SEK 89 m at the end of 2002. For forward contracts with expiration dates during the first half of 2004, the difference was also positive in an amount of SEK 29 m.

Most of the exchange-rate gains of SEK 31 m reported in 2002 among "Other income and expense" pertained to the difference between the exchange rate at the date of transaction and the forward rate for hedged flows. A smaller portion pertained to exchange-rate differences between the transaction-date exchange rate and the year-end exchange rate regarding the net flows that were not hedged.

Translation exposure

The foreign subsidiaries' assets minus their liabilities constitute a net investment in foreign currency that becomes exposed to translation effects in connection with exchange-rate movements. The Sydsvenska Kemi Group has decided to hedge portions of this exposure, thereby also protecting the Group's equity and equity ratio.

Translation exposure

Currency	Net assets in foreign currency before hedging	Hedged amount	Exposed net assets
EUR	1,710	-827	883
USD	860	-291	569
INR	24	-	24
GBP	8	-	8
JPY	2	-	2
SGD	1	-	1
Total	2,605	-1,118	1,487

During 2002, the Group implemented capital repayments from companies with EUR as base currency. At the same time, shareholders' equity in USD was hedged. These two measures, combined with divestments, mainly of resin operations, reduced the Group's translation exposure compared with the preceding year. This was offset by the fact that portions of the acquisition goodwill in 2002 were attributed to foreign subsidiaries.

Currency exchange rates

Currency	Year-end exchange rate		Average exchange rate	
	Dec 31, 2002	Dec 31, 2001	Dec 31, 2002	Dec 31, 2001
EUR	9.1930	9.4190	9.1615	9.2518
USD	8.8250	10.6670	9.7268	10.3310
GBP	14.1480	15.4750	14.5782	14.8760
SGD	5.0900	5.7600	5.4284	5.7651
JPY	0.0740	0.0813	0.0776	0.0851
INR	0.1840	0.2211	0.2001	0.2190
DKK	1.2375	1.2665	1.2329	1.2416

22. Debenture loan

The debenture loan is a zero-coupon instrument with a maturity of nearly 10 years, from June 2001 to June 2011. The increase of SEK 148 m during 2002 was due entirely to capitalized interest. The nominal value to be repaid on the due date has been discounted to present value based on an interest rate of 14.05% in accordance with instructions from the Swedish National Tax Board.

23. Other operating liabilities

	Group		Parent Company	
	2002	2001	2002	2001
Accrued salaries and social security costs	164	152	7	-
Accrued commissions	31	26	-	-
Other accrued expenses and prepaid income	189	260	2	7
Value added and personnel taxes	57	53	1	-
Tax liabilities	81	65	-	-
Advances from customers	22	35	-	-
Other liabilities	33	57	-	-
Total	577	648	10	7

24. Assets pledged

	Group		Parent Company	
	2002	2001	2002	2001
Property mortgages	501	465	-	-
Chattel mortgages	1,192	1,135	-	-
Net assets in subsidiaries/ Pledged shares	6,534	6,841	6,866	6,841
Liquid funds	-	69	-	69
Pledged endowment insurance	9	35	-	-
Total	8,236	8,545	6,866	6,910

The property mortgages and chattel mortgages have been pledged as collateral for bank financing, excluding the financing of acquisitions. Net assets in subsidiaries have been pledged as collateral for the financing of acquisitions. The assets of Vyncolit North America Inc. have been pledged as collateral for the loan from Rogers Corp. pertaining to the acquisition of its molding composites operations. The endowment insurance was pledged to cover the pension liability.

25. Contingent liabilities

	Group		Parent Company	
	2002	2001	2002	2001
Guarantees	97	23	77	-
Guarantees and other contingent liabilities for subsidiaries	-	-	717	2 585
Tax on amount deferred	175	187	-	-
Total	272	210	794	2,585

26. Personnel

The 2001 figures for average number of employees, wages, salaries, other remuneration and social security costs pertain to January-December despite the fact that the legal group was not formed until the end of June 2001.

Country	2002		2001	
	Total number of employees	Of whom, men	Total number of employees	Of whom, men
Sweden				
Parent Company	5	5	1	1
Subsidiaries	1,155	838	1,341	968
Belgium	218	194	212	190
Brazil	-	-	43	35
Denmark	-	-	3	2
France	4	3	125	108
India	246	239	275	268
Italy	107	95	124	111
Japan	2	1	-	-
Netherlands	-	-	2	1
Norway	4	3	7	6
Poland	9	7	13	11
Portugal	-	-	10	7
Singapore	4	2	4	2
Spain	6	3	9	5
UK	8	6	75	61
Germany	140	122	265	210
USA	210	177	200	167
Austria	-	-	1	1
Total	2,118	1,695	2,710	2,154

Wages, salaries and other remuneration

	2002		2001	
	Total	Of which, for Board members/Presidents	Total	Of which, for Board members/Presidents
Parent Company	14	7	2	-
Subsidiaries	683	18	845	26
Total	697	25	847	26

Social security costs

	2002		2001	
	Social security costs	Of which, pensions costs	Social security costs	Of which, pensions costs
Parent Company	8	3	1	-
Subsidiaries	289	88	322	77
Total	297	91	323	77

Of which, pensions costs for Board members and President of Parent Company

1 -

Distribution of wages, salaries and other remuneration by country and among Board members/Presidents and other employees

	2002		2001	
	Board members/Presidents	Other employees	Board members/Presidents	Other employees
Sweden	17	388	10	392
Belgium	2	68	2	73
Brazil	-	-	-	2
Denmark	-	-	-	2
France	-	2	1	5
India	-	6	-	8
Italy	-	29	-	30
Japan	-	2	-	-
Netherlands	-	-	-	4
Norway	-	3	1	3
Poland	-	2	-	4
Portugal	-	-	-	3
Singapore	1	1	1	1
Spain	-	3	-	5
UK	-	4	4	25
Germany	-	58	2	104
USA	5	106	5	109
Austria	-	-	-	1
Total	25	672	26	821

Remuneration to senior executives

Board of Directors

Annual fee for Chairman of the Board	SEK	375,000
Annual fee for Deputy Chairman	SEK	225,000
Annual fee for each Board member elected by the Annual General Meeting	SEK	150,000

Chief Executive Officer/President

Salary for 2002	SEK	3,314,000
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The amount paid to the President in 2002 includes a bonus of SEK 876,000. The estimated bonus to be paid for 2003 has also been charged against earnings: SEK 733,000.

As of age 65 and in accordance with the stipulations of Sweden's ITP plan, the President will receive a pension from Alecta and SPP that will also cover salary portions exceeding 30 base amounts. According to a special undertaking, both the President and the Company are entitled, once the President has reached the age of 60, to terminate the employment agreement. For this purpose, the Company has arranged a pension insurance scheme for which premiums amount to 10% of the President's annual salary up to age 50. Between age 51 and 60, the premium will be 15%.

The period of employment-termination notice is one year if served by the Company and six months if served by the President.

In the event that the Company terminates the President's employment, the President will also receive severance pay corresponding to 12 monthly salaries. If organizational changes or other changes initiated by the owners result 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

Other members of Group Management are covered by a bonus system that could result in a maximum payment of 30 or 35% of their basic salary.

Other members of Group Management are covered by an agreement regarding pension insurance schemes, 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 event that 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 up to a maximum of 18 months, and may also be extended for a further limited period, up to a maximum of 24 months.

27. Auditors' fees and compensation for costs

	Group		Parent Company	
	2002	2001	2002	2001
Öhrlings PricewaterhouseCoopers				
Audit assignments	4	3	1	1
Other assignments	2	1	-	-
Ernst & Young				
Audit assignments	1	2	-	-
Other assignments	1	3	-	-
Total	8	9	1	1

Audit Report

To the Annual General Meeting of the shareholders of Sydsvenska Kemi AB (publ)
Corporate registration number: 556602-2769

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Sydsvenska Kemi AB (publ) for the January 1, 2002 – December 31, 2002 fiscal year. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and thereby give a true and fair picture of the Company's and the Group's financial position and results in accordance with generally accepted accounting principles in Sweden.

We recommend that the General Meeting of shareholders adopt the income statements and balance sheets of the Parent Company and the Group, that the profits for the Parent Company be dealt with in accordance with the proposal in the Report of the Board of Directors, and that the members of the Board and the President be discharged from liability for the fiscal year.

Stockholm, March 31, 2003

Michael Bengtsson
Authorized Public Accountant

Ulf Pernvi
Authorized Public Accountant

Board of Directors and Auditors

**Hans Larsson,
Chairman of the Board**
Born 1942.
Chairman since 2001.
Other Board assignments:
Chairman of Nobia AB, Biolight
International AB and Carema AB.
Board member of Bilia AB,
Svenska Handelsbanken AB,
Holmen AB and Pergo AB.

**Björn Savén
Deputy Chairman**
Born 1950.
President, Industri Kapital AB
Board member since 2002.
Other Board assignments:
Chairman of Gardena AG and
KCI Konecranes International Abp.
Deputy Chairman of Alfa Laval AB,
Dynea International Oy and
German-Swedish Chamber of
Commerce. Board member of Orkla
ASA, Finnish-Swedish Chamber
of Commerce and The Swedish
Academy of Engineering Sciences.

Fredrik Arp
Born 1953.
President and Chief Executive
Officer of Trelleborg AB.
Board member since 2001.
Other Board assignments:
Board member of Trelleborg AB
and Getinge AB.



Hans Larsson



Björn Savén



Fredrik Arp

Stig Gustavson
Born 1945.
President and Chief Executive
Officer, KCI Konecranes Abp.
Board member since 2001.
Other Board assignments:
Chairman of Hackman Abp,
Mercantile AB and Dynea
International Oy. Board member
of Helvar - Merca AB, KCI
Konecranes Abp, the
Confederation of Finnish
Engineering Industries and
TT (Finland).

Anitha Hermansson
Born 1953.
Global Customer Service Manager.
Board member since 2001.
Appointed by the union boards for
Swedish Federation of Salaried
Employees in Industry and Services
in Perstorp and Stenungsund.

Klas Ingstorp
Born 1971.
Plant Manager SPPO.
Board member since 2001.
Appointed by the union boards for
Swedish Federation of Salaried
Employees in Industry and Services
in Perstorp and Stenungsund.



Stig Gustavson



Anitha Hermansson



Klas Ingstorp

Stefan Linder
Born 1968.
Vice President, Industri Kapital AB.
Board member since 2001.
Other Board assignments:
Board member of Oriflame
Cosmetics S.A. and Consolis Oy AB.
Deputy Board member of Intrum
Justitia AB and Dynea Oy.

Ronny Nilsson
Born 1969.
Process operator.
Board member since 2002.
Appointed by the Industrial
Workers' Union at Perstorp AB.

Gunnar Palme
Born 1954.
Board member since 2002.
Other Board assignments:
Chairman of SMT Tricept AB.
Board member of Finn Power Oy
and Bewator AB.



Stefan Linder



Ronny Nilsson



Gunnar Palme

Michael Rosenlew
Born 1959.
Executive Vice President, Industri Kapital AB.
Board member since 2001.
Other Board assignments:
Board member of Paroc Group Oy,
Gardena AG, Citylink AB,
CPS Color Group Oy, Dynea Oy and
Elektrokoppar Holding AB.

Lennart Holm
Born 1960.
President and Chief Executive Officer of
Sydsvenska Kemi AB and Perstorp AB.
Board member since 2002.
Active in the Company since 2001.
Previously employed at Perstorp AB
in 2000.



Michael Rosenlew



Lennart Holm

Auditors
Michael Bengtsson
Born 1959.
Authorized Public Accountant.
Öhrlings PricewaterhouseCoopers.

Ulf Pernvi
Born 1949.
Authorized Public Accountant.
Öhrlings PricewaterhouseCoopers.

Corporate Management

Lennart Holm
Born 1960.
President and Chief Executive Officer of Sydsvenska Kemi AB and Perstorp AB. Active in the Company since 2001. Previously employed at Perstorp AB in 2000.



Lennart Holm

Inge Pettersson
Born 1947.
Chief Operating Officer. Active in the Company since 2001. Active in Perstorp (earlier Neste Oxo) since 1980.



Inge Pettersson

Claes Gard
Born 1953.
Chief Financial Officer. Active in the Company since 2001.



Claes Gard

Corporate functions

Business Review & Improvement Team
Corporate Finance
Corporate HR & Communications
Corporate IT
Corporate Safety, Health and Environment
Group Financial Control

Peter Karsberg
Gunnar Modalen
Martin Lundin
Susanna Frennemo
Jan Petersson
Anita Haak

Glossary

Aldehydes

An intermediate chemical product.

Amino plastic

A thermoset plastic based on a melamine and/or urea formaldehyde resin, normally with a cellulose filler.

Basic polyols

See polyols.

Board

Layers of particleboard.

Carbon-fiber-reinforced composite materials

See composites.

Catalyst

An active substance in a chemical process that is not actually consumed.

Composite

Material or product comprising several different components, such as fiber-reinforced plastic, designed to provide specific product properties.

Compound

See thermoset.

Dendritic polymer

Hyperbranched polymer that has unique physical and mechanical properties.

Di-penta

A hexavalent polyol whose applications include radiation-curing systems, alkyd paints, synthetic lubricants, fire-protection systems and environment-friendly PVC stabilizers.

Formalin (formaldehyde)

Aqueous solution of formaldehyde that is used as a basic component in the chemical industry, primarily in production of plastics and glues.

Formate

A product extracted during the production of polyols and used, for example, as a raw material for formic acid.

Formic acid

An organic acid used to preserve green fodder and other substances.

Glass-fiber-reinforced composite materials

See composites.

Intermediate

An intermediate chemical product.

Molding compound

Thermosetting raw material that, after molding, provides products with good mechanical and electrical properties.

Pentaerythritol (penta)

A quadrivalent polyol used in the production of alkyd paints, explosives and synthetic lubricants, etc.

Phenolic plastic

Heat-resistant thermoset plastic produced from phenol and formaldehyde resin. Used in heat and electrical insulation products and components in engineering industries.

Polymer

A (usually organic) chemical compound composed of many identical or similar basic molecules, used in plastics, paints, fibers, etc.

Polyol (polyalcohol)

A polyfunctional alcohol.

Resin

The part of plastics and paints that binds fillers, pigments, etc., to give products such characteristic properties as gloss, strength and chemical resistance.

Silage

Additive used for the preservation of green feed.

Specialty polyol

Polyols that also contain other functional groups, such as acids.

Superplasticizers

Reduce water requirements and improve workability of cement, concrete and gypsum.

Thermoset

Plastic that receives its final chemical structure at the molding stage, which includes tempering.

Thermoplastic

Plastic that softens when heated and solidifies when cooled.

Production
Photographs
Translation
Typesetting, reproduction and printing
Paper
Cover

Rahmberg Relation AB and Perstorp AB
Roland Calvén, Anders Nordström, among others
Bugli Company
Ljungbergs Tryckeri, Klippan
115 g Profistar Silk
250 g Profistar Silk

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