



# Perstorp Holding AB (Publ.)

Interim report 1 January - 31 March 2013

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# Perstorp Continuing Operations

Perstorp Group excluding:  
Vencorex legal units  
Singapore legal units  
Formox legal units



# Interim report 1 January - 31 March 2013

Perstorp Holding AB (Publ.), Corporate reg. no. 556667-4205. Parent company for Perstorp

Perstorp is an international specialty chemicals group with leading positions in selected niches. The Group has around 1,500 employees and manufacturing companies in Europe, North America and Asia. The Perstorp Group was acquired at the end of 2005 by Perstorp Holding AB, which is controlled by the French private equity company PAI partners.

## Important events, January – March 2013

- ➔ Sales in Q1 for the Perstorp Group's continuing operations amounted to SEK 2,485 m, a decline compared to last year. Operating earnings before depreciation and amortization (EBITDA) relating to continuing operations were SEK 244 m (454). Adjusted for non-recurring items, the corresponding figure was SEK 245 m (383).
- ➔ At the end of March, Perstorp closed the sale of its formaldehyde technology and catalyst business, Formox (Formox AB) to Johnson Matthey (Johnson Matthey Plc), a global specialty chemicals company and a leader in sustainable technologies. The divestment is in line with Perstorp's strategy to focus on and expand its core specialty chemicals activities. The financial results for Formox are accounted for as discontinued operations.
- ➔ In March, Perstorp sold the Singapore legal units (Isophthalic acid operations) to Financière Forêt S.á r.l., parent company to Perstorp Holding AB, as a consequence of the refinancing process that was closed in November 2012. The financial results for this operation are now reported as discontinued operations.
- ➔ At the end of February, Perstorp reached an agreement to sell its operation for producing Perstorp Ättika (vinegar), with its corresponding brands, to the foodstuffs group Kavli. Future plans include continuing to develop the well-known product and its strong position in the market.
- ➔ The strategic investment project in a new production plant for Valeraldehyde and its derivatives 2-PH and DPHP is progressing according to plan.
- ➔ In Q1, Perstorp and Purac, a leading player in natural food preservation and bio-based chemicals, announced a partnership for developing caprolactone lactide co-polymers for the plastic, coatings and adhesive markets.

### Key figures in summary, Continuing operations

SEK m unless otherwise stated	Quarter 1 2013	Quarter 1 2012	Quarter 4 2012	Latest 12 months	Full year 2012
Net sales	2,485	2,748	2,178	9,773	10,036
Operating earnings before depreciation (EBITDA)	244	454	155	1,067	1,277
% of net sales	9.8	16.5	7.2	10.9	12.7
EBITDA excluding non-recurring items <sup>1)</sup>	245	383	151	1,050	1,188
% of net sales	9.8	13.9	7.0	10.7	11.8
Operating earnings (EBIT)	90	298	5	446	654
% of net sales	3.6	10.8	0.2	4.5	6.5
Net earnings/loss	-93	96	-168	-176	13
Free Cash Flow	-172	168	91	276	616
% of net sales	-6.9	6.1	4.2	2.8	6.1
Number of full-time employees, end of period	1,474	1,418	1,462	1,474	1,462

<sup>1)</sup> Non-recurring items are mainly attributable to property divestment and restructuring costs.



## President's comments

"Even though the economic climate is still challenging, with raw material prices remaining high, I am confident in the strategies we are pursuing, and that we are progressively taking the right actions at the right time."

### Q1 review

The first quarter of 2013 saw net sales of SEK 2,485 million, which was an increase of 14% over Q4 in 2012, with an EBITDA of SEK 244 million. However, compared to Q1 in 2012, when we experienced an exceptional sales rise due to restocking, the sales and EBITDA performance was notably lower. While our fixed costs remain under control, we have relatively high working capital levels, which we expect to come down during the year.

### Valerox on track for 2015

The divestment of our non-core asset, Formox, was completed with Johnson Matthey. This has given us greater scope to meet our financial growth targets and finance further organic growth, in projects, such as Valerox at our Stenungsund site, Sweden. The Valerox project is on-track for the product launch in 2015, which will further strengthen our position in plasticizers globally. We have approved a new Multi Purpose Acid (MPA) investment at our Stenungsund site, which will add to our acid portfolio.

### Market update – progress, demand & developments

Our strategic growth segments continue to perform well; noteworthy was the performance of synthetic lubricants and radcure resins, whereas some other segments, such as PUDs, and high waterborne solids have been experiencing a softer demand and will receive even more sales attention going forward.

Significantly, the Swedish media is signaling a potential government move to increase the blend-in mix of biodiesel from 5%-7%. As the largest supplier of biodiesel in Sweden, this is of course welcome news. I am also pleased with the growth in our feed and food business.

Demand in our major market, Western Europe, continues to be lackluster whereas demand in Eastern Europe is satisfying at the moment. In Asia, the Chinese market demand is currently soft as major industry segments such as construction and automotive seem to have slowed down in growth. However, the Chinese government is in the process of adding DOP (DEHP) to their blacklist of chemicals. When this is finally removed it will open up the Chinese market for the new generation of plasticizers, where we expect to capitalize on our Valerox investment and range of Emoltene™ products.

### Purac strategic partnership

Our announced strategic partnership with Purac means that Perstorp will launch the new caprolactone lactide co-polymer on the market in 2013. This is set to open up significant opportunities for sales in the coatings, sealants, adhesives and elastomers markets.

### Forwards

I anticipate the forthcoming months will continue to be challenging due to the global economic climate, especially in Europe and Asia. Also, the relative strength of the Swedish krona of course also affects results somewhat. However, we are starting to benefit from the set-up of our new sales regions. The re-organization has helped to broaden our global position, increase our regional market appeal, and is gradually reducing the dependency on any particular region of the world. This strategy also involves actively seeking new partnerships and potential investments outside Europe.

Perstorp, April 2013

Martin Lundin  
President and CEO

# Market and economic conditions

## General

The rate of improvement has been slower than anticipated and many KPIs have had slight adjustments downwards for the full year 2013. There are several reasons for this, including;

- China's recovery has been less robust than anticipated and the expected pickup after the Lunar New Year was weak.
- In the US the political dispute over fiscal policies has created uncertainties about the US recovery as it has become increasingly evident that heavy federal budget cuts are unavoidable dampening the positive momentum around the shale gas economy.
- The risk that the Eurozone crisis can flare up again also became more evident as a result of the Italian election outcome and the Cyprus crisis.

## Perstorp's markets

Q1 has seen clear improvements over Q4 last year but has not delivered to the level of the same quarter last year.

The US economy continues to expand as a result of the monetary policy with particular improvements in housing and automotive. Asian markets are showing signs of improvement and resulting demand although at lower levels than were anticipated at the beginning of the year. The level of growth in China has been lackluster and India is also less strong than anticipated.

South and Latin America continue to improve, but growth has suffered from some industrial overcapacity which was created several years ago due to overly optimistic forecasts of Asian demand.

Europe, Perstorp's major market, continues to be a mixed bag but is generally improving. Eastern Europe is the bright spot but of course continues to be affected by the reduced demand from Western Europe. Southern Europe is flat and no real major improvement is expected this year.

## Raw materials

Global commodity prices had a much slower start in 2013 than last year. Still, most chemicals, energy and metals are on a higher level than the previous quarter or Q1 2012. The outlook for the second quarter remains flat.

- Non-OPEC crude oil production has increased additional North American shale oil supplies and turnarounds in key production areas have ended. All in all this resulted in record high inventory builds in crude and distillates. As a consequence Brent crude peaked in early February at USD 119 per barrel and has since then lost almost USD 15;
- Methanol, another true global commodity and one of Perstorp's main raw materials did not follow the general commodity trend in Q1. Prices in Europe and the US have been on a steady upward trend since mid-2012 and have increased by almost 20%. This is primarily due to severe supply problems caused by sanctions against Iran and gas curtailment in Egypt and other major methanol producing regions together with strong demand from non-traditional methanol uses (energy). Most of the Iranian methanol is shipped to Asia creating a substantial gap in pricing and competitive advantage for Asian methanol-based industry.

For the period January to March 2013, the US dollar averaged 5% lower and the Euro was on average 4% lower against the Swedish krona, compared with the same period last year.



# Financial overview

## Net sales

The Perstorp Group's net sales for continuing operations amounted to SEK 2,485 m during the first quarter of 2013, compared with SEK 2,748 m in the corresponding period 2012.

Volumes declined 5% compared to last year primarily explained by a cautious market in Q1 2013 whereas Q1 last year was strong. The volume decline was evident in more or less all product lines and regions. Compared to Q4 2012, volumes improved with double digit growth.

The appreciation of the Swedish krona led to negative currency effects on sales of 5%.

## Earnings

Operating earnings before depreciation and amortization (EBITDA) for continuing operations reached SEK 244 m (454) in Q1 2013. Excluding non-recurring items, earnings amounted to SEK 245 m (383). The appreciation of the Swedish krona affected the results negatively when comparing Q1 2013 with the same period last year. Currency effects amounted to approximately SEK -20 m relating to both translational and transactional effects from flows in USD and Euro.

The decline in earnings compared to last year has also been driven by margin pressure related to high feedstock prices, as well as lower volumes and negative currency effects.

Non-recurring items included in last year's result relates primarily to profit from the land sale in India.

Operating earnings before interest and taxes (EBIT) were SEK 90 m (298) in Q1. Depreciation was on the same level as last year, SEK 155 m (156). Earnings before tax amounted to SEK -115 m (120). Net financial items have been positively affected by currency effects when revaluing financial liabilities in foreign currencies. Excluding currency effects, the financial income and expenses increased against last year as a result of the new capital structure.

The net earnings amounted to SEK -93 in Q1 2013, compared to SEK 96 m last year.

Income statement, Continuing operations				
SEK m	Quarter 1		Latest	Full year
	2013	2012	12 months	2012
<b>Net sales</b>	<b>2,485</b>	<b>2,748</b>	<b>9,773</b>	<b>10,036</b>
Cost of goods sold	-2,213	-2,321	-8,685	-8,793
<b>Gross earnings</b>	<b>272</b>	<b>427</b>	<b>1,088</b>	<b>1,243</b>
Selling, administration and R&D costs	-189	-183	-752	-746
Other operating income and expenses <sup>1)</sup>	5	54	105	154
Write-down of assets	0	0	0	0
Result from participations in associated companies	2	0	5	3
<b>Operating earnings (EBIT)</b>	<b>90</b>	<b>298</b>	<b>446</b>	<b>654</b>
Exchange-rate effects on net debt	109	48	337	276
Other financial income and expenses	-304	-226	-1,113	-1,035
Result from participations in associated companies	-10	0	-80	-70
<b>Earnings/loss before tax</b>	<b>-115</b>	<b>120</b>	<b>-410</b>	<b>-175</b>
Tax	22	-24	234	188
<b>Net earnings/loss</b>	<b>-93</b>	<b>96</b>	<b>-176</b>	<b>13</b>
<b>Write-down of assets</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciations</b>	<b>-155</b>	<b>-156</b>	<b>-622</b>	<b>-623</b>
<b>Operating earnings before depreciation(EBITDA)</b>	<b>244</b>	<b>454</b>	<b>1,067</b>	<b>1,277</b>
<b>EBITDA excl non-recurring items</b>	<b>245</b>	<b>383</b>	<b>1,050</b>	<b>1,188</b>

1) Other operating income and expenses primarily includes exchange-rate effects on operational net receivables and non-recurring income and costs.



# Segment information

Perstorp's operations are divided into two business groups, Specialty Intermediates consisting of business units Oxo, Penta & Formates and TMP & Neo, and Performance Products consisting of business units Caprolactones & SPPO, Performance Additives and Bioproducts.

Business Group Specialty Intermediates reported a decline in sales of 8%, of which 5% related to currency effects and 3% to lower volumes. The decline in earnings was besides negative currency effects and lower volumes also due to higher raw material prices, especially Methanol, which affected the result negatively.

Business Group Performance Products showed sales 11% below the same period last year. The decrease was mainly due to lower volumes, 9%, as well as negative currency effects, 4%. Prices increased with 2%. The lower EBITDA can primarily be explained by a combination of lower volumes and higher raw material prices, especially Benzene and Ethylene.

Segment data, Continuing operations				
	Quarter 1		Latest 12 months	Full year 2012
	2013	2012		
<b>Net sales</b>				
Specialty Intermediates	1,649	1,801	6,549	6,700
Performance Products	854	963	3,312	3,421
Eliminations	-18	-16	-88	-85
<b>Total Continuing operations</b>	<b>2,485</b>	<b>2,748</b>	<b>9,773</b>	<b>10,036</b>
<b>EBITDA</b>				
Specialty Intermediates	161	250	658	747
Performance Products	90	133	345	388
Other/Eliminations	-7	71 <sup>1)</sup>	64 <sup>1)</sup>	142 <sup>1)</sup>
<b>Total Continuing operations</b>	<b>244</b>	<b>454</b>	<b>1,067</b>	<b>1,277</b>

<sup>1)</sup> Other/eliminations is mainly attributable to sale of land in India.

The group is domiciled in Sweden. Revenue from external customers in Sweden is 14% (14%), and revenue from external customers from other countries is 86% (86%).

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





## Cash flow

Free cash flow for continuing operations was SEK -172 m (168) for the first quarter of 2013. The lower free cash flow can be explained by a combination of lower earnings and an increase in working capital. The increase in working capital from year-end relates mainly to higher sales and thereby higher accounts receivable.

Investment activities amounted to SEK 74 m (64). The increase compared to the same period last year reflects primarily to timing effects in strategic investment projects. The main capital expenditure over the period is related to maintenance investments and strategic investments in the new Valeraldehyde and derivatives plant in Sweden and the new Neo plant in China.

Free cash flow analysis, Continuing operations				
SEK m	Quarter 1		Latest 12 months	Full year 2012
	2013	2012		
EBITDA excl non-recurring items	245	383	1,050	1,188
Change in Working capital	-343	-151	-274	-82
Maintenance capex	-36	-46	-266	-276
<b>Free cash flow before strategic capex</b>	<b>-134</b>	<b>186</b>	<b>510</b>	<b>830</b>
% of EBITDA excluding non-recurring items	-55	49	49	70
Strategic capex	-38	-18	-234	-214
<b>Free cash flow</b>	<b>-172</b>	<b>168</b>	<b>276</b>	<b>616</b>
% of EBITDA excluding non-recurring items	-70	44	26	52



## Financial position

Working capital for continuing operations rose by nearly SEK 330 m during the first quarter. The rise is in line with the normal seasonal pattern, although the increase this year is on the high side. The higher working capital compared with the end of last year related primarily to improved sales and thereby higher accounts receivable. Inventory levels were kept on more or less the same level.

Compared with the same period last year, the working capital for continuing operations was about SEK 300 m higher at the end of the quarter, mainly related to inventory value. The increase in inventory value is mainly explained by higher inventory levels but also higher prices on feedstock.

Working capital for continuing operations amounted to SEK 1,520 m, at the end of Q1 2013 compared with SEK 1,191 m at year-end 2012 and SEK 1,235 m at the end of Q1 2012.

In Q1, Perstorp divested its formaldehyde technology and catalyst business, Formox (Formox AB) to Johnson Matthey (Johnson Matthey Plc), for SEK 1,050 m, which strengthened the financial position of the Group.

The Group's available funds, including liquid funds and letter of credit facilities, were SEK 1,599 m at the end of the period, compared with SEK 975 m at year-end 2012.

Assets and liabilities, Continuing operations			
SEK m	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
<b>Working capital, Continuing operations</b>			
Inventories	1,271	985	1,280
Accounts receivable	1,461	1,638	1,198
Other current assets	295	209	326
Accounts payables	793	760	822
Other current liabilities	714	837	791
<b>Total Working capital, Continuing operations</b>	<b>1,520</b>	<b>1,235</b>	<b>1,191</b>

Capital employed, Continuing operations			
Total assets	15,310	13,266	14,517
Deferred tax liability	986	1,259	979
Accounts payable	793	760	822
Other liabilities	1,055	1,077	1,250
<b>Total Capital employed, Continuing operations</b>	<b>12,476</b>	<b>10,170</b>	<b>11,466</b>

Other key figures, Continuing operations			
Available funds	1,599	504	975
Net debt	9,303	11,564	10,526
Net debt excl. Parent company loan and pension liabilities	8,295	10,338	8,848



# Perstorp Consolidated group

# Financial overview

Income statement, Consolidated group				
SEK m	Quarter 1		Latest	Full year
	2013	2012	12 months	2012
<i>Continuing operations</i>				
<b>Net sales</b>	<b>2,485</b>	<b>2,748</b>	<b>9,773</b>	<b>10,036</b>
Cost of goods sold	-2,213	-2,321	-8,685	-8,793
<b>Gross earnings</b>	<b>272</b>	<b>427</b>	<b>1,088</b>	<b>1,243</b>
Selling, administration and R&D costs	-189	-183	-752	-746
Other operating income and expenses <sup>1)</sup>	5	54	105	154
Write-down of assets	0	0	0	0
Result from participations in associated companies	2	0	5	3
<b>Operating earnings (EBIT)</b>	<b>90</b>	<b>298</b>	<b>446</b>	<b>654</b>
Exchange-rate effects on net debt	109	48	337	276
Other financial income and expenses	-304	-226	-1,113	-1,035
Result from participations in associated companies	-10	0	-80	-70
<b>Earnings/loss before tax</b>	<b>-115</b>	<b>120</b>	<b>-410</b>	<b>-175</b>
Tax	22	-24	234	188
<b>Net earnings/loss</b>	<b>-93</b>	<b>96</b>	<b>-176</b>	<b>13</b>
<i>Discontinued operation</i>				
Net sales	257	1,132	1,923	2,798
Operating earnings (EBIT)	863	-99	1,382	420
Earnings/loss before tax	848	-140	1,203	215
Tax	-6	-9	-46	-49
<b>Net earnings/loss</b>	<b>842</b>	<b>-149</b>	<b>1,157</b>	<b>166</b>
<i>Group, total</i>				
<b>Net sales</b>	<b>2,742</b>	<b>3,880</b>	<b>11,696</b>	<b>12,834</b>
<b>Operating earnings (EBIT)</b>	<b>953</b>	<b>199</b>	<b>1,828</b>	<b>1,074</b>
<b>Earnings/loss before tax</b>	<b>733</b>	<b>-20</b>	<b>793</b>	<b>40</b>
<b>Tax</b>	<b>16</b>	<b>-33</b>	<b>188</b>	<b>139</b>
<b>Net earnings/loss</b>	<b>749</b>	<b>-53</b>	<b>981</b>	<b>179</b>

<b>Operating earnings before depreciation (EBITDA)</b>	1,111	401	2,071	1,361
<b>EBITDA excluding non-recurring items</b>	264	330	1,206	1,272

Comprehensive income report, Consolidated accounts				
SEK m	Quarter 1		Latest	Full year
	2013	2012	12 months	2012
<b>Earnings/loss for the period</b>	<b>749</b>	<b>-53</b>	<b>981</b>	<b>179</b>
<b>Other comprehensive results</b>				
Translation effects	-56	53	-113	-4
Translation effects sold subsidiaries	-77	0	-176	-99
Market valuation of interest swaps	-	-5	10	5
Market valuation of forward contracts	2	-13	11	-4
Remeasurements of defined benefit plan	-	-	-45	-45
Tax relating to other comprehensive results	0	4	8	12
<b>Other comprehensive results net after tax</b>	<b>-172</b>	<b>39</b>	<b>-346</b>	<b>-135</b>
<b>Comprehensive results after tax</b>	<b>618</b>	<b>-14</b>	<b>676</b>	<b>44</b>
<b>Comprehensive results attributable to:</b>				
Parent company's shareholder	618	-14	673	41
Non controlling interest	0	0	3	3

# Financial position

Balance sheet, Consolidated group			
SEK m	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
Tangible fixed assets	4,132	4,234	4,281
Intangible fixed assets	5,308	6,098	5,943
Participation in associated companies	944	45	981
Financial fixed assets	422	615	448
Inventories	1,271	1,149	1,375
Other current assets	1,822	2,042	1,724
Cash & cash equivalents, incl. short-term investments	1,411	163	678
Assets held for sale	-	2,733	430
<b>Assets</b>	<b>15,310</b>	<b>17,079</b>	<b>15,860</b>
Shareholders' equity	1,895	910	1,277
Loan from parent company	606	877	1,271
Pension liability, others	402	462	407
Other long-term liabilities	10,531	10,898	10,388
Current liabilities	1,876	3,189	2,343
Liabilities held for sale	-	743	174
<b>Shareholders' equity &amp; liabilities</b>	<b>15,310</b>	<b>17,079</b>	<b>15,860</b>
Working capital	1,520	1,849	1,224
Net debt	9,303	11,701	10,526
Net debt excl. Parent company loan and pension liabilities	8,295	10,362	8,848
Capital employed	12,476	12,759	12,293
Number of full-time employees, end of period	1,474	2,228	1,621

Shareholders' equity, 2013			
SEK m	Shareholders' equity excl. non controlling interest	Non controlling interest	Total shareholders' equity
<b>Opening balance, January 1, 2013</b>	<b>1,326</b>	<b>44</b>	<b>1,370</b>
Effect of change in accounting policy for reporting defined benefit pension plans	-93	-	-93
<b>Adjusted opening balance, January 1, 2013</b>	<b>1,233</b>	<b>44</b>	<b>1,277</b>
Comprehensive results for the period	618	0	618
<b>Closing balance, March 31, 2013</b>	<b>1,851</b>	<b>44</b>	<b>1,895</b>

Shareholders' equity, 2012			
SEK m	Shareholders' equity excl. non controlling interest	Non controlling interest	Total shareholders' equity
<b>Opening balance, January 1, 2012</b>	<b>954</b>	<b>24</b>	<b>978</b>
Effect of change in accounting policy for reporting defined benefit pension plans	-61	-	-61
<b>Adjusted opening balance, January 1, 2012</b>	<b>893</b>	<b>24</b>	<b>917</b>
Comprehensive results for the period	-14	0	-14
Shareholders contribution	-	7	7
<b>Closing balance, March 31, 2012</b>	<b>879</b>	<b>31</b>	<b>910</b>

# Cash flow

<b>Cash Flow analysis, consolidated group</b>				
SEK m	Quarter 1		Latest	Full year
	2013	2012	12 months	2012
<i>Operating activities</i>				
Operating earnings	90	298	446	654
Adjustments:				
Depreciation and write-down	155	156	622	623
Other	-35	-96	-9	-70
Operating activities in discontinued operations	19	-24	26	-17
Interest received	2	0	7	5
Interest paid	-107	-127	-448	-468
Income tax paid	-10	-13	-40	-43
Interest and taxes paid in discontinued operations	-22	-50	-105	-133
<b>Cash flow from operating activities before change in working capital</b>	<b>92</b>	<b>144</b>	<b>499</b>	<b>551</b>
<i>Changes in working capital</i>				
Increase (-) Decrease (+) in inventories	1	52	-309	-258
Increase (-) Decrease (+) in current receivables	-203	-348	96	-49
Increase (+) Decrease (-) in current liabilities	-142	145	-62	225
Discontinuing operations	-62	-225	-139	-302
<b>Cash flow from operating activities</b>	<b>-314</b>	<b>-232</b>	<b>85</b>	<b>167</b>
<i>Investing activities</i>				
Acquisition of shares in associated companies	-	-1	0	-1
Acquisition of tangible and intangible fixed assets	-74	-64	-500	-490
Sale of net assets, subsidiaries	1,066	-	1,066	-
Sale of interest in subsidiary to non-controlling interest	-	-	1,046	1,046
Sale of tangible and intangible fixed assets	-	117	0	117
Change in financial assets, external	-24	-1	-38	-15
Discontinuing operations	-12	-31	-58	-77
<b>Cash flow from investing activities</b>	<b>956</b>	<b>20</b>	<b>1,516</b>	<b>580</b>
<i>Financing activities</i>				
New loans external	-	-	7,325	7,325
Shareholders' contribution	-	-	299	299
Change in loan from Parent Company	-	-	345	345
Change in credit utilization	86	-75	-8,315	-8,476
<b>Cash flow from financing activities</b>	<b>86</b>	<b>-75</b>	<b>-346</b>	<b>-507</b>
<b>Change in liquid funds, incl. short-term investments</b>	<b>728</b>	<b>-287</b>	<b>1,255</b>	<b>240</b>
Liquid fund opening balance, incl. short-term investments	685	454	163	454
Translation difference in liquid funds	-2	-4	-7	-9
<b>Liquid funds, end of period</b>	<b>1,411</b>	<b>163</b>	<b>1,411</b>	<b>685</b>

# Other

## Accounting & valuation principles

The consolidated financial statements for Perstorp Holding AB have been prepared in accordance with IAS 34, Interim Financial Reporting, and the Annual Accounts Act. The same accounting principles and calculation methods used in the interim reports were used in the annual accounts for 2012. The accounting principles of the Group and parent company are stated in Note 2 of the 2012 annual report.

The agreed revision of IAS 19, Employee Benefits, applies from January 1, 2013 with a retroactive effect during 2012. This recalculation of comparative information for 2012 is accounted for as an adjustment of the opening equity taking into account tax effects. The unrecognized balance sheet items at January 1st, 2012 totaled SEK 99 m, with a net impact of SEK 61 m in equity and the corresponding effect at December 31st 2012 totaled SEK 144 m, with a net impact of SEK 93 m in equity.

## Discontinued operations and Assets held for sale

At the end of March 2013, Perstorp closed the sale of its formaldehyde technology and catalyst business, Formox (Formox AB) to Johnson Matthey (Johnson Matthey Plc), a global speciality chemicals company and a leader in sustainable technologies. The divestment is in line with Perstorp's strategy to focus on and expand its core specialty chemicals activities. The financial results for Formox are accounted for as discontinued operations.

In December 2012, Perstorp's Board of Directors decided to transfer Perstorp's Singapore legal units (isophthalic acid operations) to Financière Forêt S.á r.l., parent company to Perstorp Holding AB, as a consequence of the recent refinancing process. The financial results for this operation are consequently from January to December 2012, reported within discontinued operations. The transaction was completed in March 2013 and settled via a vendor loan.

On May 31, 2012, Perstorp and Thailand's largest chemical producer PTT Global Chemical completed the formation of a joint venture dedicated to the manufacturing and sales of aromatic (TDI) and aliphatic (IPDI, HDI and derivatives) isocyanates. PTT Global Chemical (PTT GC) holds 51% of the joint venture and Perstorp 49% which includes certain exit rights. After the transaction day, Perstorp's share of 49% is reported as Participation in associated companies in the balance sheet and as Result from participations in associated companies in the income statement.

## Transactions with related parties

In March 2013 Financière Forêt S.á r.l. purchased the Singapore legal units via a vendor loan, from Perstorp Holding AB. The net amount borrowed from the Luxembourg-based parent company Financière Forêt S.á r.l. amounted to SEK 606 m at the end of March. The annual interest rate is 10% and capitalized.

## Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2012.

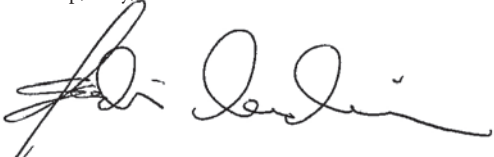
## Important events after reporting period

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

## Financial information

Perstorp's financial information comprises interim reports and an annual & social responsibility report. The complete annual report is available in English and can be ordered in print format. It is also posted on the Group's website at [www.perstorp.com](http://www.perstorp.com).

Perstorp, May, 2013



Martin Lundin  
President and CEO

*The report has not been reviewed by Perstorp's auditors.*



## Your Winning Formula

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

Matched to your business needs, our versatile intermediates enhance the quality, performance and profitability of your products and processes. This is how we enable you to meet market demands for safer, lighter, more durable and environmentally sound end-products – for the aerospace, marine, coatings, chemicals, plastics, engineering, and construction industries, as well as automotive, agricultural, food, packaging, textile, paper and electronics applications.

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

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

Discover your winning formula at [www.perstorp.com](http://www.perstorp.com)