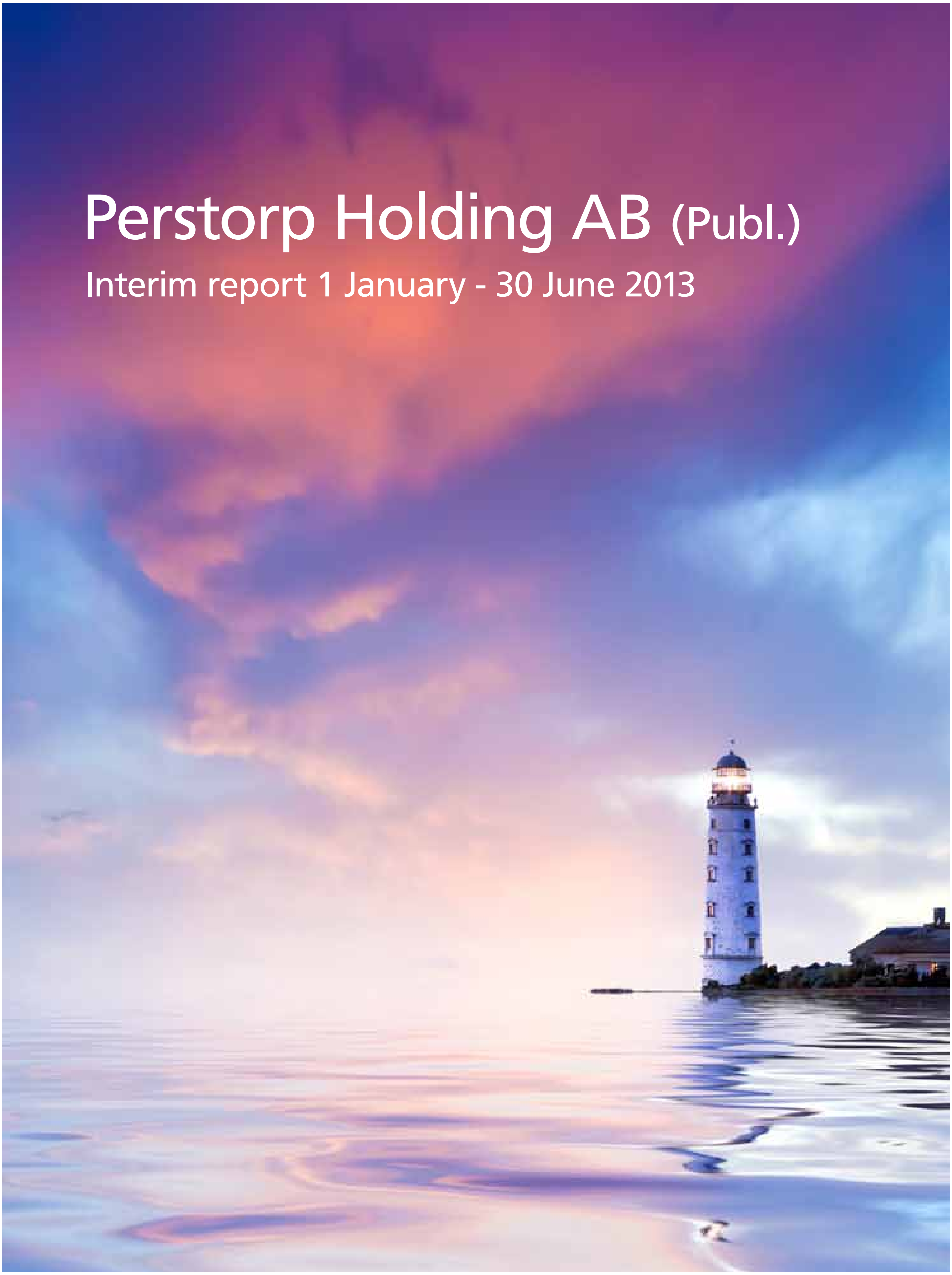
Perstorp Holding AB (Publ.)

Interim report 1 January - 30 June 2013

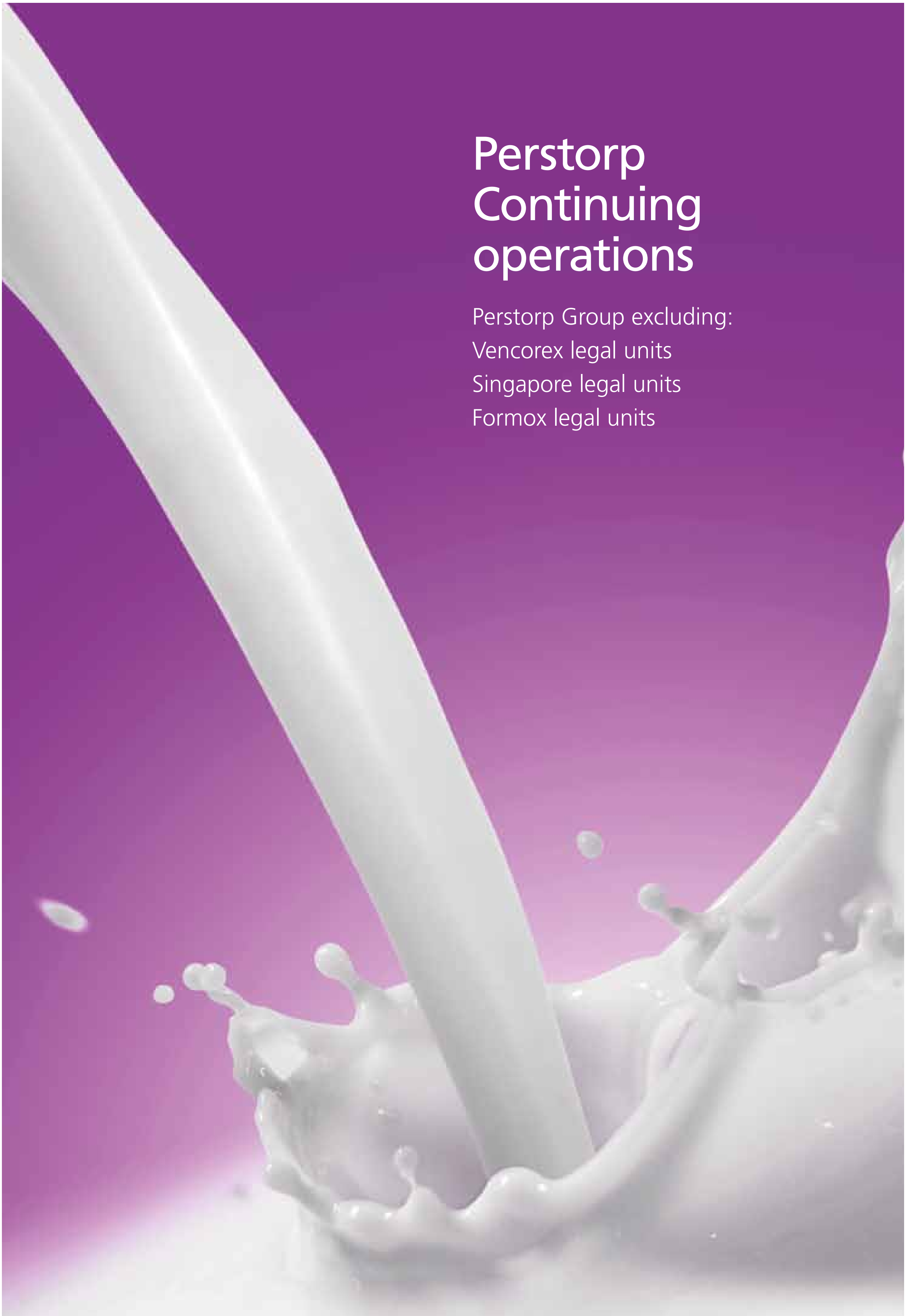


Perstorp
WINNING FORMULAS

TABLE OF CONTENTS

Perstorp Continuing operations

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



Interim report 1 January - 30 June 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 – June 2013

- For the Perstorp Group's continuing operations, sales in January to June 2013 amounted to SEK 5,179 million, a decline of 5% compared to the same period last year (5,433). Volumes were 1% higher than last year, but a combination of a stronger Swedish krona, -4%, and slightly lower sales prices, -2%, had a negative effect on sales. Operating earnings before depreciation and amortization (EBITDA) relating to continuing operations were SEK 559 million (819). Adjusted for non-recurring items, the corresponding figure amounted to SEK 553 million (760).
- In March, Perstorp closed the sale of its formaldehyde technology and catalyst business, Formox (Formox AB) to Johnson Matthey (Johnson Matthey Plc). Further, Perstorp sold the Singapore legal units (Isophthalic acid operations) to Financiére Forêt S.á r.l., parent company to the Perstorp Group, as a consequence of the refinancing process that was closed in November 2012. In May, Perstorp closed the sale of Perstorp Ättika (vinegar) to Kavli.
- In June, it was announced that Jan Secher will succeed Martin Lundin as President and CEO from September 2013.
- The strategic investment project in a new production plant for Valeraldehyde and its derivatives 2-PH and DPHP is progressing according to plan with an expected start-up beginning of 2015.

Key figures in summary, Continuing operations

SEK m unless otherwise stated	Quarter 2 2013	Quarter 2 2012	Quarter 1 2013	Quarter 1-2 2013	Quarter 1-2 2012	Latest 12 months	Full year 2012
Net sales	2,694	2,685	2,485	5,179	5,433	9,782	10,036
Operating earnings before depreciation (EBITDA)	315	365	244	559	819	1,017	1,277
% of net sales	11.7	13.6	9.8	10.8	15.1	10.4	12.7
EBITDA excluding non-recurring items [1]	308	377	245	553	760	981	1,188
% of net sales	11.4	14.0	9.9	10.7	14.0	10.0	11.8
Operating earnings (EBIT)	160	208	90	250	506	398	654
% of net sales	5.9	7.7	3.6	4.8	9.3	4.1	6.5
Net earnings/loss	-460	41	-93	-553	137	-677	13
Free Cash Flow	183	93	-172	11	261	366	616
% of net sales	6.8	3.5	-6.9	0.2	4.8	3.7	6.1
Number of full-time employees, end of period	1,491	1,431	1,474	1,491	1,431	1,491	1,462

[1] Non-recurring items are mainly attributable to property divestment and restructuring costs.

President´s comments

"With the performance of the chemical industry largely tied to the strength of the global economy, Perstorp continues the steadfast implementation of our organic growth strategy. Our diligent attention to improving internal processes and advancing product offerings helps steadily advance our market footprint in the specialty chemical niche."

Financial overview

The overall financial performance of Perstorp has improved slightly when compared with the first quarter this year. This is primarily driven by increased volumes, which are about 1% higher when compared to the same period in 2012.

With increased volumes, the EBITDA of the Group is slowly trending upwards. However, with the cost of raw materials remaining high and the overall economic recovery still very fragile, margins continue to be under pressure.

While maintaining rigid cost control, Perstorp has launched a profit protection program to promote both cost-cutting and revenue enhancing activities.

A steady pace

In a time of economic strain, I am proud to highlight the steady filling of Perstorp's product development pipeline.

By this year's half-way point, we have launched four new products, setting a company record for the largest number introduced in one term. Most notably, the Ymer™ N120, an environmentally kind polyurethane dispersion, which took home the Ringier Technology Innovation Award at the 11th China Coatings Summit.

Securing sustainability

Together with partner Borealis, Perstorp also inaugurated the newly built PetroPort, one of Sweden's largest deep-sea ports. This development is another step in securing the sustainability of our manufacturing platform in Stenungsund, Sweden. The 245-meter long pier accommodates vessels up to 170 meter in length and provides an increase of import volume as well as secures a guarantee of timely delivery of goods.

Industry evolutions

The "shale gas revolution" has quickly emerged as a major game-change to the global chemical industry as the US transforms into a low-cost natural gas and oil producer.

In alignment with our strategy and in efforts to capitalize on the subsequent upswing of the US chemical sector, Perstorp has planned several debottle-necking investments at our U.S. site in Toledo, Ohio.

New horizons for Perstorp leadership

With some non-core assets divested, key strategic investments in motion, and a long-term financing in place, I believe it is time for a new leader to guide Perstorp into its next phase. In mid-September, I therefore will leave my position. Jan Secher, former CEO of Ferrostaal AG and chemical company Clariant, will succeed me.

It has been my honor to lead this company for more than four years and I am incredibly proud of all the great strides we have made together.

I thank you for the privilege of serving at the helm of this world-class organization and look forward to watching its continued success.

Perstorp, August, 2013

Martin Lundin
President and CEO

Market and economic conditions

General

The general economy in Q2 experienced an improvement when compared to Q1 but at a slower pace than anticipated.

A strained economic climate in Europe persists and the region's cooler spring delayed the seasonal upswing effect for both the paints and coatings, and feed sectors. The disconnect between official China growth figures and perceived reality, as well as the slowdown in the Indian economy, has spiked concern and reduced confidence in the overall market. North America has experienced a more positive sentiment.

Overall, 2013 is expected to run more smoothly than 2012. Destocking was a general trend in the second half of 2012 with a sharp slowdown as a consequence. As inventories have remained low, a similar pattern this year is not anticipated.

Perstorp´s markets

Conditions in the US have improved markedly, driven by a strengthened consumer confidence and a shrinking inventory of homes for sale.

Q2 brought with it the usual increase in seasonal demand driven by the coatings markets. New housing is showing continued signs of improvement.

Conditions in both Europe and Asia vary greatly country by country. Eastern Europe has shown a very positive growth for Perstorp´s products. China, an important driver for both Asian and European demand, continues to progress in a positive direction but at a slower pace than expected. Latin America is demonstrating improvements, especially Mexico which is enjoying strong domestic growth as well as increased export activity to the US and Latin America.

Expectations going forward remain positive.

Raw materials

During Q2, global commodities continued flat on the back of negative economic data. In alignment with consistent annual trends, Q2 presented a weaker term for demand within global commodities, which led to subdued markets with a downward pressure on prices. Brent Crude oil price fell below USD 100 in the middle of April but quickly regained pace and traded around USD 105 by the end of the quarter. The quarterly average was USD 104 per barrel down from USD 112 in Q1. Naphtha and its downstream derivatives, of which most of Perstorp's commodities are based on, followed the same trend. Methanol and benzene are exceptions and have pushed toward the opposite direction with increased prices. Methanol prices rose due to greater demand from the energy sector (DME and MTBE production) while supply has been weak due to gas curtailments, production problems and EU/UN sanctions against Iran. Benzene supply has been somewhat restricted due to lower overall production rates in units where benzene is a co-product (refineries and crackers).

The outlook for Q3 indicates that demand and prices will pick up slightly and supply/demand will tighten gradually grounded in seasonal and cyclical factors.

For the period January to June 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 5,179 million for the first six months of 2013, compared with 5,433 million in the corresponding period 2012.

Volumes increased 1% compared to last year following a stronger second quarter. Compared to the first quarter 2013, volumes in the second quarter improved by 10%. The volume increase was evident in a number of product lines.

A scheduled maintenance shutdown in the BioProducts plant had a negative effect on sales of approximately SEK 70 million.

Sales prices were slightly lower than preceding quarters driven by a competitive market and a somewhat unfavorable product mix.

The strong appreciation, versus last year, of the Swedish krona versus both the USD and Euro led to negative currency effects on sales of -4%.

Earnings

Operating earnings before depreciation and amortization (EBITDA) for continuing operations reached SEK 559 million (819) in January to June 2013. Excluding non-recurring items, earnings amounted to SEK 553 million (760). The appreciation of the Swedish krona affects results negatively when comparing January to June 2013 with the same period last year. Currency effects amounted to approximately SEK -30 milllion relating to both translational and transactional effects from flows in USD and Euro.

The decline in earnings compared to last year has, besides negative currency effects, also been driven by margin pressure related to high feedstock prices coupled with a competitive market.

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

Operating earnings before interest and taxes (EBIT) were SEK 250 million (506) in January to June. Depreciation was on the same level as last year, 309 million (313). Earnings before tax amounted to SEK -641 million (181). Net financial items have been negatively affected by currency effects when revaluating 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. Participation in associated companies has contributed with a loss of SEK 94 million in January to June, compared to a loss of SEK 13 million last year.

For the period, net loss amounted to SEK -553 million, compared to a gain of SEK 137 million last year.

Income statement, Continuing operations

SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2013	2012	2013	2012	12 months	2012
Net sales	**2,694**	**2,685**	**5,179**	**5,433**	**9,782**	**10,036**
Cost of goods sold	-2,400	-2,334	-4,611	-4,655	-8,749	-8,793
Gross earnings	**296**	**351**	**568**	**778**	**1,033**	**1,243**
Selling, administration and R&D costs	-197	-192	-386	-375	-757	-746
Other operating income and expenses [1)]	59	48	64	102	116	154
Write-down of assets	0	0	0	0	0	0
Result from participations in associated companies	2	1	4	1	6	3
Operating earnings (EBIT)	**160**	**208**	**250**	**506**	**398**	**654**
Exchange-rate effects on net debt	-278	87	-169	135	-28	276
Other financial income and expenses	-324	-221	-628	-447	-1,216	-1,035
Result from participations in associated companies	-84	-13	-94	-13	-151	-70
Earnings/loss before tax	**-526**	**61**	**-641**	**181**	**-997**	**-175**
Tax	66	-20	88	-44	321	188
Net earnings/loss	**-460**	**41**	**-553**	**137**	**-677**	**13**

Write-down of assets	**0**	**0**	**0**	**0**	**0**	**0**
Depreciations	**-155**	**-157**	**-309**	**-313**	**-619**	**-623**
Operating earnings before depreciation (EBITDA)	**315**	**365**	**559**	**819**	**1,017**	**1,277**
EBITDA excl non-recurring items	**308**	**377**	**553**	**760**	**981**	**1,188**

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

Segment information

Segment data, Continuing operations	Quarter 2		Quarter 1-2		Latest	Full year
	2013	2012	2013	2012	12 months	2012
Net sales						
Specialty Intermediates	1,814	1,865	3,463	3,666	6,497	6,700
Performance Products	877	884	1,731	1,847	3,305	3,421
Eliminations	3	-64	-15	-80	-20	-85
Total Continuing operations	**2,694**	**2,685**	**5,179**	**5,433**	**9,782**	**10,036**
EBITDA						
Speciality Intermediates	216	260	378	510	615	747
Performance Products	114	108	204	241	351	388
Other/Eliminations	-15	-3	-23	68 [1)]	51 [1)]	142 [1)]
Total Continuing operations	**315**	**365**	**559**	**819**	**1,017**	**1,277**

[1)] 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% (15), and revenue from external customers from other countries is 86% (85).

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

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 -6%, of which -4% related to currency effects and -3% to lower prices/product mix. Volumes increased 2% compared to last year. The lower earnings are primarily due to the lower prices/product mix, as well as to the negative currency effects.

Business Group Performance Products showed sales 6% below the same period last year. The decrease was mainly due to negative currency effects, -4%, but also lower volumes, -2%. The lower EBITDA can equally be explained by a combination of lower volumes, higher raw material prices, especially Benzene, and negative currency effects.

Cash flow

Free cash flow from operating activities for continuing operations was SEK 11 million (261) for the period January to June 2013. Compared to the corresponding period last year, the lower free cash flow from operating activities can be explained by a combination of lower earnings and higher strategic expansion investments.

Investment activities amounted to SEK 277 million (156). The increase compared to the same period last year reflects our higher spending rate in primarily the Valeraldehyde and derivatives project in Stenungsund, Sweden.

Capital expenditure related to maintenance investments has been rather stable compared to last year.

Free cash flow analysis, Continuing operations

SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2013	**2012**	**2013**	**2012**	**12 months**	**2012**
EBITDA excl non-recurring items	308	377	553	760	981	1,188
Change in Working capital	78	-193	-265	-344	-3	-82
Maintance capex	-53	-56	-89	-102	-264	-276
Free cash flow before strategic capex	**333**	**129**	**199**	**315**	**715**	**830**
% of EBITDA excluding non-recurring items	108	34	36	41	73	70
Strategic capex	-150	-36	-188	-54	-349	-214
Free cash flow	**183**	**93**	**11**	**261**	**366**	**616**
% of EBITDA excluding non-recurring items	59	25	2	34	37	52

Financial position

Working capital for continuing operations increased by SEK 210 million during the first six months of the year. An increase is in line with the normal seasonal pattern and the increase was related to improved sales. Inventory levels have been reduced to satisfactory levels during the period, mainly during the second quarter.

Compared to the same period last year, the working capital for continuing operations was at the same level.

Working capital for continuing operations amounted to SEK 1,401 million, at the end of Q2 2013 compared to SEK 1,520 million at the end of Q1 2013 and SEK 1,398 million at the end of Q2 2012.

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

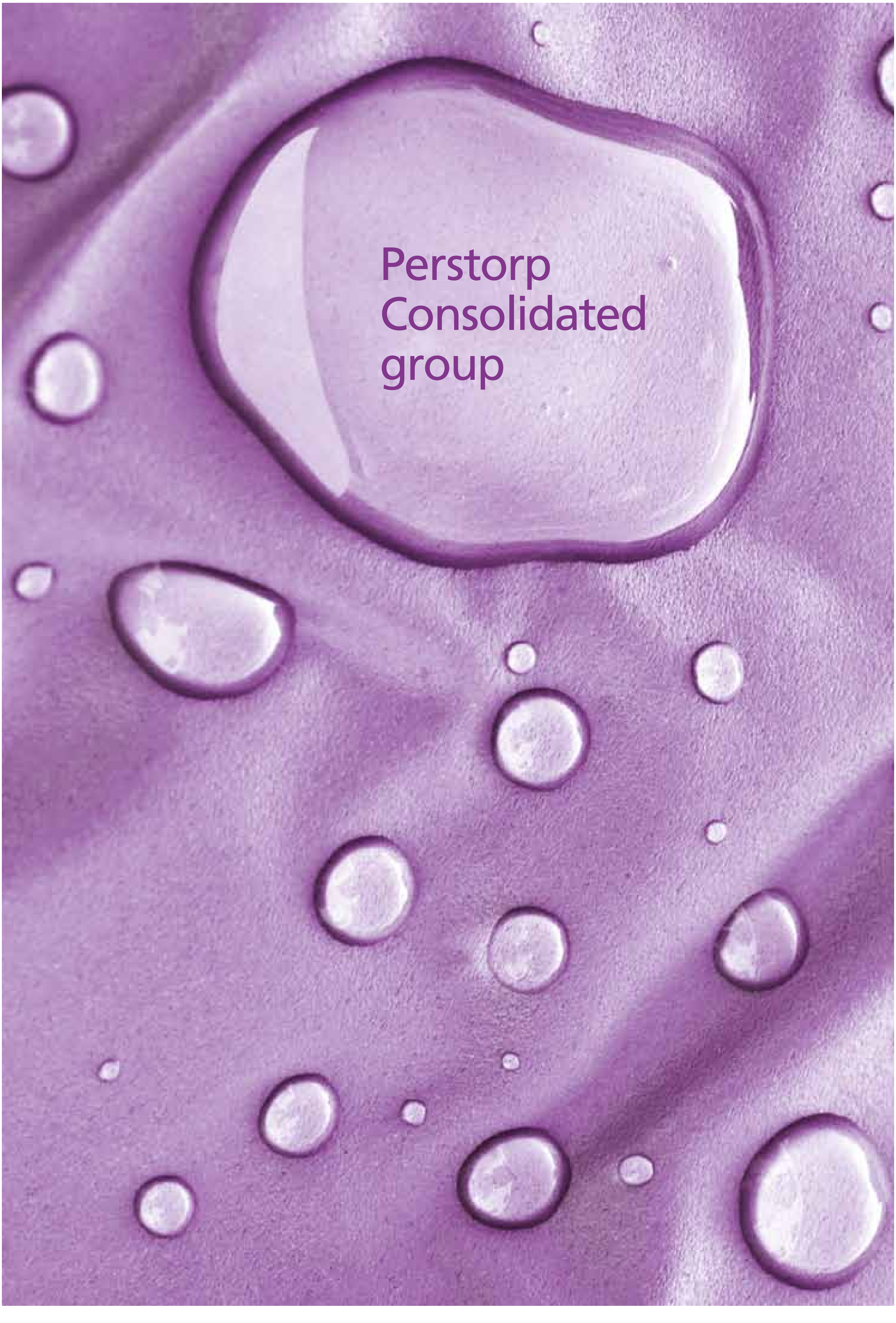
The Group's available funds, including liquid funds and letter of credit facilities, were SEK 1,571 million at the end of the period, compared with SEK 1,599 million at the end of Q1 2013.

Assets and liabilities, Continuing operations

SEK m	June 30, 2013	June 30, 2012	Dec 31, 2012
Working capital, Continuing operations			
Inventories	1,156	1,199	1,280
Accounts receivable	1,531	1,544	1,198
Other current assets	287	253	326
Accounts payables	827	851	822
Other current liabilities	746	747	791
Total Working capital, Continuing operations	**1,401**	**1,398**	**1,191**

Capital employed, Continuing operations			
Total assets	15,358	14,525	14,517
Deferred tax liability	962	1,291	979
Accounts payable	827	851	822
Other liabilities	1,238	1,251	1,250
Total Capital employed, Continuing operations	**12,331**	**11,132**	**11,466**

Other key figures, Continuing operations			
Available funds	1,571	474	975
Net debt	9,719	10,512	10,526
Net debt excl. parent company loan and pension liabilities	8,730	9,272	8,848


Perstorp
Consolidated
group

Financial overview

Income statement, Consolidated group						
SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2013	2012	2013	2012	12 months	2012
Continuing operations						
Net sales	**2,694**	**2,685**	**5,179**	**5,433**	**9,782**	**10,036**
Cost of goods sold	-2,400	-2,334	-4,611	-4,655	-8,749	-8,793
Gross earnings	**296**	**351**	**568**	**778**	**1,033**	**1,243**
Selling, administration and R&D costs	-197	-192	-386	-375	-757	-746
Other operating income and expenses [1]	59	48	64	102	116	154
Write-down of assets	0	0	0	0	0	0
Result from participations in associated companies	2	1	4	1	6	3
Operating earnings (EBIT)	**160**	**208**	**250**	**506**	**398**	**654**
Exchange-rate effects on net debt	-278	87	-169	135	-28	276
Other financial income and expenses	-324	-221	-628	-447	-1,216	-1,035
Result from participations in associated companies	-84	-13	-94	-13	-151	-70
Earnings/loss before tax	**-526**	**61**	**-641**	**181**	**-997**	**-175**
Tax	66	-20	88	-44	321	188
Net earnings/loss	**-460**	**41**	**-553**	**137**	**-677**	**13**
Discontinued operation						
Net sales	0	987	257	2,119	936	2,798
Operating earnings (EBIT)	-26	-26	837	-125	1,382	420
Earnings/loss before tax	-26	-148	822	-289	1,326	215
Tax	0	-3	-5	-11	-43	-49
Net earnings/loss	**-26**	**-151**	**817**	**-300**	**1,283**	**166**
Group, total						
Net sales	2,694	3,672	5,436	7,552	10,718	12,834
Operating earnings (EBIT)	134	182	1,087	381	1,780	1,074
Earnings/loss before tax	-552	-88	181	-108	329	40
Tax	67	-22	83	-55	277	139
Net earnings/loss	**-485**	**-110**	**264**	**-163**	**606**	**179**

Operating earnings before depreciation (EBITDA)	**289**	**462**	**1,400**	**863**	**1,898**	**1,361**
EBITDA excluding non-recurring items	**308**	**473**	**572**	**803**	**1,041**	**1,272**

Comprehensive income report, Consolidated accounts						
SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2013	2012	2013	2012	12 months	2012
Earnings/loss for the period	**-485**	**-110**	**264**	**-163**	**606**	**179**
Other comprehensive results						
Translation effects	51	-86	-5	-33	24	-4
Translation effects sold subsidiaries	-	-99	-77	-99	-77	-99
Market valuation of interest swaps	0	0	0	-5	10	5
Market valuation of forward contracts	2	4	4	-9	9	-4
Remeasurements of defined benefit plan	0	0	0	0	-45	-45
Tax relating to other comprehensive results	-1	0	-1	4	7	12
Other comprehensive results net after tax	**52**	**-181**	**-79**	**-142**	**-72**	**-135**
Comprehensive results after tax	**-433**	**-291**	**185**	**-305**	**534**	**44**

Comprehensive results attributable to:						
Parent company's shareholder	-434	-296	184	-310	535	41
Non controlling interest	1	5	1	5	-1	3

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

Financial position

Balance sheet, Consolidated group			
SEK m	**June 30, 2013**	**June 30, 2012**	**Dec 31, 2012**
Tangible fixed assets	4,275	4,234	4,281
Intangible fixed assets	5,340	6,090	5,943
Participation in associated companies	904	1,058	981
Financial fixed assets	498	632	448
Inventories	1,156	1,435	1,375
Other current assets	1,863	2,010	1,724
Cash & cash equivalents, incl.short-term investments	1,322	233	678
Assets held for sale	-	-	430
Assets	**15,358**	**15,692**	**15,860**
Shareholders' equity	1,462	927	1,277
Loan from parent company	586	890	1,271
Pension liability, others	403	350	407
Other long-term liabilities	10,831	10,520	10,388
Current liabilities	2,076	3,005	2,343
Liabilities held for sale	-	-	174
Shareholders' equity & liabilities	**15,358**	**15,692**	**15,860**
Working capital	1,401	1,493	1,224
Net debt	9,719	10,512	10,526
Net debt excl. parent company loan and pension liabilities	8,730	9,272	8,848
Capital employed	12,331	11,654	12,293
Number of full-time employees, end of period	1,491	1,577	1,621

Shareholders' equity, 2013			
SEK m	**Shareholders´ equity excl. non controlling interest**	**Non controlling interest**	**Total shareholders´ equity**
Opening balance, January 1, 2013	**1,326**	**44**	**1,370**
Effect of change in accounting policy for reporting defined benefit pension plans	-93	-	-93
Adjusted opening balance, January 1, 2013	**1,233**	**44**	**1,277**
Comprehensive results for the period	184	1	185
Closing balance, June 30, 2013	**1,417**	**45**	**1,462**

Shareholders' equity, 2012			
SEK m	**Shareholders´ equity excl. non controlling interest**	**Non controlling interest**	**Total shareholders´ equity**
Opening balance, January 1, 2012	**954**	**24**	**978**
Effect of change in accounting policy for reporting defined benefit pension plans	-61	-	-61
Adjusted opening balance, January 1, 2012	**893**	**24**	**917**
Comprehensive results for the period	-310	5	-305
Shareholders contribution	298	17	315
Closing balance, June 30, 2012	**881**	**46**	**927**

Cash flow

Cash Flow analysis, Consolidated group						
SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2013	2012	2013	2012	12 months	2012
Operating activities						
Operating earnings	160	208	250	506	398	654
Adjustments:						
Depreciation and write-down	155	157	310	313	620	623
Other	-15	120	-50	24	-144	-70
Operating activities in discontinued operations	-	-34	19	-58	60	-17
Interest received	2	0	4	0	9	5
Interest paid	-227	-137	-334	-264	-538	-468
Income tax paid	-3	-15	-13	-28	-28	-43
Interest and taxes paid in discontinued operations	-	-39	-22	-89	-66	-133
Cash flow from operating activities before change in working capital	**72**	**260**	**164**	**404**	**311**	**551**
Changes in working capital						
Increase (-) Decrease (+) in inventories	131	-205	132	-153	27	-258
Increase (-) Decrease (+) in current receivables	-43	40	-246	-308	13	-49
Increase (+) Decrease (-) in current liabilities	53	-3	-89	142	-6	225
Discontinuing operations	-	-136	-62	-361	-3	-302
Cash flow from operating activities	**213**	**-44**	**-101**	**-276**	**342**	**167**
Investing activities						
Acquisition of shares in associated companies	-	-	-	-1	-	-1
Acquisition of tangible and intangible fixed assets	-203	-90	-277	-154	-613	-490
Sale of net assets, subsidiaries	-	-	1,066	-	1,066	-
Sale of interest in subsidiary to non-controlling interest	-	1,046	-	1,046	-	1,046
Sale of tangible and intangible fixed assets	-	-	-	117	-	117
Change in financial assets, external	27	-9	3	-10	-2	-15
Discontinuing operations	-	-34	-12	-65	-24	-77
Cash flow from investing activities	**-176**	**913**	**780**	**933**	**427**	**580**
Financing activities						
New loans external	-	-	-	-	7,325	7,325
Shareholders' contribution	-	298	-	298	1	299
Change in loan from parent company	-61	-	-61	-	284	345
Change in credit utilization	-67	-1,097	19	-1,172	-7,285	-8,476
Cash flow from financing activities	**-128**	**-799**	**-42**	**-874**	**325**	**-507**
Change in liquid funds, incl. short-term investments	**-91**	**70**	**637**	**-217**	**1,094**	**240**
Liquid fund opening balance, incl. short-term investments	1,411	163	685	454	233	454
Translation difference in liquid funds	2	0	0	-4	-5	-9
Liquid funds, end of period	**1,322**	**233**	**1,322**	**233**	**1,322**	**685**

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 million, with a net impact of SEK 61 million in equity and the corresponding effect at December 31st 2012 totaled SEK 144 million, with a net impact of SEK 93 million in equity.

Divested units and Assets held for sale

In May 2013, Perstorp closed the sale of Perstorp Ättika (vinegar) to Kavli. The financial results are accounted for as continuing operations up until the date of closing.

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 Financiére Forêt S.á r.l., parent company to Perstorp Holding AB, as a consequence of the recent refinancing process. The transaction was completed in March 2013 and settled via a vendor loan.The financial results for this operation are consequently from January to December 2012, reported within discontinued operations.

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, Perstops 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 Financiére 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 Financiére Forêt S.á r.l. amounted to SEK 586 million at the end of June. 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.

Perstorp, August, 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.

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