Insights

Annual Report 2012

PCC at a glance

Consolidated income statement	2012	2011
Sales	€ 677.3 m	€ 614.8 m
Gross profit	€ 134.2 m	€ 113.6 m
EBITDA *	€ 38.0 m	€ 49.2 m
EBIT *	€ 19.3 m	€ 32.4 m
EBT *	€–19.7 m	€ 14.0 m

Consolidated balance sheet	2012	2011
Total assets	€ 514.4 m	€ 458.6 m
Fixed assets	€ 301.8 m	€ 278.8 m
Current assets	€ 206.2 m	€ 173.9 m
Equity	€ 105.4 m	€ 114.7 m
Liabilities	€ 387.6 m	€ 320.1 m

Key Group indicators	2012	2011
Equity ratio *	20.5 %	29.8 %
ROCE *	5.3 %	9.3 %
Gross cash flow *	€ 13.4 m	€ 8.2 m
Capital expenditures	€ 45.0 m	€ 54.3 m
Number of employees at home and abroad (average over the year)	2,597	2,312

Consolidated sales by division	2012	2011
Chemicals division	€ 612.7 m	€ 546.4 m
Energy division	€ 10.6 m	€ 13.8 m
Logistics division	€ 46.0 m	€ 43.9 m
Other Shareholdings	€ 8.0 m	€ 10.6 m
Total sales	€ 677.3 m	€ 614.8 m

Consolidated sales by region	2012	2011
Germany	€ 151.3 m	€ 147.6 m
Poland	€ 253.5 m	€ 229.8 m
Other EU member states	€ 153.9 m	€ 135.5 m
Rest of Europe	€ 64.9 m	€ 55.7 m
USA, Asia and other regions (total)	€ 53.7 m	€ 46.1 m
Total sales	€ 677.3 m	€ 614.8 m

Rounding differences possible.

* For explanations and definitions, see page 17.

The locations of the PCC Group

Insights

Annual Report 2012

Consolidated Financial Statements of PCC SE

PCC. synergies at work

SE

The locations of the PCC Group

16 countries – around 70 Group companies – more than 2,500 employees
Managed by PCC SE as the holding company headquartered in Duisburg, Germany, PCC is an international group of companies represented today in 16 countries around the world. Some 70 subsidiaries and affiliates of the PCC employ more than 2,500 people at home and abroad.

Europe

Bosnia-Herzegovina
Prusac/Donji Vakuf
Sarajevo

Bulgaria
Sofia

Germany
Duisburg (Group Headquarters)
Frankfurt (Oder)
Hamburg

Iceland
Húsavík

Latvia
Ventspils

Macedonia
Skopje

Poland
Brzeg Dolny
Czechowice-Dziedzice
Gdynia
Gliwice
Katowice
Kędzierzyn-Koźle
Kutno
Płock
Warsaw
Zagórze

Romania
Râmnicu Vâlcea

Russia
Kaliningrad
Moscow
Nizhny Novgorod
Pervomaysky (Shchekino)

Slovakia
Košice

Czech Republic
Český Těšín

Turkey
Istanbul

Ukraine
Lviv

Belarus
Grodno
Smilavichy

Africa

Ghana
Accra

“Honesty leads to confidence. Confidence generates mutual success.”

Waldemar Preussner,
Chairman of the Administrative Board of PCC SE

**„Honesty leads to confidence.
Confidence generates mutual success.“**

Waldemar Preussner,
Chairman of the Administrative Board of PCC SE

In a word

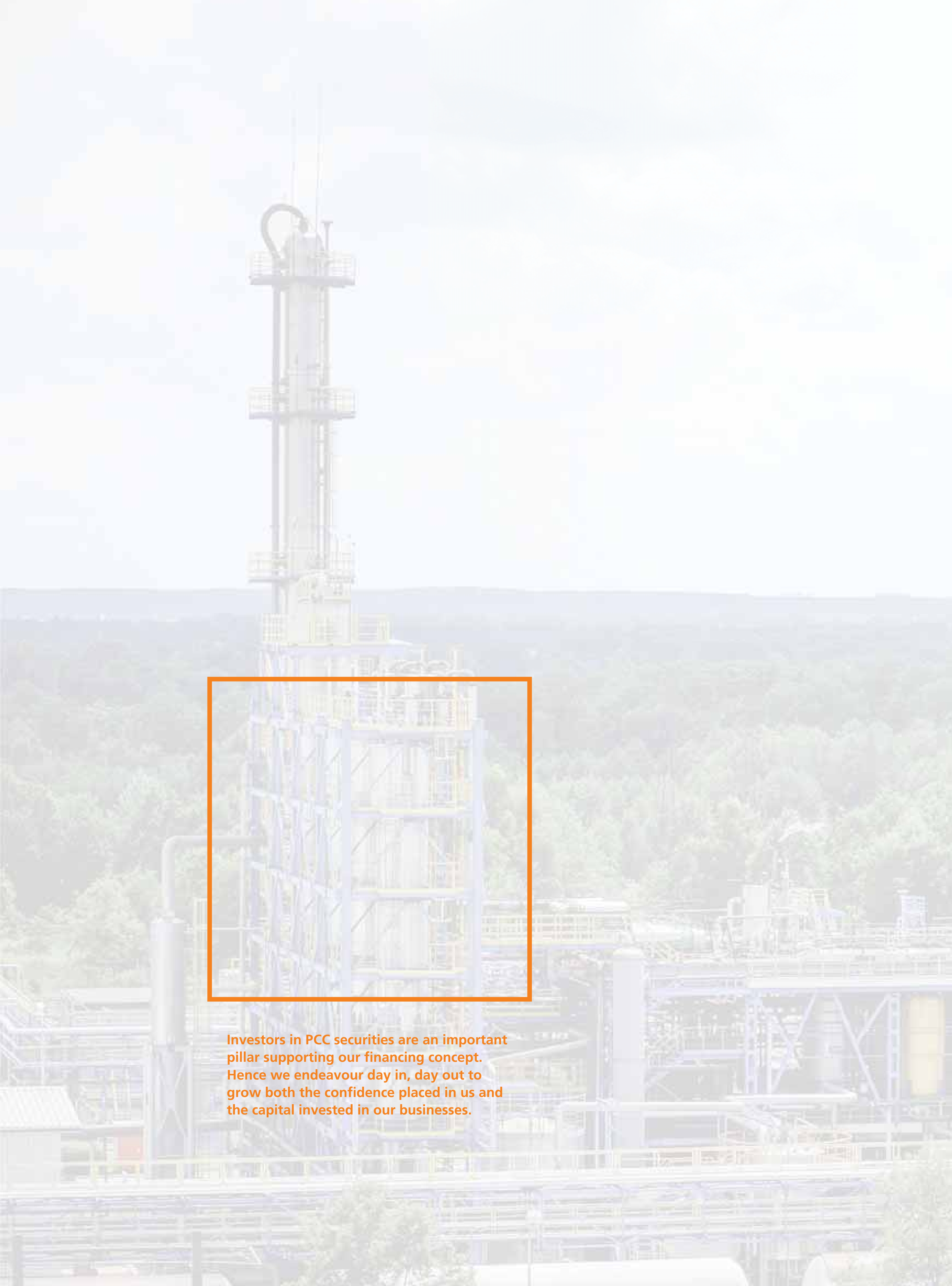
The motto under which this annual report has been authored is simply "Insights" in reference to the insights into the individual businesses of the PCC Group which we are delighted to provide to all interested readers with this publication. They include details of our strategies, investments and targeted synergies. The inherent openness, honesty and transparency conveyed are core values of PCC with which we intend to sustain and augment the confidence of our investors – a solid level of trust that, for the last two decades, has provided the foundation for our mutual success.

Group management report

Consolidated financial statements

Information for our investors

→
The chemicals concern ROKITA SA was integrated in the PCC Group in 2002. In 2003, PCC acquired a majority of the shares in today's PCC Rokita SA, and by 2010 had increased its investment to a 100 % holding.



Investors in PCC securities are an important pillar supporting our financing concept. Hence we endeavour day in, day out to grow both the confidence placed in us and the capital invested in our businesses.

Key financials of the PCC Group

Chemicals, Energy and Logistics – as an internationally engaged corporate group, PCC SE was again active in 2012 in businesses in which we have proven competence and can drive ongoing development. This fiscal year saw the 2,597 PCC employees at home and abroad generating consolidated sales of € 677.3 million, representing an increase of 10.2 % versus 2011. However, we cannot hide the fact that, due in particular to a necessary exceptional charge, we made a loss before taxes of € –19.7 million, significantly below the earnings target that we had set ourselves.

The PCC Villa in Duisburg-Homberg has been the corporate headquarters of the PCC Group since 1998.

Development in selected Group indicators

Figures in €m	2008	2009	2010	2011	2012
Sales	**913.0**	**652.0**	**580.1**	**614.8**	**677.3**
Chemicals division	479.8	339.9	404.6	546.4	**612.7**
Energy division	177.0	211.1	136.6	13.8	**10.6**
Logistics division	255.1	99.6	30.3	43.9	**46.0**
Other Shareholdings	1.2	1.4	8.5	10.6	**8.0**
Gross profit	**207.9**	**116.8**	**89.4**	**113.6**	**134.2**
Net profit/loss	**–29.4**	**90.1**	**–17.7**	**10.3**	**–21.3**
EBITDA [1]	28.7	130.8	14.5	49.2	**38.0**
EBIT [2]	–0.8	107.4	1.0	32.4	**19.3**
EBT [3]	–27.7	94.8	–15.4	14.0	**–19.7**
Gross cash flow [4]	9.8	–28.3	4.9	8.2	**13.4**
ROCE in % [5]	**–0.2 %**	**30.2 %**	**0.3 %**	**9.3 %**	**5.3 %**
Net debt [6]	294.5	165.0	209.3	218.3	**252.5**
Net debt/EBITDA	10.3	1.3	14.4	4.4	**6.6**
Group equity [7]	**95.6**	**196.1**	**160.0**	**136.7**	**105.4**
Equity ratio in % [8]	17.6 %	43.8 %	34.2 %	29.8 %	**20.5 %**
Return on equity in % [9]	–57.7 %	112.9 %	–14.6 %	9.1 %	**–19.3 %**
Capital expenditures	**133.4**	**38.4**	**53.2**	**54.3**	**45.0**
Number of employees (consolidated companies) [10]	**6,137**	**3,914**	**2,174**	**2,312**	**2,597**
Germany	189	201	217	101	**114**
International	5,948	3,713	1,957	2,211	**2,483**

1 EBITDA = Earnings before interest, taxes, depreciation and amortisation = Operating profit
2 EBIT = Earnings before interest and taxes; EBITDA – Depreciation and amortisation
3 EBT = Earnings before taxes; EBIT – Interest and other financial items
4 Gross cash flow = Net profit/loss adjusted for non-cash income and expenditures
5 ROCE = Return on capital employed; EBIT ÷ [Average equity + Average interest-bearing debt capital]
6 Net debt = Interest-bearing borrowings – Liquid funds – Other securities
7 Group equity = Economic capital, including mezzanine capital with a term of more than one year
8 Equity ratio calculated on the basis of economic capital (see note 7 above)
9 Return on equity = Net profit for the year ÷ Average equity
10 Average over the year

Preface by the Chairman of the Administrative Board of PCC SE

Dear Customers,
Business Partners and Investors,
Colleagues, Employees,
Ladies and Gentlemen,

I am delighted to present to you herewith the 2012 annual report of PCC SE. Last year, we were able to continue driving Group growth with increased revenues. On the profit side, however, we were unable to match this trend, due in particular to exceptional items taken as charges. Consequently, after returning the PCC Group to profitability in 2011, and a good start to 2012, the results achieved at the end of 2012 leave us ultimately dissatisfied with our performance.

Annual result below expectations

In the course of fiscal 2012, consolidated sales of the PCC Group underwent a gratifying increase of a good 10 %, from € 615 million to around € 677 million. As in recent years, the Chemicals division was again the main revenue and earnings generator in 2012, accounting for a share in consolidated sales of around 90 %. Here, we were able to achieve a disproportionate increase in revenues of 12 % to € 613 million for the year under review. All the businesses of this sector, whether in commodity trading or production, contributed to this development. Last year, we also made further progress in the consolidation of the individual product units within the Chemicals division. In addition to the integration of the polyurethane system house PCC Prodex Sp. z o.o., Warsaw, within the Polyols unit of PCC Rokita SA, Brzeg Dolny (Poland), preparations for the merger of PCC Chemax, Inc., Piedmont (USA), within PCC Exol SA, Brzeg Dolny, were also completed in the autumn of 2012, with final implementation in January 2013. That means that the affiliates involved in our surfactants business have now also been brought under one roof. In future, these measures will facilitate more effective and efficient management of the individual product segments.

Within the energy sector, construction activity involving our small hydropower plants in South-East Europe finally started to make progress after long delays in the approval process. At the Gradečka site, construction commenced on the first power plant in Macedonia at the beginning of the third quarter. In November 2012, building also started at the Galičnik site, and, in January 2013, at our largest project site in Brajčino. All three facilities are to be completed by the end of this year. We remain committed to achieving a portfolio of five power plants in Macedonia with a total output of 6 megawatts. Sales of the Energy division fell to € 11 million in 2012, following € 14 million in 2011.

Waldemar Preussner
Chairman of the Administrative Board of PCC SE

Business performance in the Logistics division was less than satisfactory. Although sales in this corporate segment increased by 5 % to € 46 million, business development was accompanied by an increasingly tough price war on the intermodal transport market. This situation led to a further deterioration in the earnings situation, with the cost-saving measures introduced failing to fully compensate for the losses incurred.

At € 38 million, total Group operating profit (EBITDA) was 6 % below budget and expectation. In addition, a write-off of non-current securities (exceptional item) amounting to around € 20 million resulted in a total overall net loss of € –21 million. This non-cash charge had to be made on our shareholdings in the Romanian company S.C. Oltchim S.A. as this chemicals producer has gone into administered insolvency with the purpose of restructuring it in the coming years. PCC had invested in around 32 % of the shares in the company so as to be well positioned for a planned privatisation process which ultimately failed. As this is a company of significant size, the prospects for a positive outcome from the envisaged restructuring exercise in the future appear to be good, particularly in view of the fact that, among others, the International Monetary Fund is involved.

Positive start to 2013

In the Chemicals division, the biggest of our corporate segments, the start of the new financial year has been positive. Here, sales and earnings have increased, albeit to a level below budget. In the Logistics division, the price war already outlined has continued so that here further negative developments in sales and earnings have initially been registered.

Overall, however, we anticipate generating an operating profit in 2013 similar to the level achieved in 2011, returning us to profitability.

Precise segmentation to create more transparency and clarity

At the moment, we are working on achieving a more distinct segmentation of PCC's operations and greater clarity in the related external communications. We have decided to take this step in order to provide external observers with an easier, more comprehensible insight into our fields of activity and strategy, with correspondingly structured financials also in the pipeline.

We are taking this project forward in the current year so that, by the next annual report covering our 2013 performance, we will be able to provide a more detailed presentation of the business segments and also the targets that we are pursuing over the long term.

The Chemicals division of PCC is the primary revenue and earnings generator within the PCC Group. Its main production lines are polyols, chlorine and surfactants.

A word of thanks

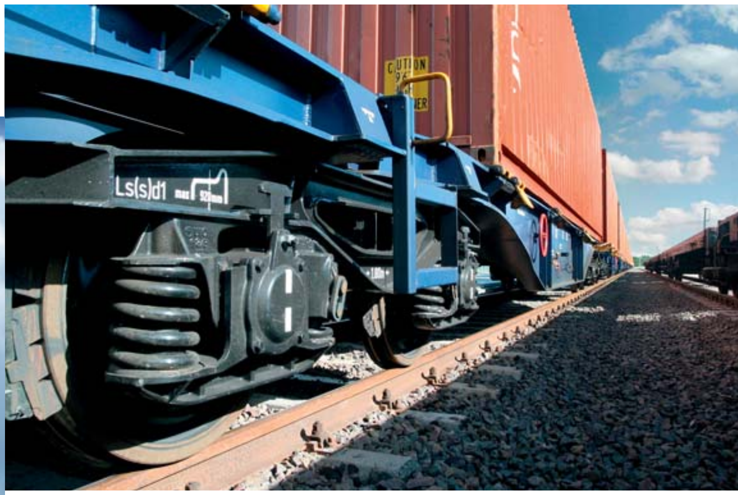
I would first like to extend my particular gratitude to you, our employees. It is a constant source of pride and joy to witness the creativity and engagement that you invest – as a united force – in providing PCC with a stable and profitable outlook for the future. My colleagues on the Administrative Board, the Group management and I know that it is your efforts, your indefatigable commitment to perform and achieve, that provide the foundation for our thriving business development.

My thanks also go to you, our many thousands of investors. Our success is naturally also dependent upon your involvement. Large numbers of you have been supporting our progress for many years by subscribing to our bonds and profit participation certificates, with not a few of you having accompanied us on our journey since our first issuances in October 1998. Your trust in us means we bear a great responsibility to you, of which we are constantly and acutely conscious. You can be sure, therefore, that financial prudence and reliability will remain our watchwords going forward.

I look forward to continuing to earn your confidence in PCC in the future as, together, we progress to becoming a strong, value-led European corporation.

Duisburg, May 2013

Waldemar Preussner
Chairman of the Administrative Board of PCC SE



Corporate bodies

Administrative Board and Managing Directors of PCC SE

The Administrative Board of PCC SE (Societas Europaea) is made up of three members:

- Waldemar Preussner, Dipl.-Volkswirt (Chairman)
- Dr. rer. oec. (BY) Alfred Pelzer (Vice Chairman)
- Reinhard Quint

PCC SE is headed by its two Managing Directors:

- Ulrike Warnecke
- Dr. Alfred Pelzer

Management of PCC SE (from left to right): Dr. Alfred Pelzer, Waldemar Preussner, Ulrike Warnecke, Reinhard Quint


149

Corporate bodies

Waldemar Preussner
Chairman of the Administrative Board of PCC SE

In October 1993, Waldemar Preussner founded Petro Carbo Chem Rohstoffhandelsgesellschaft mbH headquartered in Duisburg-Homberg, not far from today's Group headquarters. In 1998, the holding company PCC AG was hived off from this company, and in 2007 its corporate form was changed to PCC SE. Waldemar Preussner is the sole shareholder of PCC SE and is Chairman of the Administrative Board. He also holds a number of supervisory board mandates within the PCC Group.

Dr. rer. oec. (BY) Alfred Pelzer
Vice Chairman of the Administrative Board and Managing Director of PCC SE

Dr. rer. oec. (BY) Alfred Pelzer has held various PCC management positions since 1995. In 2007 he was appointed Vice Chairman of the Administrative Board of PCC SE. As one of the two Managing Directors of PCC SE, Dr. Alfred Pelzer is primarily responsible for the Chemicals and Logistics divisions. He also holds a number of supervisory board mandates within the PCC Group, including at PCC Rokita SA and PCC Intermodal S.A.

Ulrike Warnecke
Managing Director
of PCC SE

Ulrike Warnecke has held managerial positions within PCC since it was established in 1993. As one of the two Managing Directors of PCC SE, Ulrike Warnecke is primarily responsible for the functions Finance and Human Resources. Operationally, her activities centre on the segments Trading and Consumer Products. She is also, among other things, Managing Director of Petro Carbo Chem GmbH.

Reinhard Quint
Member of the
Administrative Board
of PCC SE

Reinhard Quint has been supporting PCC as a non-executive director since 2002, initially on the Supervisory Board of PCC AG, and since 2007 as a member of the Administrative Board of PCC SE. Reinhard Quint also holds the following mandates: Member of the advisory boards of RMM Metallhandel GmbH, Mülheim, of Panopa Logistik GmbH, Duisburg, and also of neska Schiffahrts- und Speditionskontor GmbH, Duisburg; he is the Chairman of the Advisory Board of CS Additive GmbH, Essen, and a member of the Corporate Development Council of Duisburger Hafen AG.

Direktinvest unit of PCC SE

Corporate bonds since 1998 – the enduring foundation of PCC's development

The holding company PCC SE finances itself through a combination of equity funds and borrowings. This financing base is occasionally widened through specific project-related and mezzanine financing instruments. Our primary method of fundraising within this structure is the issuance of corporate bonds as these enable PCC to respond quickly to newly available market or investment opportunities. They facilitate flexible and bank-independent funding both of acquisitions and organic growth within the Group. For these reasons, the issuance of bearer bonds – especially to a wide circle of private investors – will remain a central component of the PCC Group's financing strategy.

However, in keeping with our conservative business philosophy, security volumes will only be utilised to the extent necessary for our corporate development.

Since the first issuance on October 1, 1998, PCC has – as of April 30, 2013 – issued 36 corporate bonds (bearer bonds) and one profit participation certificate. Of these instruments, 22 bonds have been redeemed, with all interest and debt servicing activities being implemented to schedule.

PCC SE securities in circulation

As of December 31, 2012, there were a total of twelve bonds and one participating certificate in circulation, the combined nominal volume of which amounted to around € 179.3 million. Currently – as of April 30, 2013 – there are 14 bonds and one profit participation certificate outstanding with a combined nominal volume of € 209.8 million.

In the period January 2012 up to and including April 2013, we made a total of seven new issuances. A further new bond issuance is planned for July 1, 2013. The current bonds available for subscription can be viewed on the internet at www.pcc-direktinvest.eu.

Investor relations at PCC SE – transparency and openness

The current business and financial data of the PCC Group can be viewed at any time at www.pcc.eu or www.pcc-financialdata.eu. The certified consolidated financial statements of the PCC Group published each year within the Group's annual report are also available in an online archive at the same locations. This archive holds all the annual reports published since the first issue covering fiscal 2003, and also the regular quarterly reports that have appeared since 2001.

Each year, an Investors' Day is held at which between 1,000 and 1,500 PCC SE investors are provided with the latest facts and figures on business performance and the capital expenditure projects of the PCC Group.

PCC Investors' Day – putting investors in direct contact with management

Each year, usually in early summer, PCC SE invites its investors to its traditional Investors' Day at Group HQ, the PCC Villa in Duisburg-Homberg. This event provides attendees with an opportunity to gain first-hand information on the business performance, strategy and future investments of PCC and also to talk directly to management representatives. In recent years, 1,000 to 1,500 investors have regularly availed themselves of this chance to hear from the Group management of PCC SE led by Administrative Board Chairman Waldemar Preussner, with the senior executives and product managers of the German affiliates also personally in attendance. The 2013 Investors' Day also has a celebratory character, marking the 20th anniversary of the PCC Group.

ESTABLISHED 1993
20
YEARS
PCC
1993-2013

PCC SE bearer bonds as at December 31, 2012

PCC. Direktinvest

ISIN	Fixed coupon p.a.	Start of tenor	End of tenor	Listing	Nominal volume in €k as at Dec. 31, 2012
DE000A0LRV96	6.50 %	Mar. 1, 2007	Jul. 1, 2013	Frankfurt	9,165
DE000A0WL5E5	7.25 %	Sep. 1, 2008	Apr. 1, 2014	Frankfurt	7,224
DE000A1EKZN7	6.00 %	Jul. 1, 2010	Oct. 1, 2014	Frankfurt	34,968
DE000A1EWB67	6.50 %	Oct. 1, 2010	2012 - 2016 [1]	–	5,405
DE000A1EWRT6	6.50 %	Feb. 15, 2011	2012 - 2016 [1]	–	1,076
DE000A1H3H36	5.00 %	Mar. 1, 2011	Apr. 1, 2013	Frankfurt	10,367 [2]
DE000A1H3MS7	6.875 %	Apr. 1, 2011	Jul. 1, 2015	Frankfurt	26,665
DE000A1K0U02	7.25 %	Oct. 1, 2011	Dec. 1, 2015	Frankfurt	21,503
DE000A1MA912	5.00 %	Jan. 1, 2012	Dec. 1, 2013	Frankfurt	9,280
DE000A1PGNR8	7.25 %	Jun. 1, 2012	Jul. 1, 2016	Frankfurt	12,688
DE000A1PGS32	7.25 %	Oct. 1, 2012	Dec. 1, 2016	Frankfurt	23,715
DE000A1PGS40	5.00 %	Oct. 1, 2012	Apr. 1, 2014	Frankfurt	6,415

PCC SE profit participation certificate as at December 31, 2012

PCC. Direktinvest

ISIN	Basic interest rate p.a.	Start of tenor	End of tenor	Listing	Nominal volume in €k as at Dec. 31, 2012
DE000A0MZC31	8.75 %	Oct. 1, 2007	Unlimited [3]	Frankfurt	10,862

PCC SE bond redemptions 2012[1]

PCC. Direktinvest

ISIN	Fixed coupon p.a.	Issue date	Maturity	Redemption volume in €k
DE000A0S8DY1	7.00 %	2007	Oct. 1, 2012	19,944

PCC SE bond redemptions/maturity dates 2013[1]

PCC. Direktinvest

ISIN	Fixed coupon p.a.	Issue date	Maturity	Redemption volume in €k
DE000A1H3H36	5.00 %	2011	Apr. 1, 2013	10,367 [2]
DE000A0LRV96	6.50 %	2007	Jul. 1, 2013	9,165
DE000A1MA912	5.00 %	2012	Dec. 1, 2013	9,280

PCC SE new bond issuances 2013

PCC. Direktinvest

ISIN	Fixed coupon p.a.	Start of tenor	End of tenor	Listing	Nominal volume in €k as at Apr. 30, 2013
DE000A1R1AN5	7.25 %	Feb. 1, 2013	Oct. 1, 2017	Frankfurt	19,652
DE000A1R1AM7	5.00 %	Feb. 1, 2013	Dec. 1, 2014	Frankfurt	8,696
DE000A1RE798	5.00 %	Apr. 1, 2013	Apr. 1, 2015	Frankfurt	3,437

1 The two redeemable bonds DE000A1EWB67 and DE000A1EWRT6 will be amortized from January 1, 2012 through to maturity on October 1, 2016 in regular quarterly instalments equating to 5 % of the nominal value of the issue at 100 %.

2 This bond was redeemed at maturity on April 1, 2013.

3 Callable with one year's notice, first date of redemption: December 31, 2017, thereafter to the end of each quarter.

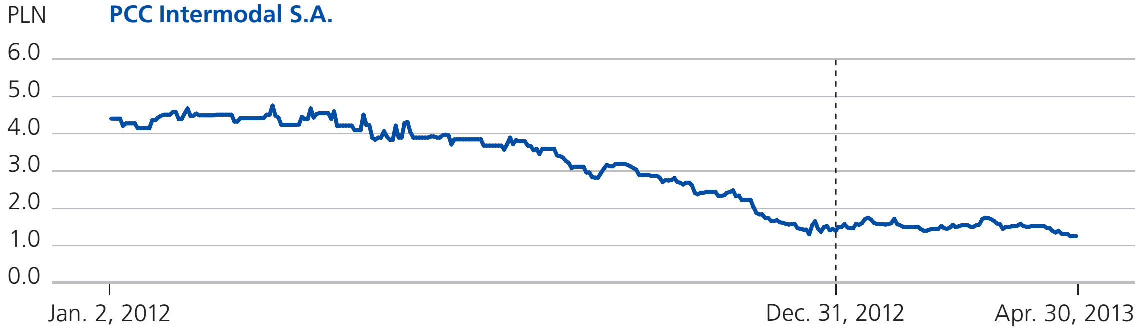
Listings of PCC Group companies on the Warsaw Stock Exchange (GPW)

The shares of PCC Exol SA, Brzeg Dolny (Poland), a company active in the surfactants field, were successfully listed on the Warsaw Stock Exchange (GPW) in August 2012. This is the second IPO of a Polish PCC affiliate following that of the transportation company PCC Intermodal S.A., Gdynia (Poland), in 2009. The PCC Group is thus utilising opportunities to strengthen the equity base in its operating companies while also acquiring an indication of their effective market price. The inflow of liquid funds is to be used to help finance current and future investments in the growth of this subsidiary and thus that of the PCC Group.

Positive progress in the operating performance of PCC Exol SA, our viable strategy for the future and the outlook for the coming years resulted in the subscribed shares closing with a gain of over 210 % as of December 31, 2012. At close of trading on December 31, 2012, the share was listed at PLN 4.00. This meant that the market capitalisation of the company amounted to around € 158.3 million. So far, this price trend has continued during fiscal 2013. Following an interim low of PLN 3.28, and a high of PLN 5.40, the share closed on April 30, 2013 at PLN 5.00, representing a further increase in value of 25 %.

Share price development in the case of PCC Intermodal S.A. during fiscal 2012 was less than satisfactory. Due to the net loss made by the company, persistently high competitive pressures and the associated price war, the share price trended downwards. As at December 31, 2012, the security stood at PLN 1.45, representing a value decline of –67.9 % year on year. The market capitalisation of this company as at December 31, 2012, amounted to around € 27.6 million. In the first quarter of 2013, the share's performance remained largely unchanged. The closing price on April 30, 2013 was PLN 1.30.

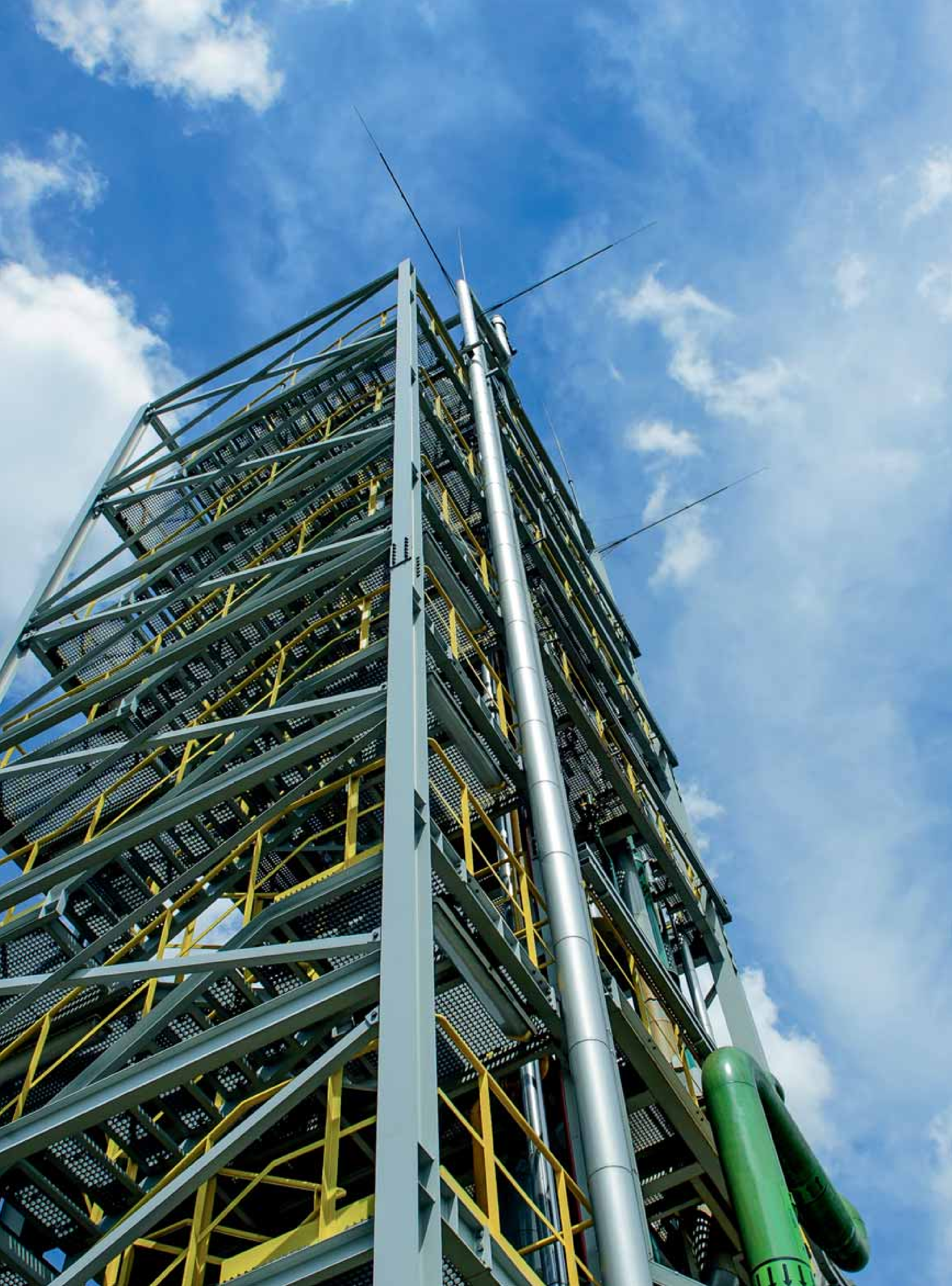
Price performance of PCC shares on the Warsaw Stock Exchange (GPW)



Philosophy and strategy

→
New plant at PCC Rokita SA in Brzeg Dolny for hydrogen and chlorine conversion in the manufacture of food-grade hydrochloric acid. The picture shows the upper section of this facility containing the absorption column where the hydrogen chloride gas formed by the chemical reaction is dissolved in water.

PCC SE allows its subsidiaries to function under their own responsibility using their specialist expertise in competence-related areas. Our affiliates are active in high-growth submarkets where they operate with flexibility as they strive for high performance.



Corporate philosophy

PCC is a company aligned to sustainable growth, with a management and workforce committed to achieving a steady increase in enterprise value. We are guided by values such as credibility and reliability, while our actions are characterised by an entrepreneurial approach tempered by a keen awareness of our responsibilities.

Our values provide us with a basis that is critical for the success and the long-term positioning of PCC in markets characterised by ongoing globalisation and ever more rapid change. Irrespective of the sectors and segments involved, our objective is to occupy lucrative niches and to generate growing profitability by increasing our efficiency and continuously optimising our portfolio.

Ever watchful for potential as it arises, our aim is to resolutely, systematically and effectively develop new national and international business areas and product segments. We endeavour to seize such opportunities as soon as they open up, provided that the outcome of a conservative, risk-aware analysis indicates an appropriate level of profitability. We consistently align our selection decisions to the potential for sustainable growth and the expected continuity of cash flows. Wherever possible, we make sure that synergies are leveraged and scale effects utilised, and that any opportunities for horizontal and vertical integration, or indeed consolidation, are likewise properly realised.

We only enter new areas of activity in circumstances where we feel we understand the business and the associated risks. We are also willing to hive off activities where the opportunities for this appear lucrative, and to discontinue businesses where the long-term return expectations are poor – and where we can utilise the associated resources more efficiently elsewhere.

In order to pursue this strategic alignment, we have set ourselves clear sustainability targets. These include, for example, a further increase in plant safety in our production facilities, improvement of our products through ongoing research and development, ever more efficient programmes for employee training and qualification, and an intensification of open and honest communications with our stakeholder groups, namely – and in equal measure – our customers, employees, investors, suppliers, lenders, and the communities in which we operate.

The inexorable globalisation of markets entails risks, but also – and especially – opportunities for further sustainable growth. The cultural diversity of our people is of particular assistance when it comes to seizing these opportunities – on the one hand, because our most important production and sales markets are traditionally in the still rapidly emerging economies of Eastern and South-East Europe, and on the other, because we continue to monitor new geographic regions for possibilities of business development.

Against this background, we are steadily improving our business processes, our performance culture and our flexibility in order to be able to respond quickly and at any time to market changes. We consistently link our holistic approach to quality and cost awareness so as to achieve an enduring balance between the interests of all our stakeholders and in order to be equally unswerving in meeting our economic, ecological and social responsibilities.

The focus of PCC's capital expenditures lies in the chemicals sector. Here, we concentrate in particular on the emerging markets of Eastern and South-East Europe.

Guiding principles

Corporate mission

As a value-led participating management and investment company, we are aligned to long-term corporate success, making us a trusted partner for all our stakeholders.

Employee guide

Our employees are our most important assets and the primary factor critical to our success. As a rapidly growing, internationally structured corporation, PCC requires committed and competent people in order to be able to operate successfully on its various markets. We place great value on cultural and technical diversity, conscious of the benefits accruing from the interchange and knowledge transfer that this promotes. We regard our ability to harness this diversity anew and on a daily basis, and from it to create a corporate whole, as one of our greatest strengths. Our dealings with one another within the corporation are also characterised by appreciation, mutual understanding, openness and fairness – irrespective of the individual position of each employee within the organisation. Extensive communications render our work more efficient while driving the ongoing development of our businesses.

We achieve our corporate targets through a shared dynamism and the personal commitment of each individual. The flexibility of our employees and their willingness to develop their skills enable us to successfully meet the challenges ahead of us. To enhance this ability, we afford our people scope to pursue their own profit-aligned initiatives and opportunities to assume task or project ownership. We support them in their further personal development by properly preparing them for new duties and ensuring that they receive the appropriate training.

At home and abroad, there are more than 2,500 employees working day in, day out to ensure the stable and – at the same time – future-aligned development of the PCC Group.

Leadership guide

For us, leadership means defining consistently profit-oriented targets and devising appropriate strategies and concepts to enable their achievement. However, for us leadership also means above all providing our people with the motivation to work together with management so that we can realise our shared objectives. And even though it is management that ultimately bears the responsibility for the business results of PCC, individual initiative and creativity among our employees are specifically encouraged to the full extent possible. Our people are given decision-making competences on the basis of the principle of "as much managerial guidance as necessary, as much individual responsibility as possible".

In comprehensive employee meetings, management systematically identifies the strengths and development potential of our high-performers and plans their individual careers within the corporation. In regular dialogues, we continuously reappraise the development possibilities of managerial staff and co-workers, agreeing on this basis, and with the individuals concerned, appropriate development targets and actions.

PCC SE pays wages and salaries in conformity with market standards. Enshrined in our employment guidelines is the commitment that men and women shall receive the same compensation for the same work. Nevertheless, variations can occur in individual cases, in which eventuality we make every endeavour to rebalance the situation to the maximum extent possible.

Basic values and code of ethics

We have summarised our general behavioural rules in the form of our basic values and a code of ethics which each and every employee is expected to acknowledge and recognise with their signature.

The majority of our people – around 2,000 – are employed in the largest segment of the PCC Group, the Chemicals division.

Basic values

Preamble

We aim to achieve the highest standards of behaviour in all that we do, ensuring that our actions are in full compliance with the following basic values adopted by the PCC Group:

1. Customer engagement

- Knowledge of current and future customer requirements enables us to seize market opportunities, act with flexibility, develop new business concepts and deepen existing customer relationships.
- We are realistic in assessing our abilities and possibilities and meet the ensuing challenges with engaged enthusiasm.
- We regard all customers as partners. Together, we establish a flexible set of rules to govern our collaboration.
- We support our customers in times of difficulty for them.

2. Honesty and credibility

- We are committed to upholding honourable business principles.
- We earn the trust of all our partners through reliability and credibility in our actions.

3. Initiative and involvement

- We work with initiative and support one another at all levels of our organisation.
- We boldly accept challenges and express our own opinions with unequivocal clarity.
- We realise established objectives by adopting a dynamic team approach and through our own personal commitment.
- Together, we create the conditions for successful work capable of satisfying both ourselves and all our partners.

4. Mutual respect and cooperation

- From our platform of cultural and technical diversity, we support and complement one another in our work, thus promoting our sense of community.
- We treat all colleagues with respect as honourable partners, irrespective of their position in the company.
- We build positive interpersonal relationships and treat others as we would like to be treated ourselves.
- We willingly share our knowledge, experience and information with all interested co-workers, in full awareness that this makes an important contribution to the development of our corporation and to further increasing the efficiency of our work.
- Employees who share their knowledge with their colleagues are held in high esteem. Such attitudes strengthen their position within our corporation and shall in no way be allowed to be detrimental to them.

Code of ethics

This code of ethics is binding on all employees within the PCC Group, irrespective of their position or their employment relationship. Its purpose is to foster a positive corporate culture supported by appropriate modes of behaviour adopted by all employees. This code of ethics has been introduced within the PCC Group with the purpose of exerting a positive effect on the attitudes and conduct of us all. Code infringements will lead to consequences commensurate with type and degree of contravention.

1. The needs and requirements of our customers and investors are at the centre of all that we do as an enterprise.
2. We promote a positive company image.
3. Employee health and safety and environmental conservation are our highest priorities. In the event of a conflict of interest, our employees and the environment shall be given precedence over growing our enterprise value.
4. We treat company property and assets with all due care and use our working time in the performance of our company-related duties.
5. We shall not derive any illegitimate financial or material benefit from our employment relationship.
6. We provide for transparency in situations in which the personal interests of employees may be in conflict with company interests.
7. We operate within the law and comply with company-internal regulations. PCC always acts in strict compliance with relevant statutes and legal requirements.
8. We do not tolerate alcohol or drugs of any kind at the workplace.
9. We treat our co-workers with consideration and respect, and are also entitled to expect consideration and respect in return.
10. We will not tolerate conduct akin to bullying or sexual harassment at work. We will not tolerate discrimination in any form, be it based on religion, origin, colour or gender, i.a.
11. We ensure that the principle of good manners is respected and adhered to by us.
12. PCC only pursues business opportunities that also offer a sustainable benefit for the environment concerned.

Sustainability at PCC SE

Risk assessment and risk control

Adopting a multi-stage procedure, the corporate risk management team at PCC SE establishes exposure levels and optimisation potential, at the same time promoting an entrepreneurial approach within the Group. In this process, Risk Management assesses the opportunities and threats, gauges these against the short and medium-term targets defined by the Administrative Board, and checks the resultant analyses for relevance, consistency and accuracy. On this basis, decisions are made pertaining to possible optimisation activities. The risk assessment exercise is performed on an annual basis and supplemented as required by quarterly updates and interim reporting activities. It is also ensured that the Managing Directors and the Administrative Board remain informed of all major risks. Risk Management is, moreover, tasked with informing employees, motivating them and providing them with the necessary further training in all aspects of relevance.

Environmental risk control

PCC SE monitors and analyses all areas and activities which could lead to environmental impairment and the inefficient usage of resources. Said areas include:

- Raw material consumption related to product manufactured
- Handling and transportation of hazardous substances
- Energy and water consumption
- Wastewater contamination
- Emission of air pollutants
- Waste for disposal
- Noise
- Hazardous sites and soil contamination
- Accidents and other specific events
- Potential environmental aspects arising from planned activities

PCC also gives carefully consideration to information or complaints from all stakeholders, particularly local residents.

Environmentally friendly Membrane Electrolysis Plant I of PCC Rokita SA in Brzeg Dolny. Our entire chlorine production capability is to be switched to this technology by 2015.

The sustainability guidelines of PCC SE

PCC SE and all companies of the PCC Group are committed to adopting an ethical and sustainable approach in all their business activities. All actions are subject to the principles of the Responsible Care® initiative. PCC is endeavouring to establish a corporate culture in which continuous improvement, sustainable competitiveness and outperformance are duly reconciled with ethical standards.

PCC accepts ethical responsibility for ensuring the adoption and pursuit of sustainable, ecologically sound, economically efficient and fair business practices. The Group's commitment to social responsibility constitutes an integral component of our corporate philosophy. All employees of the PCC Group are trained – in accordance with their function, level of authority and qualifications – to properly discharge their responsibilities in all such matters.

Odpowiedzialność i Troska®
Responsible Care

ISO standards at PCC Rokita SA and PCC Exol SA

The certified management system of the two major production sites of the PCC Group, namely PCC Rokita SA and PCC Exol SA, complies with all internal and external standards applicable to PCC SE. It provides the PCC companies with a documented, structural framework for the development of objectives and optimisation programmes. The system has been certified to ISO 9001, ISO 14001 and Responsible Care®. PCC SE and its affiliates endeavour to achieve and maintain a high standard of quality in all business segments with respect to sustainability, social responsibility and the Responsible Care® tenets.

ISO 9001:2000 CERTYFIKAT

ISO 14001 CERTYFIKAT

Group strategy

PCC SE is the parent and holding company of the PCC Group. It operates a stable and future-aligned investment portfolio with the focus on the chemicals, energy and logistics sectors. Most of the Group's sites and company locations are in Europe.

The active investment management approach of PCC SE encompasses both the acquisition of new shareholdings and the further development of existing businesses and projects. We concentrate in particular on positioning ourselves in less competitive submarkets and market niches. Our investment focus continues to be especially aligned to the dynamically expanding economies of Eastern and South-East Europe.

Conversely, PCC is also willing and able to sell off operations and participating interests where disposal offers attractive gains and the funds generated can be invested in the expansion of other core activities. The holding company will also divest shareholdings where these are unable to offer satisfactory returns or fail to exhibit attractive development potential.

PCC is Poland's only manufacturer of polyether polyols, key to the production of PU foams. Photographed on these two pages are production facilities of PCC Rokita SA in Brzeg Dolny – left and below: polyol production lines; right: production plant for propylene oxide (PO), the most important feedstock in polyol production.

The divisions and business activities of the PCC Group

Chemicals division	▪ Production and conversion of chemical feedstocks: Main product lines: – Polyols (for the manufacture of foam materials) – Chlorine and chlorine compounds – Surfactants (active ingredients in cleaning and laundry products) – Speciality chemicals (phosphorus derivatives such as flame retardants and plasticisers, and also naphthalene derivatives such as concrete additives; nonylphenol and dodecylphenol) ▪ Trading activities involving chemical feedstocks, coke and anthracite ▪ Production and sale of consumer goods such as household cleaners, laundry products and matches
Energy division	▪ Project development and construction of power plants with the focus on renewable energies; operation of said power plants ▪ Optimisation of the energy supply system serving Group-owned chemical facilities
Logistics division	▪ Intermodal transport – scheduled all-container block trains and door-to-door deliveries ▪ Logistics services ▪ Road haulage ▪ Rail wagon leasing
Activities under development	▪ Quartzite mining and processing ▪ Production of silicon metal in Iceland ▪ Services provided by a data processing centre ▪ IT and telecommunication services

Strategies of the Group divisions

Chemicals division

The strategy of our chemical production sites – under the leadership of Polish (Lower Silesia) chemicals subgroup PCC Rokita SA, our largest chemicals manufacturer – is geared to the stabilisation and expansion of our positions, some as market leader, in areas of Central Europe. We focus on selected product segments including polyols, chlorine, surfactants and flame retardants. Priority is given to investments in our current sites. As much importance is attached to the modernisation of existing facilities with respect to future environmental and economic standards as to expansion through the provision of additional central production capacity.

The original core business of PCC, namely trading activities involving petrochemical and carbon-based commodities, was allocated to the Chemicals division at the beginning of 2008. One of the prime objectives of our trading business is to provide support to our production companies. We intend both to strengthen sales in the western markets and to expand trading volumes with respect to the raw materials of particular importance for our production operations, in order to achieve cost digression benefits.

The consumer goods business of PCC under the "PCC Consumer Products" subgroup is to be further expanded in the coming years. Future growth in this subgroup is to be driven not only through the further development of the existing product portfolio but also through acquisition of additional companies and the development of new sales markets outside Poland. The long-term goal is either to float this subgroup on the Warsaw Stock Exchange (GPW) or possibly to divest it through sale to a strategic investor.

Energy division

In the energy sector, we concentrate on power plant construction, with a specific focus on the development, planning, implementation and also selling-on of projects in the renewable energies field. Operating within PCC DEG Renewables GmbH, Duisburg, a joint venture with KfW subsidiary DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, PCC is developing power plants in South-East Europe on the basis of regenerative energy sources – primarily hydroelectric power and wind energy. The first PCC climate-protection project concluded in February 2009 when, as a pilot undertaking, the Mujada small hydropower plant in Central Bosnia was linked up to the grid. There are currently three further hydropower plants under construction in Macedonia, and these are expected to be completed by the end of 2013. This will take us a further step closer to our goal of operating a portfolio of power plants which may eventually be sold en bloc to a strategic investor.

The PCC continues to invest in the modernisation of existing and also the construction of new production facilities. Here in this photo we can see the storage tanks of Sulphonation Plant 2 of PCC Exol SA in Brzeg Dolny.

Logistics division

Among our special areas of growth are the expansion in container transport and the development of a corresponding infrastructure involving container handling terminals in Poland. The first combined transport (CT) terminal was successfully commissioned in Central Poland at the end of September 2011. PCC Intermodal S.A., Gdynia, provides container transport services within Poland and also between Poland and the major European ports of Rotterdam, Hamburg and Bremerhaven. The market in Poland and other Eastern European countries still offers enormous scope for development. In addition, we have taken over responsibility for the long-term operation of an existing combined transport terminal in Frankfurt (Oder), Eastern Germany, as a further step in the consolidation and expansion of our service portfolio in this sector.

PCC is also closely monitoring developments within the Russian logistics sector. As liberalisation of this market began to take off in Russia, PCC SE gained a foothold there with an initial niche operation. In the coming years, we intend to further promote our railway transport activities in Russia through the continuous expansion of our own fleet of gondola wagons.

Activities under development

Pooled under this heading are the PCC projects which are still in their developmental phase. These include activities in the fields of information technology and telecommunications, a data processing centre and operation of a quartzite quarry in Poland. A part of the quartzite mined from this opencast site is to be used eventually as a raw material for the production of silicon metal. To this end, PCC is resolutely pursuing plans for the construction of a corresponding manufacturing facility in Iceland.

Structures and synergies

→
Storage tanks of Sulphonation Plant 2 in Brzeg Dolny: Here, PCC Exol SA manufactures anionic surfactants for the detergents and cosmetics industries.

Whether Chemicals, Logistics or Energy, PCC is preferentially linked into numerous points along the value chain so that the various competences of the integrated companies can be structurally complemented, thereby generating the best possible synergy effects.

The Group divisions of PCC

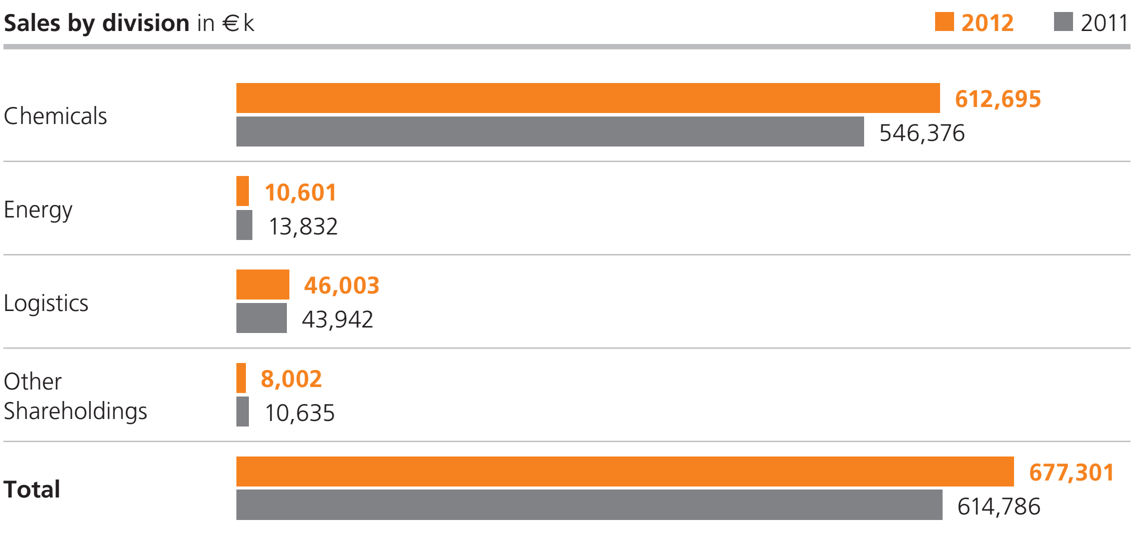
In total, the PCC Group generated consolidated sales amounting to €677.3 million in fiscal 2012 (2011: €614.8 million). With sales of €612.7 million (2011: €546.4 million), the Chemicals division was once again the main revenue generator. Its share of total sales increased from 88.9 % in the previous year to 90.5 %. In revenue terms, the Chemicals division was followed in 2012 by the Logistics division with sales of €46.0 million (2011: €43.9 million), representing a share of 6.8 % of consolidated sales, ahead of the Energy division with sales of €10.6 million (2011: €13.8 million), corresponding to 1.5 % of consolidated sales. Other Shareholdings contributed €8.0 million (2011: €10.6 million) or 1.2 % of consolidated sales.

The most important sales markets of the PCC Group remain Germany and Poland. Because of the strong regional PCC presence in the chemicals industry and in the logistics services sector, Poland has now become the Group's most important national market.

Container handling vehicles, so-called reach-stackers, with rated load capacities of up to 46 metric tons.

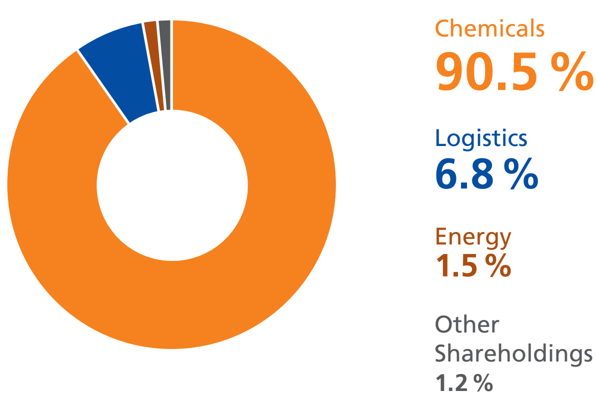
The turbine of the Mujada small hydro-power plant in central Bosnia, which has been feeding the national grid since 2009.

Sales by division in € k



2012 sales in %

€ 677.3 million = 100 %



Chemicals

Already today, the PCC as a chemicals producer is market leader in Poland – and also in some cases in Central and Eastern Europe – in a number of product segments including polyols, chlorine, surfactants and phosphorus derivatives. Our most important production site is located in the Lower Silesia region in the south-west of Poland: the chemicals plant in Brzeg Dolny near Wrocław counts among the largest in the country. Here, the "PCC Rokita" subgroup, managed by PCC Rokita SA, produces in particular polyether polyols – the basis for manufacturing polyurethane foams as used, for example, in mattresses, armchairs, other upholstered furniture and also car seats. PCC Rokita is the only producer of these speciality polyols in Poland. The product portfolio of PCC Rokita also includes chlorine and chlorine compounds, and phosphorus and naphthalene derivatives.

Chemicals division	**2012**	2011
Divisional sales in €m	**612.7**	546.4
Number of employees (average for the year)	**1,960**	1,728

Environmentally friendly Membrane Electrolysis Plant I at PCC Rokita SA in Brzeg Dolny.

Ongoing research and development are the basis for the future. Here, the focus is on the development of products especially tailored to customer requirements.

PCC is the market leader in Poland in terms of surfactants production. These surface-active substances used in household cleaners, cleansers and detergents are manufactured in a total of four facilities at the Polish production sites of PCC Exol SA in Brzeg Dolny and Płock. And overseas, PCC Chemax, Inc. in Piedmont, South Carolina (USA), is engaged in the development and marketing of speciality surfactants. In Kędzierzyn-Koźle near Gliwice, nonylphenol and dodecylphenol are produced by PCC Synteza S.A.

Within our consumer goods production activities, merged under the umbrella of PCC Consumer Products S.A., Kosmet-Rokita Sp. z o.o. currently manufactures household and industrial cleaners, detergents and cosmetics in Brzeg Dolny. The "PCC Consumer Products" subgroup also operates sales and production companies elsewhere in Poland and Belarus, plus a trading company in Russia. In Czechowice-Dziedzice (Poland), the matches factory Fabryka Zapałek "Czechowice" S.A. manufactures both standard matches and bespoke products tailored to individual customer requirements.

The many products, widely used in a large number of different industries, manufactured by the main product segments of PCC Group are summarised on the following pages.

Polyols segment

PCC Rokita SA is Eastern Europe's biggest and Poland's only manufacturer of polyether polyols used in the production of polyurethane foams – soft, rigid and also foams for CASE applications (Coating, Adhesive, Sealant and Elastomer). These foams are used in the mattress, furniture and automotive industries, as well as in a number of other sectors.

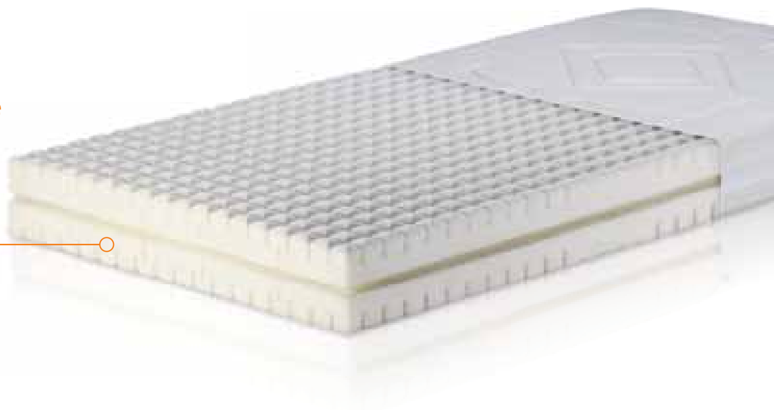
What are polyols and what are they used for?

Polyols are chemical compounds containing multiple hydroxy groups which react e.g. with isocyanates to produce polyurethanes, also referred to in abbreviated form as PU and PUR. PCC Rokita SA now has four polyol production lines.

The field of applications for which our polyols sold under the trade name "Rokopol®" are suitable is exceptionally wide. For example, with the polyol "Rokopol® vTec", we produce a major feedstock for the manufacture of high-quality viscoelastic memory foams that offer above-average comfort. "Rokopol iPol®" polyols are used for the production of high-resilience foam mattresses and also the foams used in armchairs or other upholstered furniture, which are characterised by their exceptional rebound elasticity. Automotive seats are likewise manufactured from polyurethane foams of which the main components are polyols. And flexible moulded foam, from which dashboards and instrument panels are manufactured, is again made with our polyols.

Other products on the basis of our polyether polyols provide the necessary thermal insulation in refrigeration vehicles. Assembly foams are manufactured from polyols – and to ensure the high level of safety required in these products, we also incorporate flame retardants from our Phosphorus Derivatives unit. Foams manufactured from polyols are likewise used in the manufacture of bicycle seats, providing maximum comfort for both leisure and sports cyclists. The high-quality soles incorporated in sports shoes could also not be produced without polyols. And our polyols are used in the manufacture of modern, safe floors for sports venues, play areas and similar. Indeed, our speciality products can be found in many professional sports floors – and even in the adhesives applied to ensure their durable installation.

With the aid of our iPoltec® technology, through which we combine appropriate feedstocks with application engineering support, our polyols ensure not only the required level of comfort in foams – as used in mattresses and upholstered furniture – but also their long service lifetimes and resilience.



ipoltec® by PCC

Chlorine segment

This production unit of PCC Rokita SA manufactures chlorine, chlorine compounds and alkaline solutions. For this, environmentally friendly and energy-saving membrane technology is used in Membrane Electrolysis Plant I, which was commissioned in 2010. Membrane Electrolysis Plant II is scheduled for completion in 2015, which will complete the change-over in our production to this modern technology.

What is chlorine and what is it used for?

Chlorine counts among the most important raw materials used in the chemicals industry. Because of its disinfecting effects, it is also used for water treatment. PCC Rokita SA is Poland's biggest supplier of chlorine, both as a basic chemical and for corresponding water treatment facilities. Chlorine is indispensable, for example, in swimming baths in order to effectively protect bathers from germs. In such applications, water previously cleaned of dirt particles is disinfected with chlorine and kept sanitised due to an additional repository effect.

The Chlorine production unit of PCC Rokita SA also manufactures chlorobenzene, hydrochloric acid, solid sodium hydroxide and caustic soda liquid (50 % aqueous solution of sodium hydroxide), and also sodium hypochlorite. Hydrochloric acid is used, among other things, in the food industry for the production of sugar. Caustic soda or sodium hydroxide serve as degreasing agents in metallurgy and also as rinsing aids for bottles and apparatus in the food industry. Sodium hypochlorite is an antiseptic used to boost the antibacterial properties of disinfectants.

Chlorine is also used within PCC Rokita SA, both for the manufacture of propylene oxide (PO) employed in polyol production, and in the Phosphorus Derivatives segment for the manufacture of phosphorus trichloride and phosphorus oxychloride.

Chlorine is used for water treatment and is indispensable in swimming baths as an effective means of protecting against germs. Photo left: Checking the water quality.

Surfactants segment

The Polish company PCC Exol SA is one of the most advanced producers of surfactants (surface-active substances) in Central and Eastern Europe. Production takes place in a total of four facilities at our chemicals manufacturing sites in Brzeg Dolny and Płock. PCC Exol SA offers over 200 products for the manufacture of cleaning agents, detergents and body care products, and for industrial applications.

What are surfactants and what are they used for?

Surfactants are multifunctional substances that operate in a number of directions:

- Foaming: Surfactants cause soap bubbles to form which accumulate as a foam or lather.
- Wetting: Surfactants enable water to penetrate the structure of textiles and fabrics rather than remaining on the surface.
- Emulsification: Surfactants ensure that liquids that would otherwise mutually repel (for example water and oil) can be mixed.
- Cleaning: Surfactants help to remove dirt.

Surfactants are used in a large number of products. They are one of the main components of toothpaste – they are responsible both for the cleaning effect of the paste and for the formation of the foam that significantly facilitates the cleaning process. The anionic and non-ionic surfactants incorporated in dishwashing detergents ensure that dirt and grease are removed from the surface of crockery, cutlery, pots and pans. Specially tested and analysed surfactants are even used for the production of medicines, ointments and suspensions. And the cationic surfactants used in fabric conditioners make textiles and apparel softer and thus more pleasant to the touch. Washing powders have a mix of anionic and non-ionic surfactants to thank for their laundry power. The surfactants contained in creams, lotions and certain colorants used in cosmetics serve in the first instance as emulsifiers – combining fatty components with water and forming a uniform, homogenous emulsion that has a positive effect on the skin. Water-repelling fabrics can be manufactured through the use of surfactants in a special impregnating process. And people who find themselves climbing into an aeroplane during a snowfall would be unlikely to reach their destination without these substances – for the speciality media used for de-icing wings and tailplane rudders also contain surfactants.

PCC Exol SA manufactures anionic surfactants (sulphonates) and non-ionic surfactants (ethoxylates) in two sulphonation and two ethoxylation facilities respectively. It is these ingredients that are primarily responsible for the enhanced cleaning power of detergents. On the next page can be found detergents and fabric conditioners that originate from our production segment operated under the “PCC Consumer Products” umbrella.


30°


Quevlo
FABRIC SOFTENER
1L
aro
Płyn
do prania ręcznego
Żel
do prania
UNIWERSALNY
3 L

Speciality Chemicals segment

Phosphorus derivatives at PCC Rokita SA

The Phosphorus Derivatives unit of PCC Rokita SA is the largest manufacturer of phosphorus-based flame retardants for polyurethane foams in Eastern Europe. It also supplies Central and Eastern Europe with naphthalene derivatives for building chemical applications.

The product portfolio of phosphorus derivatives is based on the in-house production of phosphorus trichloride and phosphorus oxychloride, and includes a range of plastics additives such as plasticisers to make the end products soft and elastic, flame retardants to ensure that plastics are extensively non-combustible, and also stabilisers. The conveyor belts used in mining, for example, contain phosphorus-based plasticisers and flame retarding substances. And flooring products are also given the flexibility they need by our plasticisers.

Naphthalene derivatives are used for building chemical applications. For example, the consistency of fresh concrete and the properties of the hard-set material are improved through the use of additives such as our superplasticisers. Using these building chemicals results in a significant saving of water. In the case of ready-mixed concrete, this means a reduction in transport costs while the final strength of the cured concrete is also increased. The use of such superplasticisers also saves water and energy in the production of plasterboard panels for internal lining applications.

Alkylphenols at PCC Synteza S.A.

PCC Synteza S.A. manufactures nonylphenol and dodecylphenol at its production site in Kędzierzyn-Koźle.

Nonylphenol is used in the manufacture of surfactants for industrial cleaning products, for filling ink jet cartridges and for coating paper, and also as a rubber additive. Dodecylphenol serves as an additive for hydraulic oils and lubricating greases. These phenols are also important intermediate products in the manufacture of speciality polyols for sprayable foam used for insulation.

Our naphthalene derivatives are added to concrete as superplasticisers. They improve the applicability of fresh concrete while reducing the required water content, which in turn helps reduce transport costs.

Consumer Products segment

PCC affiliates engaged in the manufacture of consumer products have now been brought under the umbrella of our "PCC Consumer Products" subgroup. The companies in this segment currently focus on the production of cleaning products, detergents and matches, but PCC is planning to further expand the product portfolio of this subgroup in the future.

With Kosmet-Rokita Sp. z o.o. of Brzeg Dolny, the "PCC Consumer Products" subgroup boasts one of Poland's leading private-label manufacturers – i.e. producers of retailer own brands – in the household cleaners, detergents and cosmetics segments. The product portfolio of Kosmet-Rokita also includes in-house own brands such as "Brilless professional", "SavAnti", "Quevlo" and "Shimm". The company further manufactures industrial cleaners for professional applications. Kosmet-Rokita – which we carved out of the "PCC Rokita" subgroup and integrated within the "PCC Consumer Products" subgroup in 2011 – has been successfully expanding for some years now. Its sales markets are still currently located in Central and Eastern Europe. However, distribution is to be extended to German-speaking countries as well, with the focus on the retail grocery trade, discounters and drugstore chains.

The portfolio of our Silesian matches factory Fabryka Zapałek "Czechowice" S.A., a further member of the "PCC Consumer Products" subgroup, includes not only classic safety matches but also barbecue and fire lighters. Products can be individually designed in accordance with customer requirements ranging from the colour of the match heads and sticks to the styling of the matchboxes, making them particularly suitable as advertising giveaways. The matches are exclusively manufactured using timber from sustainably managed forests. They are also free of sulphur and chromates, and, since 2000, product quality has been certified according to EN 1783:1997 SAF. Demand for matches is steadily growing, particularly in Poland and its eastern neighbours.

Laundry detergents and fabric conditioners – both private labels and own brands – from the product portfolio of Kosmet-Rokita Sp. z o.o. at the Lower Silesia chemicals production plant of PCC in Brzeg Dolny.

The matches from our Polish factory are manufactured exclusively from timber taken from sustainably managed, FSC-certified forests.

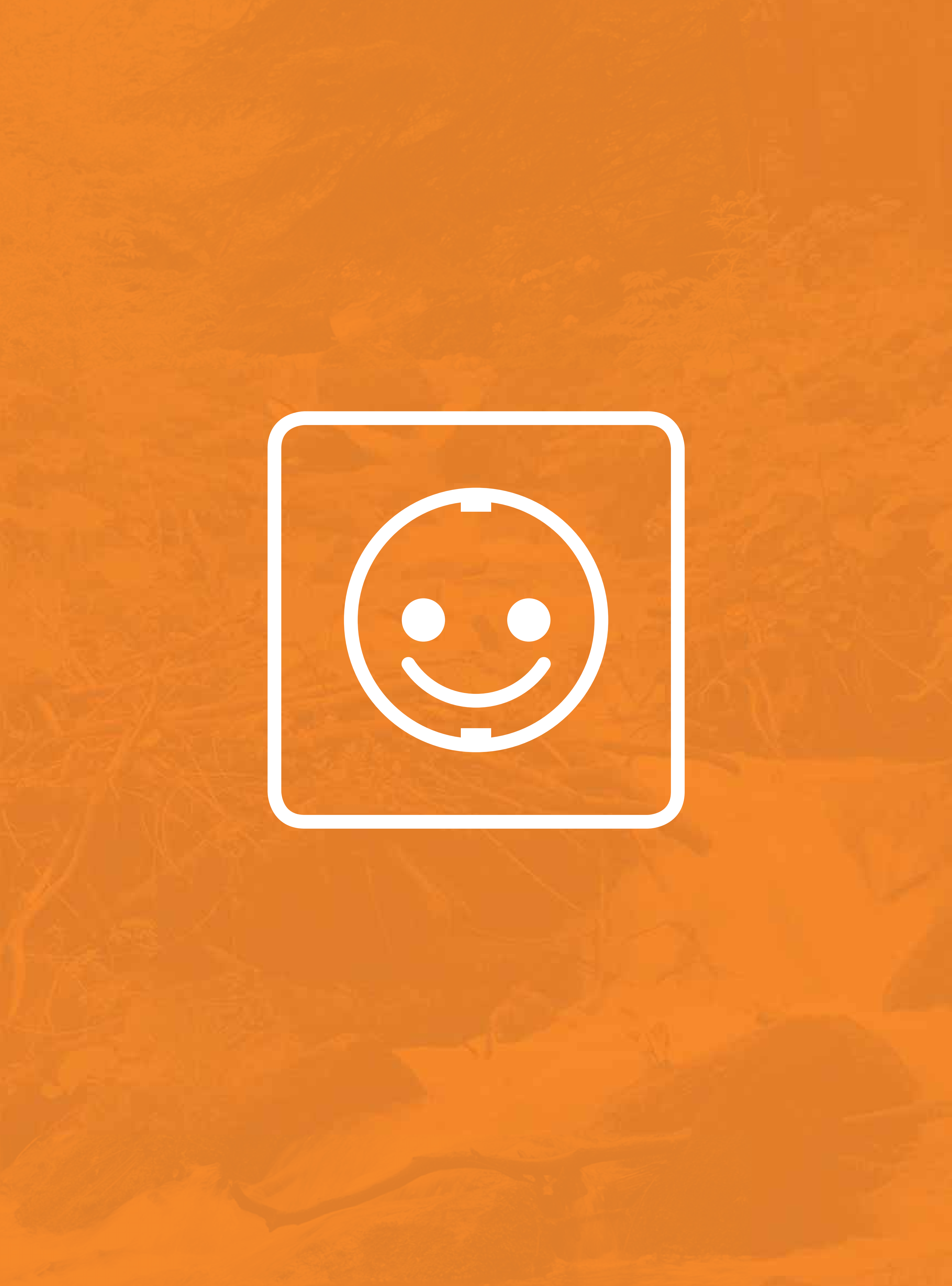
Energy

Within the Energy division, we concentrate primarily on the development of power plant projects. In addition to the ongoing improvement of energy supplies to Group-owned chemical plants and affiliates, our focus is aligned both to the identification of greenfield projects and the acquisition of projects at various stages of development. Our objective is to create new value added for the PCC Group through investment in the development and long-term operation of such facilities. Our project portfolio currently encompasses plants for industrial cogeneration (CHP – combined power and heat) and also wind and small hydropower facilities. These latter are managed in a joint venture with the DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, a member of the KfW Group. There are currently several power plant projects in the planning, development and construction phase in Eastern and South-East Europe. In Macedonia, particularly, we took a major step forward in 2012 with the start of construction at several sites. Two power plants have so far been put into service:

- Cogeneration plant EC-3 in Brzeg Dolny (modern CHP plant) – commissioned in 2008
- Mujada small hydropower plant in Donji Vakuf, Central Bosnia – commissioned in 2009

Energy division	2012	2011
Divisional sales in €m	10.6	13.8
Number of employees (average for the year)	114	121

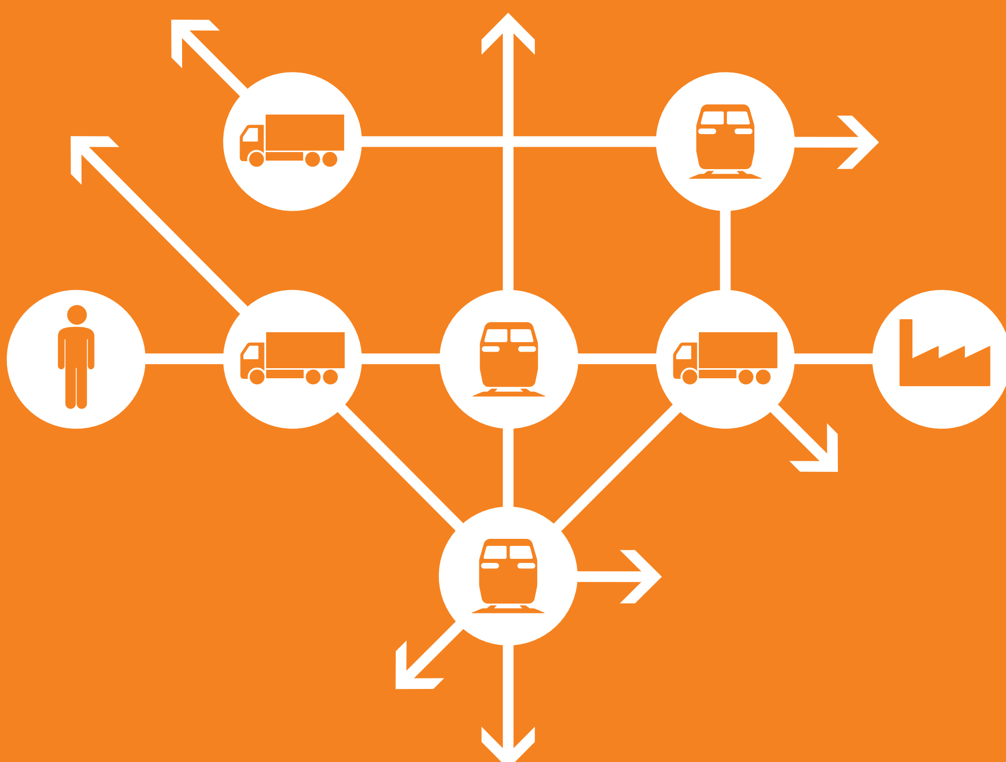
Small hydropower plants are environmentally compatible as they produce regenerative energy with no more than a minimum impact on nature. On the left: PCC's Mujada small hydropower plant in Central Bosnia; right-hand page: A running stream passing through the site of the planned small hydropower plant "Patiška" in Macedonia.



Logistics

The Logistics division encompasses the fields of intermodal transport, logistics services, road haulage and rail wagon leasing. Again in 2012, the division's main revenue generator was PCC Intermodal S.A., Gdynia, which counts among Poland's leading providers of container transport services (combined transportation). The operating schedule of PCC Intermodal currently offers more than 150 rail connections per month, served by scheduled container block trains. In the intermodal transportation of goods in containers, more than one vehicle/transportation means is utilised, with the last leg of the journey to the customer usually being performed by truck. The network of routes operated by PCC Intermodal has been continuously expanded. Currently, the company offers links between the inland terminals at Gliwice, Brzeg Dolny, Kutno and Frankfurt (Oder), and the seaports of Gdańsk, Gdynia, Hamburg, Bremerhaven and Rotterdam. With the commissioning of the new Kutno terminal in Central Poland in 2011, the network has now been extended towards the east through to Moscow. In addition, the Kutno terminal means that new scheduled rail journeys can also be made to Southern Europe via Sopron (Hungary) through to the Adriatic ports of Koper (Slovenia) and Trieste (Italy).

The tanker fleet operated by PCC Autochem Sp. z o.o. comprises 60 vehicles. The company specialises in the haulage of liquid chemicals.

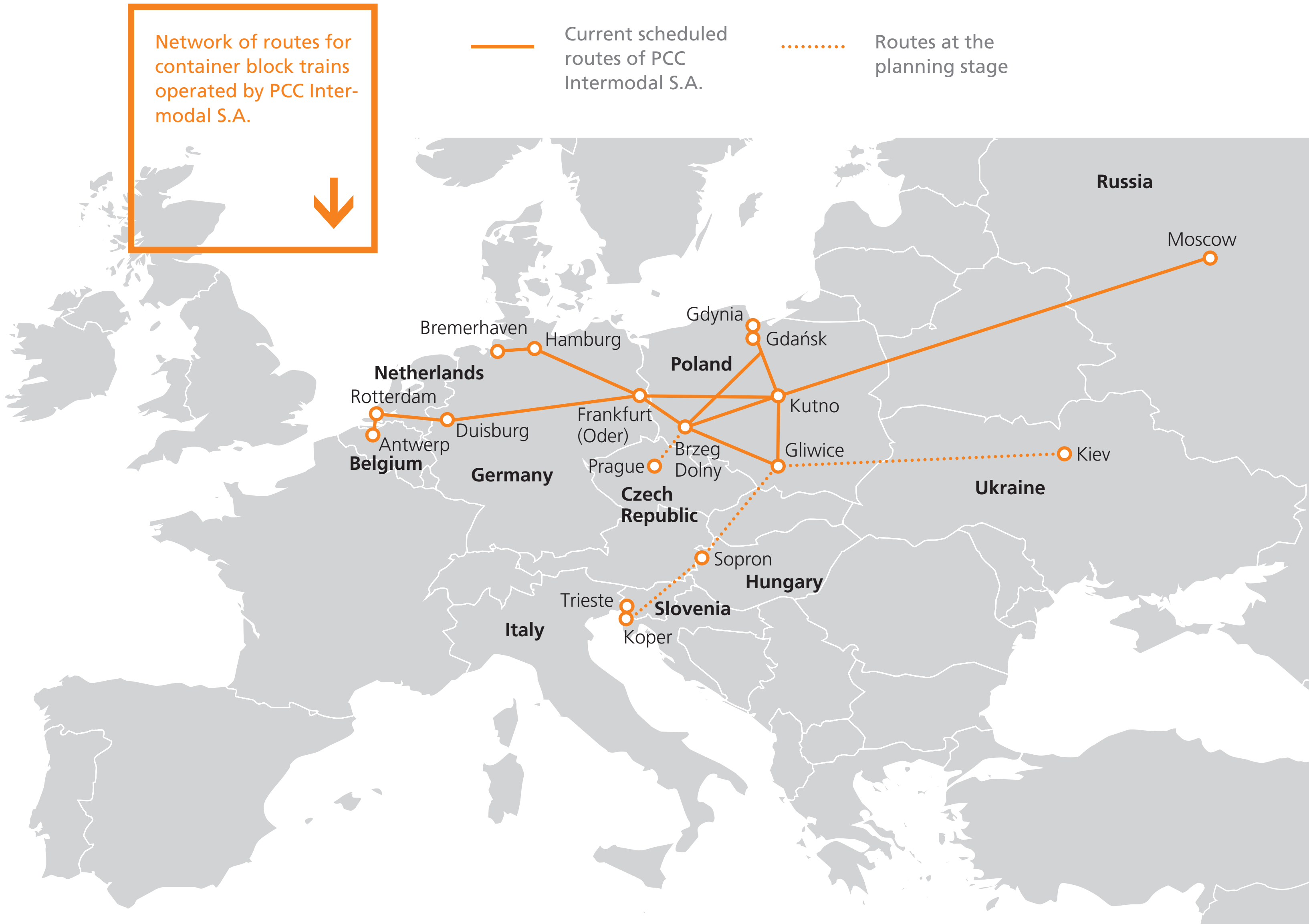


In its investment programme, PCC Intermodal S.A. is planning to construct and commission further advanced combined transport terminals at major hubs throughout Poland. In Germany, it has been operating the combined transport terminal in Frankfurt (Oder) since April 2012.

The Logistics division also includes both the Russian transport company ZAO PCC Rail, Moscow, which currently operates over 450 gondola wagons on broad-gauge railways in Russia, and the Polish forwarding company PCC Autochem Sp. z o.o., Brzeg Dolny, which specialises in the road haulage of liquid chemicals. The latter operates throughout Europe with its own fleet of tankers comprising around 60 vehicles.

Logistics division	**2012**	2011
Divisional sales in €m	**46.0**	43.9
Number of employees (average for the year)	**312**	249

Network of routes for container block trains operated by PCC Intermodal S.A.



Quartzite quarry and associated processing plant operated by PCC Silicium S.A. in Zagórze.

Activities under development and Other Shareholdings

The Other Shareholdings segment encompasses affiliates operating in various areas, the activities of which are in some cases still undergoing development, such as quartzite mining, information technology and telecommunications, including a subsidiary data processing centre.

The main revenue generator of this division is PCC Silicium S.A. in Zagórze with its quartzite quarry and the associated processing plant. The quartzite mined is predominantly used as a backfill material for the construction of roads and railway tracks. Quantities are likewise supplied to the ferrosilicon industry. Plans are also still being made to use a portion of the mined quartzite for our silicon metal project in Iceland. The drilling operations required in order to perform the necessary analysis of the various mineral grades have now largely been completed.

Also included under Other Shareholdings are 3Services Factory S.A., Katowice, which operates a modern data processing centre in Upper Silesia, and PCC Centrum Teleinformatyki S.A., Brzeg Dolny, an IT and telecommunications service provider whose customers include, in particular, the Polish companies of the PCC Group.

Other Shareholdings	**2012**	2011
Divisional sales in €m	**8.0**	10.6
Number of employees (average for the year)	**211**	214

Organisation of the PCC Group

The PCC Group comprises a total of around 70 subsidiaries and affiliates. The main fully consolidated companies of the individual divisions (as of December 31, 2012) are shown on this double-page spread. A detailed list of the various shareholdings can be found under Note (33) to the consolidated financial statements at the back of this report.

Chemicals division

Production companies

PCC Rokita SA
Brzeg Dolny (Poland)

Holding company of the "PCC Rokita" subgroup

Sales: € 277.2 million
Employees: 1,140

Subsidiaries:

→ TENSIS
→ EKO LOGISTYKA
→ APAKOR-ROKITA
→ LabMatic

PCC Exol SA
Brzeg Dolny (Poland)

Sales: € 65.4 million
Employees: 116

PCC Prodex Sp. z o.o.
Warsaw (Poland)

Sales: € 10.0 million
Employees: 27

PCC Chemax, Inc.
Piedmont, SC (USA)

Sales: € 20.3 million
Employees: 36

PCC Synteza S.A.
Kędzierzyn-Koźle (Poland)

Sales: € 37.4 million
Employees: 79

PCC Consumer Products S.A.
Warsaw (Poland)

Holding company of the "PCC Consumer Products" subgroup

Sales: € 35.9 million
Employees: 490

Subsidiaries:

→ KOSMET ROKITA
→ Fabryka Zapałek Czechowice S.A.

MCAA SE
Brzeg Dolny (Poland)

Project company

Sales: –
Employees: –

Trading companies

Petro Carbo Chem GmbH
Duisburg (Germany)

Sales: € 173.4 million
Employees: 46

PCC Morava-Chem s.r.o.
Český Těšín (Czech Republic)

Sales: € 39.2 million
Employees: 19

Energy division

PCC Energetyka Blachownia Sp. z o.o.
Kędzierzyn-Koźle (Poland)

Sales: € 10.7 million
Employees: 108

PCC DEG Renewables GmbH
Duisburg (Germany)

Project company

Sales: –
Employees: 2

GRID BH d.o.o.
Sarajevo (Bosnia-Herzegovina)

Sales: € 0.3 million
Employees: 4

Logistics division

PCC Intermodal S.A.
Gdynia (Poland)

Sales: € 42.5 million
Employees: 195

Subsidiary (since 2013):

PCC Intermodal GmbH
Duisburg (Germany)

ZAO PCC Rail
Moscow (Russia)

Sales: € 5.4 million
Employees: 29

PCC Autochem Sp. z o.o.
Brzeg Dolny (Poland)

Sales: € 7.7 million
Employees: 79

Other Shareholdings

PCC Silicium S.A.
Zagórze (Poland)

Sales: € 6.6 million
Employees: 104

3Services Factory S.A.
(abbrev.: 3SF), Katowice (Poland)

Sales: € 1.0 million
Employees: 21

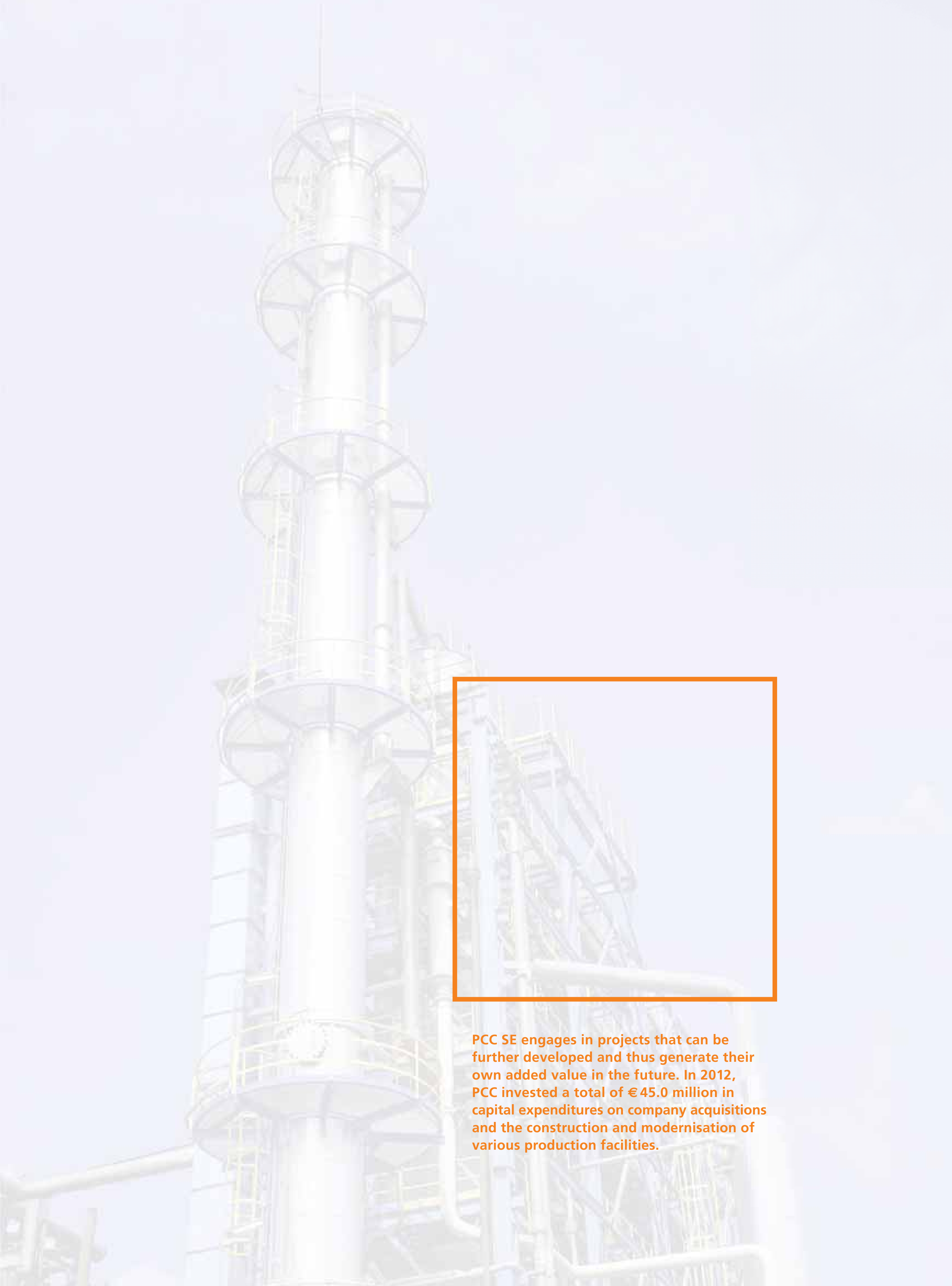
PCC Centrum Teleinformatyki S.A.
(formerly Polskie Centrum Teleinformatyki S.A.), Brzeg Dolny (Poland)

Sales: € 2.3 million
Employees: 29

Sales not consolidated. Employee numbers as annual average.

Investments

→
Propylene oxide (PO) production plant operated by PCC Rokita SA in Brzeg Dolny. PO is a key feedstock in the manufacture of polyols.



PCC SE engages in projects that can be further developed and thus generate their own added value in the future. In 2012, PCC invested a total of € 45.0 million in capital expenditures on company acquisitions and the construction and modernisation of various production facilities.

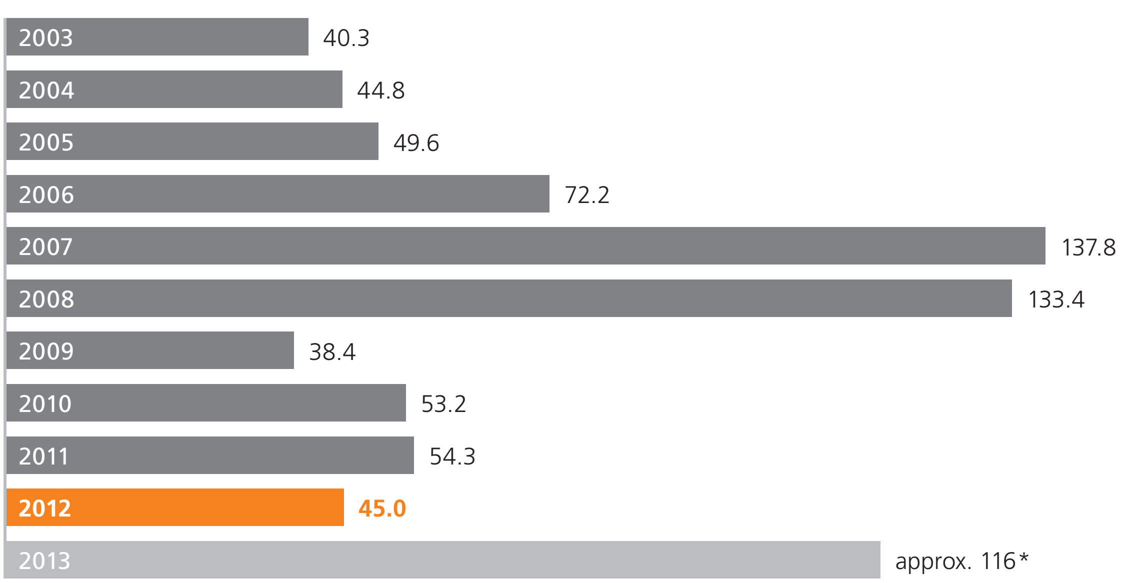
Building on our success: The investments of PCC

Fiscal 2012 saw PCC invest further in strengthening both its production capabilities and its services portfolio as the basis for a major boost in capital expenditures planned for 2013. Across the Group, a total of around € 45.0 million was invested in 2012 (previous year: € 54.3 million). At 78 %, the majority of these funds went into property, plant and equipment, with share purchases, capital increases and intangible assets accounting for the remainder.

As in previous years, much of our investment spend in 2012 was in the Chemicals division. Here, our focus is on the ongoing modernisation of our production facilities and the development of new capacities. In particular, we were able to further strengthen our Polyols unit in 2012 with the commissioning of a fourth production line. The Consumer Goods unit underwent expansion, primarily as a result of acquisitions. In the Logistics division, PCC invested in the purchase of further handling equipment at the container terminals Kutno in Central Poland and Frankfurt (Oder) in Germany. Our small hydropower plant projects aligned to harnessing renewable energies also made substantial progress with construction starting at three sites in Macedonia.

Our capital expenditures budget for fiscal 2013 provides for an investment volume of over € 116 million. The increase to more than 2.5 times the prior-year level will result primarily from the construction of an MCAA plant and the introduction of further new chlorine production technology – both at our chemicals site in Brzeg Dolny, Poland. Plans are also underway for the implementation of the second investment phase at our Kutno terminal and expansion of the terminal in Brzeg Dolny.

Capital expenditures of the PCC Group in €m



* Anticipated

The commissioning of our fourth polyols production line in Brzeg Dolny means our capacity in this product segment has now increased to 100,000 metric tons per year.

Investments in the Chemicals division

Commissioning of fourth polyol production plant of PCC Rokita SA

March 2012 saw PCC Rokita SA complete a fourth production plant for the manufacture of polyols at its factory site in Brzeg Dolny, Lower Silesia (Poland). Commissioning of this "Polyols 4" line began in mid-March and the first product batch had already been manufactured by the beginning of April 2012. Measured in terms of standard polyols, production capacity amounts to around 30,000 metric tons per year, with total capacity of all four lines now having reached the 100,000 metric ton mark.

The new facility will be used in particular to manufacture speciality polyols, the main feedstock used in the manufacture of comfortable, durable polyurethane foams (also known as PU or PUR foams) that are in high demand for the furniture, mattress and automotive industry. For example, the speciality polyol "Rokopol iPol®" is used for the production of high-resilience foams, and "Rokopol® vTec" for the manufacture of viscoelastic memory foams. The customers of PCC Rokita SA, which include Europe's more renowned furniture and mattress manufacturers, use our iPoltec® (Intelligent Polyurethane Technology) in their production processes, with reliable supplies of the right feedstocks being supplemented by application and engineering advisory services. In this package, our customers are directly supported by our team of experts not just on site but also individually at their various machines, enabling them to achieve optimum production results. We also invested in the expansion of the laboratories and in new laboratory technology at our PCC Rokita site in Brzeg Dolny as a means of further enhancing all our processes.

ipoltec® by PCC

Advancement of MCAA project of PCC in Poland

Preparations for the planned construction of a production plant for high-purity monochloroacetic acid (MCAA) on the factory site of PCC Rokita SA in Brzeg Dolny were reinstated in 2012. Originally, this project had been scheduled for 2010. However, due to the generally weak economic climate of the time, it was postponed. Commissioning of the plant is planned for mid 2015, with capacity expected to lie in the region of 42,000 metric tons per year. The Polish Ministry of Economic Affairs has already agreed to provide certain subsidies for the construction project.

Once the documentation for the extended basic engineering was available, the order was immediately awarded for the detailed engineering plan. Parallel to this phase, an initial site investigation was carried out at the selected plot in order to determine the condition of the soil and underlying strata. The site was then established with all the necessary equipment and facilities, allowing civil engineering works, primarily in the form of excavation operations, to commence in the first quarter of 2013.

MCAA is mainly used in the food and beverage industry, although it is also a feedstock in the manufacture of medicines, body care products, cosmetics, dyestuffs and colorants, and plant protection products. The new production plant should also make a substantial contribution to improving the chlorine value chain of PCC Rokita SA.

The new MCAA plant is to be commissioned on the factory site of PCC Rokita SA in Brzeg Dolny in 2015.

Expansion in consumer goods segment "PCC Consumer Products"

Founded in 2011, the "PCC Consumer Products" subgroup was further expanded in 2012 through the inclusion both of other affiliates and of newly established companies. This PCC umbrella group comprises companies that produce consumer goods – particularly private labels – serving the segments of household and industrial cleaners, laundry detergents, speciality automotive care products, and also matches. 2012 saw both modernisation and expansion investments at the two Polish companies – Kosmet-Rokita Sp. z o.o., Brzeg Dolny, which manufactures cleaning products and detergents, and the matches factory Fabryka Zapałek „Czechowice" S.A., Czechowice-Dziedzice – which led directly to an increase in earnings.

The holding company of this subgroup, PCC Consumer Products S.A., Warsaw, now boasts production and distribution sites in Poland and Belarus and also a trading company in Russia. Its sales activities currently focus on Central and Eastern Europe. In future, however, sales and distribution are also to be extended to the retail grocery, discounter chain and drugstore chain segments in German-speaking Europe. It is also planned to supplement the product portfolio of the "PCC Consumer Products" subgroup with further consumer goods.

In 2012, our matches factory Fabryka Zapałek „Czechowice" S.A., Czechowice-Dziedzice, manufactured over 630 million matchboxes and a total of almost 24 billion matches.

In addition to laundry detergents, both household cleaners and body care products feature large in the portfolio of Kosmet-Rokita Sp. z o.o.

Investments in the Energy division

Progress in power plant projects to harness renewable energies

At last, after years of negotiations and time-consuming procedures, the construction phase of the small hydropower plant projects in Macedonia has commenced.

At the beginning of June 2012, the Macedonian PCC project company PCC HYDRO DOOEL Skopje received a permit to construct the "Gradečka" small hydropower plant. The site is located along the Gradečka Reka (reka = river), some 90 kilometres east of the Macedonian capital Skopje.

Construction of the small hydropower plant started in July 2012. Initially, this involved clearance and blasting work along the pipeline run. This was followed by construction of the power house, which has now been completed. Work will begin on installing the technical equipment once the turbine, generator, the low and medium voltage systems and the transformer arrive. According to the project plan, performance tests and the fine adjustments are scheduled for the end of June. In addition, 2.5 km of the total of 3 km of pipeline have already been laid, and the water intake and grit collector have also been concreted. The "Gradečka" power plant is expected to be completed and hooked up to the grid by July 2013.

"Galičnik", the second power plant project in Macedonia, lies in the north-west of the country, south-west of the city of Gostivar. Here, work began on constructing the site roads in November 2012. Following the onset of the snow thaw, excavation work for the pipeline restarted in February 2013. To ensure maximum progress and efficiency, route blasting and pipeline laying have been concurrently underway since the beginning of 2013. According to the project plan, this will be followed by earthworks for the turbine house, with the foundation due to be laid at the end of June ready for the next stage of construction.

Below: Power plant project "Brajčino" – completion of the structural steel frame for the turbine house; right: Power plant project "Patiška" – commencement of the excavation work for the pipeline route.

The "Gradečka" power plant site (Macedonia) – top: Intermediate pipe storage – the laying rate averages six pipes or 36 metres per day; right: Installation of the twin nozzle Pelton turbine in the turbine house.

The biggest project, "Brajčino", lies 125 km south-south-west of Skopje, close to the Macedonian-Greek border. Following commencement of construction in January 2013, the shell of the turbine house has now largely been completed. In addition, a length of some 500 metres of the total 2,800 metre pipeline has already been laid in the high-pressure section.

Delivery of the "water-to-wire" equipment (primarily the turbine, generator and transformer) is scheduled for October 2013 in the case of the "Brajčino", "Patiška" and "Galičnik" sites. Allowing for completion of the cabling, fine adjustment work and performance tests, this should mean that the projects will be signed off ready for operation by the end of 2013. Assuming that the national grid operator adheres to the agreed hook-up deadline, the power stations will then be ready to harness the full power of the spring snow thaw in March and April 2014.

Due to difficult weather conditions prevailing during the winter months, construction at the "Patiška" power plant site in central Macedonia, some 25 km south of Skopje, was delayed. In the meantime, however, the clearance work has been completed and the excavation work started.

In the case of the "Kriva Reka" project, the fifth under the management of PCC's Macedonian project company PCC NEW HYDRO DOOEL Skopje, the basic engineering is due for completion by the beginning of June 2013. Once the necessary checks have been carried out, approval planning work should begin around mid June 2013. Here, the start of construction is planned for the third quarter of 2014. The authorities should now be able to deal with the licence application as a matter of routine, in which case it may be possible to further streamline the schedule.

In all, these five power plants currently under construction represent a total output of 6 megawatts. PCC is also endeavouring to acquire further concession contracts in Macedonia.

The start of construction of the small hydropower plants planned for sites in Bosnia-Herzegovina and Bulgaria has been further delayed due to lengthy approval processes.

Investments in the Logistics division

PCC Intermodal S.A. is new operator of the CT terminal in Frankfurt (Oder)

On April 1, 2012, PCC Intermodal S.A., Gdynia, took over operation of the combined transport (CT) container terminal in Frankfurt (Oder). And in April 2012, PCC Intermodal GmbH, Duisburg, was established to facilitate the transaction. All the activities of the PCC Group in Germany within the intermodal transport sector were also merged under this entity as of the same date. PCC Intermodal GmbH was then sold at the beginning of 2013 by PCC SE to PCC Intermodal S.A. so that all the Group's container handling and transport activities are managed under the umbrella of this company.

Expansion of equipment pool at PCC terminals

In March 2012, PCC Intermodal S.A. expanded its equipment pool at our Kutno terminal (province of Łódź, Central Poland) by investing in one of the most powerful and advanced container cranes currently in service in Poland. The acquisition of the 90 metric ton reach-stacker manufactured by Hyster was a response to the increase in demand for Kutno's services. Until then, there had been three heavy-duty reach-stackers to cover the 80,000 square metres of the terminal, which opened at the end of September 2011. The new reach-stacker has a maximum load capacity of 46 metric tons. Its outreach is

Combined transport terminals of PCC Intermodal S.A. in Frankfurt (Oder) – left – and Kutno – below – which serve in the transfer of containers from road to rail and vice versa.

Reach-stackers are able to lift containers with a weight of up 41 metric tons from the second row over the first row of containers. At the PCC terminal in Kutno, there are four such cranes in operation.

particularly impressive and, equipped with a stabiliser, it is able to lift containers with a weight of up to 41 metric tons from the second row. This also means that it is able to move containers with a weight of up to 30 metric tons from wagons on the second track, up and over the first track. This is twice the safe working load (SWL) of conventional cranes of this type. Currently, the Kutno terminal handles around 100,000 TEU p.a. Work on expanding the terminal is to begin in 2013, leading to a 100 % capacity increase to around 200,000 TEU p.a.

In order to increase container handling capacity also at the CT terminal in Frankfurt (Oder), a further reach-stacker was purchased in 2012 for service there. That means that the 20,000 square metre facility is now served by a total of three such cranes with a combined handling capacity of around 80,000 TEU p.a. To cover the increased demand forecast for the medium term, plans are also in place to purchase a rail-bound container gantry crane and to add two further handling tracks to the infrastructure already present. These investments are to be financed through a mix of company funds, grants from the province ("Land") of Brandenburg and federal funding.

Two Hyster forklifts were purchased in 2012 for the PCC terminal in Brzeg Dolny – located directly adjacent to the factory site of PCC Rokita SA and PCC Exol SA. The 14,000 square metre facility is also served by three reach-stackers, providing a handling capacity of 50,000 TEU p.a. This terminal is to be upgraded and expanded in the period 2013/2014.

Further development of railway project in Russia

The fleet of wagons operated by PCC's Russian subsidiary ZAO PCC Rail, Moscow, has been expanded since January 2012 by a further 180 units, and currently stands at around 450 wagons. In the medium term, this number is to increase to 2,000 units as a means of acquiring a strong position in the railway goods transport market on which we have been focusing since the start of liberalisation in Russia. PCC Rail provides goods transport services with its own and, occasionally, leased wagons to a number of customers, primarily in Russia but also in other CIS states, offering all the associated support functions. It mainly transports building materials, metals and coal.

PCC subsidiary ZAO PCC Rail operates on Russia's broad-gauge railways with a fleet of gondola wagons currently numbering 450.

Other investments

Progress in planning for the silicon metal project in Iceland

PCC intends to build a modern production plant for silicon metal in Iceland. Production start is scheduled for 2016, with plans for an initial capacity of 33,000 metric tons per year. Silicon metal is used i.a. as an aluminium alloying element, and also in the chemical industry for the manufacture of siloxanes and silicones.

The direct owner of the new plant is PCC's Icelandic project company PCC BakkiSilicon hf founded in mid 2012. Its headquarters are located in the immediate vicinity of the planned production site in Húsavik to the north of Iceland. PCC BakkiSilicon has already concluded an electricity supply contract with the state-owned Icelandic electricity utility Landsvirkjun, providing for 15 years of cheap power for the highly energy-intensive silicon metal production process.

At the end of October 2012, the draft plans were completed by the plant designer SMS Siemag of Düsseldorf, Germany, which is also our general contractor for the construction of a turnkey facility. The final investment decision is subject to conclusion of further important project contracts and also the financing agreements.

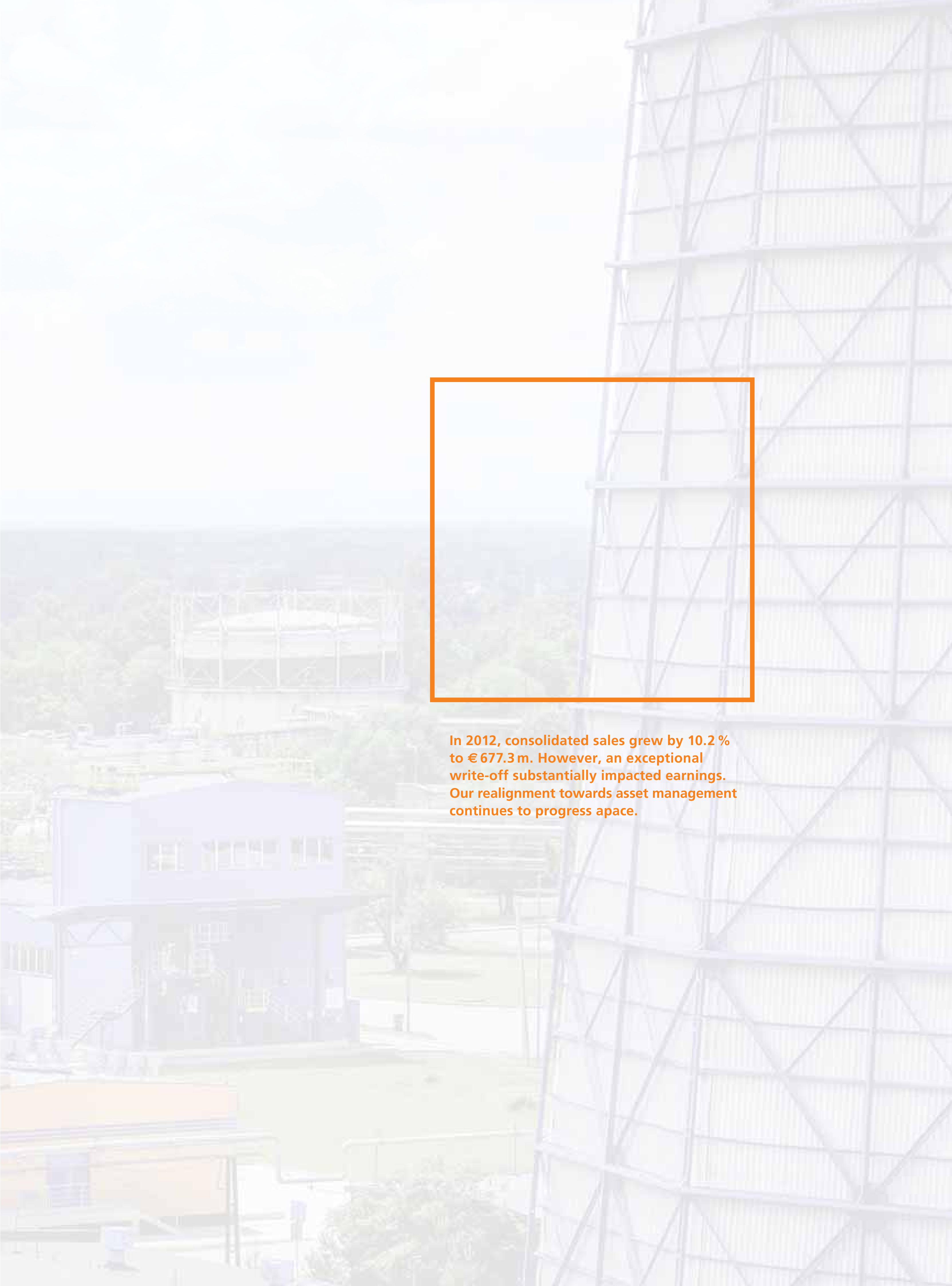
At the end of March 2013, the Icelandic parliament ratified with a large majority several laws approving the industrial development of the Bakki industrial area, which is the location of our site in the north of Iceland. One of the laws relates exclusively to the silicon metal project of the PCC affiliate PCC BakkiSilicon hf, formalising in particular financial support for the initial investment pertaining to site preparations ready for construction. Long-term tax concessions were also confirmed. The elections that took place on April 27, 2013 resulted in a new majority, with the previous Left-Green government being replaced by a Centre-Right alliance. However, the new government also supports PCC's Iceland project unreservedly, and the approval processes currently in train are still proceeding to plan. At the beginning of March 2013, the last public consultation took place to discuss the environmental report and the development plan for the industrial area. The event attracted more than 250 stakeholders. At the moment, the environmental study is being finalised in consultation with the relevant authorities. Issue of the environmental approval is expected in July 2013.

The structuring of the project financial package with KfW IPEX-Bank and the European Investment Bank is likewise on schedule so that, once all the prerequisites have been met, an investment decision can be expected in the course of 2013.

Computer animation created by plant designer SMS Siemag showing our silicon metal project in Iceland.

Group management report

→
PCC chemicals site in Brzeg Dolny, Lower Silesia (Poland). View past the cooling tower onto part of the iPol polyol production plant of PCC Rokita SA.



In 2012, consolidated sales grew by 10.2 % to € 677.3 m. However, an exceptional write-off substantially impacted earnings. Our realignment towards asset management continues to progress apace.

Core business activities

The organisational structure of the PCC group remained unchanged in fiscal 2012. It therefore continued to comprise the following four divisions:

- Chemicals
- Energy
- Logistics
- Other Shareholdings

Consolidated Group sales in fiscal 2012 amounted to € 677.3 million. This represents an increase of 10.2 % versus the comparable prior-year figure of € 614.8 million, due primarily to an increase in sales posted by the Chemicals division. With initial continuation of the positive macroeconomic situation combined with a high pricing level, revenue here rose by € 66.3 million (12.1 %) to € 612.7 million, giving a share of consolidated sales of 90.5 %. The Logistics division likewise recorded a slight increase in revenue of 4.7 % to € 46.0 million. By contrast, sales of the Energy division and also revenues generated by Other Shareholdings in fiscal 2012 decreased by a total of around € 5.9 million to € 10.6 million and € 8.0 million respectively.

Fiscal 2012 brought further progress in the consolidation of the individual business activities of the PCC Group. In particular, a start was made on the segmentation of individual product groups within the Chemicals division, which dominates the PCC Group. Apart from chlorine chemistry, these include polyols and polyurethanes, surfactants, consumer products and various speciality chemicals such as phosphorus and naphthalene derivatives, and alkylphenols. As part of this consolidation process, 2012 saw PCC SE transfer the polyurethane system house PCC Prodex Sp. z o.o., Warsaw, to PCC Rokita SA, Brzeg Dolny (Poland), where it was integrated within the Polyols unit. The aim of this move is to better realise synergy effects that exist between these two fields of activity. This also applies to the Surfactants unit: in 2011, it was carved out of PCC Rokita SA and transferred to PCC Exol SA, Brzeg Dolny (Poland). As preparation for a planned stock exchange float, this company was transferred from PCC Rokita SA to PCC SE in April 2012. Ultimately we were able to successfully place PCC Exol SA on the Warsaw Stock Exchange (GPW) in August 2012. However, with a shareholding of more than 90 %, PCC SE still holds the majority of the share capital and voting rights in PCC Exol SA. As a follow-up step, at the end of 2012 we prepared the ground for integration of PCC Chemax, Inc., Piedmont (USA), which is also active in the field of surface-modifying substances (surfactants), within PCC Exol SA. This transaction was completed in January 2013.

We will continue to drive this process of segmentation of our individual fields of business in 2013 in order both to leverage greater synergy effects and to sharpen the profiles of the individual units. The PCC Group thus intends to continue rigorously pursuing its strategy of active investment portfolio management and ongoing portfolio optimisation. Proactive asset and investment management and careful consideration of further acquisitions with the aim of competence-related diversification into new market segments remain the cornerstones of our Group policy. The underlying objective is to build a basis for sustainable growth and to continuously increase our enterprise value going forward.

In 2012, the Chemicals division was again the main revenue and earnings generator of the PCC Group. Here we can see a photo of Ethoxylation Plant 2 of PCC Exol SA together with the tank farm in Płock (Poland).

The business development of the individual Group divisions in fiscal 2012 is described in greater detail in the sections that now follow. The Chemicals division – with PCC Rokita SA as its mainstay – once again proved to be by far the main revenue and earnings generator in the Group, and it very much appears that this will remain the case in fiscal 2013.

The performance of the individual Group divisions can be summarised as follows:

Chemicals:

The Chemicals division is comprised of the following production and commodity trading companies:

- "PCC Rokita" subgroup
  under the management of PCC Rokita SA, Brzeg Dolny (Poland)
- PCC Prodex Sp. z o.o., Warsaw (Poland)
- PCC Exol SA, Brzeg Dolny (Poland) (shareholding 93.84 %)
- PCC Chemax, Inc., Piedmont, SC (USA)
- "PCC Consumer Products" subgroup
  under the management of PCC Consumer Products S.A., Warsaw (Poland)
- PCC Synteza S.A., Kędzierzyn-Koźle (Poland)
- Petro Carbo Chem GmbH, Duisburg (Germany)
- PCC Morava-Chem s.r.o., Český Těšín (Czech Republic)
- S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea (Romania) (shareholding 58.72 %)
- Węglopochodne Sp. z o.o., Kędzierzyn-Koźle (Poland)
- MCAA SE, Brzeg Dolny (Poland)
- PCC P4 Sp. z o.o., Brzeg Dolny (Poland)

The trading company C&C Coke and Coal Products GmbH i.L., Duisburg (Germany), was fully liquidated in fiscal 2012. Retrospectively effective as of January 1, 2012, PCC Capital GmbH, Duisburg, was merged with PCC SE as the receiving legal entity, accompanied by cessation of its factoring business. The winding up of the production company Węglopochodne Sp. z o.o. continued through fiscal 2012.

With consolidated sales at the divisional level amounting to € 612.7 million (previous year: € 546.4 million), the Chemicals division was – as mentioned – again the main revenue generator within the PCC Group in fiscal 2012. Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) came in at € 91.8 million, more than doubling the prior-year figure of € 41.8 million with a plus of € 50.0 million. This earnings result includes the gain of around € 50.4 million arising from the internal sale of PCC Exol SA by PCC Rokita SA to the Group holding company PCC SE. At the Group level, this divestment gain is eliminated. Adjusted for this consolidation effect, the Chemicals division posted an EBITDA close to the level of the previous year. With the exception of PCC Synteza S.A., Kędzierzyn-Koźle (Poland), all the subsidiaries and affiliates consolidated in this division contributed to the growth in sales mentioned, due to an initial continuation in 2012 of helpful macroeconomic conditions. The average workforce of the Chemicals division for the year amounted to 1,960 employees.

Again in fiscal 2012, the main revenue and earnings generator within the Chemicals division was – as mentioned – PCC Rokita SA together with its subsidiaries. The company substantially exceeded its positive prior-year earnings as a result of the “Exol effect” detailed above. Adjusted for this gain, earnings were a repeat of the good prior-year level. PCC Rokita SA occupies – in part – market-leading positions in Central Europe in various product segments including in particular chlorine chemistry, polyols and polyurethanes, and speciality chemicals comprising, among others, phosphorus and naphthalene derivatives (flame retardants, plasticisers). Following the commissioning of the fourth production line for polyols in April 2012, PCC Rokita SA has further strengthened this position, increasing total capacity in this product group to 100,000 metric tons p.a. Work on the MCAA project (monochloroacetic acid) was also intensified in 2012, with completion to commissioning expected by 2015. The technology switch of the second part of the chlor-alkali electrolysis process to the more environmentally compatible membrane system is also in preparation for the coming years. Both projects constitute important milestones for the further development of the Chlorine segment. Together with the Polyols unit, this product segment made one of the biggest contributions to the total earnings generated by the PCC Rokita SA subgroup, due in particular to the persistently high price level of caustic soda, a by-product of the chlor-alkali electrolysis process.

The Surfactants unit also ended fiscal 2012 with an overall profit. PCC Exol SA generated positive contributions to Group profit at all earnings levels, although results were below expectation due primarily to the fact that capacity at the second ethoxylation plant commissioned in 2011 remained somewhat underutilised in 2012. PCC Chemax, Inc. was once again able to make a positive contribution to Group profit with earnings above the level of the previous year.

Fiscal 2012 brought further progress on the development of the subgroup PCC Consumer Products S.A., Warsaw, with the establishment of a joint venture in Belarus. The laundry and home care products manufactured there are intended primarily for the Belarusian and Russian markets. Modernisation and expansion investments were made in 2012 in Kosmet-Rokita Sp. z o.o., Brzeg Dolny (Poland) – which is likewise active in the production of household cleaners, detergents and cosmetics – and also in the matches factory Fabryka Zapałek Czechowice S.A. in Czechowice-Dziedzice (Poland). As a result, there was a significant increase in the profitability of the “PCC Consumer Products” subgroup. In contrast to the previous year, this subgroup ended fiscal 2012 in the black. Aside from further investments in existing subsidiaries, we also intend in the future to continuously examine options for expanding our product portfolio in this segment through new acquisitions. This should effectively ensure the long-term growth of the "PCC Consumer Products" subgroup.

Some units of PCC Rokita SA, including the phosphorus and naphthalene derivatives business, are to be managed in the future as part of the Speciality Chemicals product segment. The two trading companies Petro Carbo Chem GmbH, Duisburg (Germany), and PCC Morava-Chem s.r.o., Český Těšín (Czech Republic), and also PCC Synteza S.A., Kędzierzyn-Koźle (Poland), which has focused on the production of nonylphenol and dodecylphenol since 2010, are also to be grouped together within this segment. All three of these last-named companies were able to end 2012 in profit. However, due in particular to declining margins in the coke trading business resulting from flagging steel production, earnings of Petro Carbo Chem GmbH remained below the prior-year level. This subsidiary will, like PCC Morava-Chem s.r.o., continue to concentrate on the niche markets in which it has established a stable trading position. The aim is to consolidate and further expand this going forward in order to generate a sustainable contribution to Group profit. We are also focusing on providing further support to our production companies through the activities of the trading companies of the PCC Group. This applies both to the procurement of raw materials to strengthen supply stability and the sale of products from our own manufacturing plants in selected markets.

Like Petro Carbo Chem GmbH, our subsidiary PCC Synteza S.A. also posted a fall in earnings compared with 2011. One of the main reasons for this was the value allowance that had to be made on doubtful receivables from Southern European debtors. On a positive note, the development of new product segments initiated in the previous year, including those approached in collaboration with PCC Rokita SA, was taken to fruition in 2012, with future growth potential accruing to PCC Synteza S.A. as a result.

There were no changes from the situation prevailing in the previous year at S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea, a Romanian investment undertaken by PCC SE. Further developments may ensue in the future, but these remain unclear at the present time. However, in the case of S.C. Oltchim S.A., Râmnicu Vâlcea – our second Romanian investment – we have increased the PCC SE shareholding since spring 2011, from about 18 % to around 32 %. Official receipt of the latest tranche of shares took place in December 2012, while the necessary registration in Romania followed in January 2013. Our focus continues to be particularly on the polyol production of S.C. Oltchim S.A., for which reason PCC SE also participated in the privatisation of this company, which took place in autumn 2012. The process ultimately failed and at the end of January 2013, S.C. Oltchim S.A. was put into administered insolvency under Romanian law. This partly involves developing a restructuring plan for S.C. Oltchim S.A., with a three-year period of grace being granted to the company to allow for its implementation. At the same time, "hair cut" negotiations are to be held with creditors with the aim of reducing the company's debt level. A further attempt at privatisation has also not been ruled out. However, the prospects for the success of this process are currently difficult to assess. For reasons of commercial prudence, therefore, PCC SE has completely written off the € 19.9 million book value of its shareholding in this company, with its consolidated balance sheet being impacted accordingly.

Energy:

The Energy division encompasses the following subsidiaries involved in energy supply and power plant construction:

- PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle (Poland) (shareholding 84.46 %)
- PCC DEG Renewables GmbH, Duisburg (Germany) (shareholding 60 %)
- GRID BH d.o.o., Sarajevo (Bosnia-Herzegovina) (shareholding 51.37 %)

and also the trading company

- PCC Energy Trading GmbH, Duisburg (Germany),

although this latter was operationally inactive in 2012.

Aggregated together, these companies generated consolidated sales attributable to the Energy division amounting to € 10.6 million in fiscal 2012, representing a decline of around 23.4 % compared with the prior-year figure of € 13.8 million. This is due primarily to the loss of all revenues generated by PCC Energy Trading GmbH, Duisburg, resulting from the cessation of its trading activities (prior-year sales € 2.3 million). The other subsidiaries and affiliates within the Energy division also posted slight decreases in revenues compared with the previous year. In 2012, the number of people employed by the Energy division averaged 114.

From an operational viewpoint, PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle (Poland), which is active in the supply of electricity and heating energy, was once again the main revenue and earnings generator for the Energy division in 2012. However, both the sales and the profits of this subsidiary fell below the corresponding prior-year levels. The main cause of this was the loss of a major steam account, due to the customer concerned commencing its own steam generation operations in the course of 2012.

The activities of PCC DEG Renewables GmbH, Duisburg (Germany), which is active in the field of renewable energies and in which the KfW subsidiary DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, holds a 40 % interest, remained in the development phase in fiscal 2012, but with major progress being reported. Although our Bosnian subsidiary GRID BH d.o.o., Sarajevo, has so far only taken one of four planned small hydropower plants into service, at least now there is a reasonable chance of the remaining licences and permits required for the other three being granted. Somewhat more significant progress was made in 2012 with the hydroelectric power facilities planned for the Republic of Macedonia. Construction of the first small hydropower plant there began in July 2012, with completion scheduled for July 2013. In the case of a second location, at least initial preparations for establishment of site works got underway before the start of winter. Construction of this and also a third power plant commenced during the first quarter of 2013, with both facilities due for completion by the end of 2013. In all, five small hydropower plants with a total output of six megawatts are planned for Macedonia. The subsidiary is also involved in hydroelectric and wind power projects in Bulgaria. However, delays in building commencement beyond the turn of the year 2012/2013 have also occurred here due to a moratorium announced by the Bulgarian government with respect to the approval of further capacities pertaining to renewable energy projects. PCC SE has not ruled out the possibility of developing some of the planned projects only up to the point where they are ready for construction, and then offering them to potential buyers. Notable Group earnings from these activities are still not expected until some time in the medium term.

Logistics:

The main business activity of the Logistics division is in the field of intermodal transport, with the following companies providing the services in question:
- PCC Intermodal S.A., Gdynia (Poland) (shareholding 61.96 %)
- PCC Intermodal GmbH, Duisburg (Germany)

Also attributable to this division is the wagon leasing and goods transport business of
- ZAO PCC Rail, Moscow (Russia),

which, due to its growing importance for the PCC Group, was included in the consolidated financial statements of PCC SE for the first time in the previous year, and the road haulage business of
- PCC Autochem Sp. z o.o., Brzeg Dolny (Poland).

Consolidated divisional sales amounted to € 46.0 million, an increase of € 2.1 million above the corresponding prior-year figure of € 43.9 million. However, the division's operating earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased from € 3.1 million in the previous year to € 0.3 million in fiscal 2012. The average number of employees working at the division during the year was 312.

The Logistics division is currently dominated by PCC Intermodal S.A., Gdynia (Poland), the business portfolio of which comprises combined transport services both within Poland and on international routes. However, the intermodal transport market of 2012 was characterised by increasing competition combined with progressively declining volume demand resulting from the flagging European economy. Consequently, this subsidiary ended fiscal 2012 with a loss. Over the long term, the intermodal transport market both in Poland and on the international plane can be regarded as a growth area, which is why the PCC Group is planning to further expand its activities in this domain. Two further major steps were taken in pursuit of this objective in 2012: the conclusion by PCC Intermodal S.A. of a long-term lease and operating agreement with the city of Frankfurt (Oder) relating to the container handling terminal there, and the establishment of PCC Intermodal GmbH, Duisburg (Germany). This latter subsidiary was transferred to PCC Intermodal S.A. on January 1, 2013. In addition, PCC SE provided PCC Intermodal S.A. with further liquid funds in the form of a loan for investments, including at the Frankfurt (Oder) site.

The further expansion of the wagon leasing and goods transport business of ZAO PCC Rail, Moscow (Russia), planned for 2012, was facilitated by a long-term investment loan from DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH and further loans from PCC SE. The fleet now comprises 450 wholly owned wagons. Rented wagons are also used for transport services. In all, the company was able to transport a payload volume equivalent to more than 524 million metric ton kilometres. Although the slight decrease in business activity that also occurred in Russia led to a decline in freight rates with similarly smaller margins in the course of the year, ZAO PCC Rail was nevertheless able to end fiscal 2012 in profit. Further additions to the wagon fleet are planned for 2013 using the funds remaining from the DEG loan and funds provided by PCC SE, particularly because the availability of appropriate, reasonably priced wagons has also risen as a consequence of the current economic weakness compared with the previous year. Transportation on the railways is doubtless destined to remain the most important mode of goods carriage in Russia over the long term, leading to the activities of ZAO PCC Rail increasing in importance for the PCC Group in future years.

The road haulage company PCC Autochem Sp. z o.o., Brzeg Dolny (Poland), which completes the Logistics division of the PCC Group, once again performed well in 2012. There was an increase in the capacity utilisation of its tanker fleet of some 60 vehicles, due in part to an alliance entered into in 2011 with a renowned German forwarding agent and further subcontractors. PCC Autochem Sp. z o.o. was therefore once again able to make a positive contribution to Group earnings in fiscal 2012. However, this subsidiary remains of rather minor importance for the business development of the Group.

Other Shareholdings:

The companies that make up the Other Shareholdings are as follows:
- PCC Centrum Teleinformatyki S.A., Brzeg Dolny (Poland)
- PCC Silicium S.A., Zagórze (Poland) (shareholding 99.95 %)
- 3Services Factory S.A., Katowice (Poland) (shareholding 71.94 %)

Their activities comprise the fields of IT and telecommunications (PCC Centrum Teleinformatyki S.A. and 3Services Factory S.A.) and also the operation of a quartzite quarry and the associated processing plant in Poland (PCC Silicium S.A.). The total sales of this Group division in fiscal 2012 amounted to around € 8.0 million, a decrease of € 2.6 million compared with the previous year. The average number of employees working in these companies during 2012 was 211.

The factoring business of PCC Capital GmbH, Duisburg (Germany), was completely shut down in 2012 due among other things to a lack of refinancing opportunities. The company was merged with PCC SE as the receiving legal entity.

Again in 2012, the main revenue generator of the segment was PCC Silicium S.A., Zagórze (Poland), although the sales realised by this subsidiary decreased by around € 3.1 million compared with the previous year. The decline in revenue resulted from a substantial drop in infrastructure construction measures following the end of the European Football Championship in Poland around mid 2012. As this event came to an end, the expansion and refurbishment of the roads and railways in Poland decreased significantly, which had negative consequences for PCC Silicium S.A., a company dedicated to the mining of the quartzite needed for such work. Nevertheless, the subsidiary was again able to make a positive contribution to Group earnings in 2012. In 2013, PCC Silicium S.A. will increase its sales efforts aimed at the ferrosilicon industry. The long-term objective remains to see a portion of the quartzite mined in this quarry used for the manufacture of silicon metal. Development work on a corresponding project in Iceland proceeded through 2012. Moreover, PCC SE almost completed the purchase of the remaining shares in this subsidiary in 2012, increasing its stake from 91.65 % to 99.95 %.

The IT and telecommunications centre PCC Centrum Teleinformatyki S.A., Brzeg Dolny (Poland), once again made a positive contribution to Group profit in fiscal 2012. By contrast, the data processing centre 3Services Factory S.A., Katowice (Poland), again posted start-up losses in 2012.

Business development and financial performance

Overall, the PCC Group finished fiscal 2012 with an operating profit – expressed as earnings before interest, tax, depreciation and amortization (EBITDA) – of € 38.0 million, a fall of some € 11.2 million below the € 49.2 million posted in the previous year. Given that the euro is not the functional currency of most PCC companies, the foreign exchange rates at which sales and earnings are translated exert an influence on the consolidated balance sheet and the consolidated income statement. If parities had remained unchanged versus the previous year, sales of the PCC Group would have amounted to € 686.1 million, or around 1.6 % more. Other operating income includes foreign exchange rate gains of € 11.0 million (previous year: € 13.4 million). Similarly, included in other operating expenses are foreign exchange rate losses amounting to € 11.8 million for 2012 (previous year: € 7.6 million).

Gross profit generated by the PCC Group increased in the year under review by around € 20.6 million versus prior year. This is due both to increased sales – with a corresponding margin contribution – and to further process optimisation in production. The decline in other operating income from € 42.2 million to € 22.8 million negatively impacted EBITDA. In the previous year, this heading had included write-ups on non-current financial assets that were absent this time. A further one-time effect in 2011 was the sale of shares in affiliated companies.

The high level of capital expenditures made within the PCC Group in recent years resulted in a third consecutive year-on-year increase in amortisation of intangible assets and depreciation of property, plant and equipment, the 2012 total amounting to € 18.8 million (previous year: € 16.8 million). In fiscal 2010 the total write-down was just € 13.5 million. Net interest expense rose by € 1.6 million to € 21.4 million in 2012. This is the result of an increase in PCC SE bearer bonds in circulation, bonds issued by PCC Rokita SA and also the rise in liabilities to banks.

Write-downs of financial assets made the biggest negative impact on earnings before taxes (EBT). This item contains the already mentioned non-cash write-off of around € 19.9 million as the book value of the shares owned by the PCC Group in S.C. Oltchim S.A. Without this exceptional item, earnings before taxes would approximate to break-even.

The interest expense total results from the mezzanine capital liabilities of PCC SE, liabilities from bearer bonds, and also bank liabilities. Due to tranche redemptions made in 2012, liabilities from mezzanine capital decreased by € 26.0 million, from € 48.0 million to € 22.0 million. The remaining € 22.0 million is due in 2013; of this, € 10.0 million has already been redeemed as of April 2013. The residual € 12.0 million is due for repayment in July 2013. Liabilities to banks increased in fiscal 2012 from € 75.1 million to € 90.4 million.

Liabilities from bearer bonds increased in 2012 by € 52.4 million, from € 132.7 million to € 185.1 million. In the course of 2012, PCC SE issued a total of four bonds with terms of two and between four and five years, with annual coupons of 5.0 % and 7.25 % respectively. The face value of the bonds placed from these new issues as of December 31, 2012 was some € 52.1 million. Effective October 1, 2012, PCC SE redeemed a five-year 7.0 % bond at maturity, paying € 19.9 million from existing liquidity. On January 1, 2012, PCC SE also began redeeming two callable bonds, each with a coupon of 6.50 % p.a., in regular quarterly instalments equating in each case to 5 % of the nominal value of the issue at 100 %. Both securities mature on October 1, 2016. In addition to the euro bonds issued by PCC SE, bonds in Polish złoty have also been issued by PCC Rokita SA, among others, within the PCC Group. At year-end 2012, these had a value of PLN 69.3 million (around € 17.0 million).

Due to the events described above, total Group liabilities increased by around 21.1 %, from € 320.1 million to € 387.6 million in fiscal 2012. Within this total, there was also a rise in trade accounts receivable from € 44.6 million to € 67.6 million, accompanied by an increase in other liabilities from € 18.6 million to € 21.3 million. Total provisions decreased from € 18.2 million to € 16.2 million. The special reserve for emission allowances received free of charge declined by € 0.9 million to € 4.5 million.

Taken together, these developments resulted in an increase in the balance sheet total from € 458.6 million to € 514.4 million, albeit with equity decreasing from € 114.7 million to € 105.4 million (due particularly to the write-off of the Oltchim shares).

On the assets side of the consolidated balance sheet, further investments in property, plant and equipment in the companies of the Chemicals and Logistics divisions contributed to a substantial rise in fixed assets, from € 278.8 million to € 301.8 million, this being attributable to the PCC Group's ongoing capital expenditure program. The expansion in operating business volumes also resulted in a rise in the Group's current assets from € 173.9 million to € 206.2 million. Both inventories and trade accounts receivable tracked the increase in sales.

Cash and cash equivalents rose from € 37.9 million to € 45.1 million, due in particular to positive cash flow from operating activities amounting to around € 15.6 million.

The increase in the balance sheet total mentioned, accompanied by a decline in recognised Group equity, resulted in a decrease in the equity ratio from 25.0 % to 20.5 %. The economic equity ratio which, in addition to recognised Group capital, takes into account mezzanine capital with a remaining term of more than one year, also amounted to 20.5 % because, as of December 31, 2012, there was no mezzanine capital left on the books with a final maturity beyond twelve months.

The PCC Group's net debt rose from € 218.3 million to € 252.5 million in fiscal 2012, causing the ratio between net debt and EBITDA to deteriorate accordingly. The net gearing ratio increased in fiscal 2012 from 4.4 to 6.6. The PCC Group's target for 2013 is to improve its net gearing ratio to a level below 6.0 by increasing profitability while keeping net debt constant.

For the first time since 2008, total assets of the PCC Group have once again increased beyond the half billion euro mark, underlining the success of the growth policy pursued.

Risks to future development

Aside from the general economic risks that lie outside our control, the PCC Group is exposed in its operating business to the risk of price changes and credit risks. We endeavour to eliminate the latter as far as possible by taking out commercial credit insurance policies. Price change risks are minimised through the conclusion of back-to-back transactions, price formulae and/or hedging instruments.

In addition, the operating companies and the holding company are exposed to the risk of changes in interest rates and foreign exchange parities. However, these can be at least partially eliminated by hedging transactions. The foreign exchange rate and foreign currency risk in the Group should be significantly minimised once the euro has been introduced into Poland as its official currency.

The Chemicals division is, moreover, particularly susceptible to the risk of rising environmental protection charges in the wake of increasingly stringent waste, effluent and other pan-European environmental regulations. Investment requirements resulting from these could, in the future, have a negative effect on the earnings position of this division and of the Group as a whole. The same applies to additional expenditures which may arise in connection with the EU's REACH regulation (European legislation on the registration, evaluation, authorisation and restriction of chemicals) which came into force on June 1, 2007. The utilisation of further potential for savings may, however, compensate to some extent for any additional costs incurred.

In 2009, a subsidiary of PCC SE acquired emission certificates on which VAT was charged. However, the selling company failed to meet its obligation to pay the VAT resulting from these transactions to the competent tax authorities. The subsidiary claimed the input VAT from these emission trade transactions in its VAT declaration submitted to the competent tax authorities. In May 2010, the public prosecution authority of Düsseldorf instituted preliminary court proceedings in relation to the aforesaid emission trading transactions, and this process was still ongoing through the turn of the year 2012/2013. Essentially, the public prosecution authority accuses the subsidiary of having received unjustified tax benefits by claiming the said input VAT. The investigations relate to individuals rather than the subsidiary itself. PCC SE is convinced that the people involved have acted within the law and that the charges will be completely rebutted. The tax authority is also considering clawing back the input VAT claimed in relation to these emission trading transactions. For reasons of commercial prudence, therefore, a provision in the low single-digit million euro range was made as of December 31, 2009 in order to cover the cost to the subsidiary that such an action, if successful, would represent.

Conversely, further developments with respect to the Romanian company S.C. Oltchim S.A. could – subject to the successful implementation of a restructuring plan combined with a possible privatisation of at least some portions of the business – rekindle the possibility of an at least partial increase in value of the currently completely written-off share package owned by PCC SE. However, the imponderables that attach to the associated administration proceedings are still too large for any sound predictions to be made.

Internal control system and risk management related to the Group accounting process

The annual financial statements of PCC SE and the PCC consolidated financial statements are prepared in accordance with the provisions of Germany's Commercial Code [HGB] as amended on May 29, 2009 with adoption of the German Accounting Law Modernisation Act [Bilanzrechtsmodernisierungsgesetz, BilMoG], and in supplementary accordance with the German Joint Stock Corporation Act [Aktiengesetz, AktG].

The consolidated financial statements are prepared within the PCC Group in a multi-stage process using standardised IDL consolidation software. The pre-consolidated financial statements of individual subsidiaries, duly audited by their own auditors, are incorporated by PCC SE within the consolidated financial statements. Responsibility for advice and support with respect to the consolidation system, for the consolidation chart of accounts standardised across the Group, and for implementation of the consolidation measures, lies with PCC SE.

The companies incorporated within the consolidated financial statements are required to abide by standard accounting and financial reporting guidelines pertaining to the consolidated annual and interim financial statements. These also specify the recognition and valuation principles to be applied in compliance with the provisions of the HGB.

All the companies included in the consolidated financial statements are provided with a binding, uniform calendar of due dates for the preparation of their financial statements and completion of the associated audits. Automated and manual checks and controls are integrated at every stage of the process. Procedural rules ensure that all business transactions and the preparation of the annual financial statements are recorded, processed and documented in full, promptly, correctly and with correct period allocation. Before the final submission to PCC SE, a quality-assuring review process is performed within the subsidiaries of the PCC Group by their own governing bodies or with direct involvement of their management. This internal procedure concludes with a formal written confirmation of the system's effectiveness in the form of a signature releasing the financial statements of the individual companies and related information for incorporation in the consolidated financial statements.

Events after the balance sheet date

Effective January 1, 2013, PCC Intermodal GmbH, Duisburg (Germany), was sold as planned by PCC SE to PCC Intermodal S.A., Gdynia (Poland). Likewise in January 2013, PCC Chemax, Inc., Piedmont (USA), was integrated within PCC Exol SA, Brzeg Dolny (Poland). The process of structural consolidation within the PCC Group combined with stronger demarcation between the different business activities and product segments was thus taken a further step forward.

The Romanian company S.C. Oltchim S.A. went into administered insolvency under Romanian law at the end of January 2013. In consequence of this, the book value of the associated share package owned by PCC SE was written off per the total amount of around € 19.9 million with a corresponding exceptional charge being recognised both in the PCC SE's annual financial statements for 2012 and in the consolidated financial statements for 2012.

The bond issued by PCC SE in March 2011 with a 5.0 % coupon and a placed volume of around € 10.4 million (ISIN DE000A1H3H36) was fully redeemed at maturity on April 1, 2013. In addition, the penultimate mezzanine tranche issued by PCC SE (H.E.A.T) was likewise fully redeemed at maturity on April 11, 2013 in the amount of € 10.0 million.

On February 1, 2013, PCC SE issued two new bonds as partial refinancing instruments – particularly in respect of its mezzanine capital – and for funding further investments both in existing affiliates and in new projects: ISIN DE000A1R1AN5 with a volume of up to € 30.0 million with a coupon of 7.25 %, maturing in October 2017, and ISIN DE000A1R1AM7 with a volume of up to € 10.0 million and a coupon of 5.0 %, maturing in December 2014. This latter bond had been almost completely placed by the end of the first quarter of 2013, so it was decided as of April 1, 2013 to issue a follow-up bond, ISIN DE000A1RE798, with the same coupon and a volume of up to € 15.0 million, maturing in April 2015.

Outlook for 2013 and 2014

The focus for the PCC Group in 2013 will again be on strengthening its existing asset portfolio, gearing investments towards generating further growth in the core activities of the Group, and securing its enduring competitiveness. Moreover, the strategy of active asset and investment portfolio management accompanied by ongoing optimisation can be expected to gain further momentum in 2013 and the years beyond, the long-term objective remaining to achieve a steady increase in enterprise value.

Due to the rather low level of business activity prevailing, fiscal 2013 is expected to bring no more than moderate overall sales growth in the range 0 % to 2 % for the PCC Group. This forecast is based on the assumption that the Group will continue progressing as it has in 2012, with capacity utilisation in the Chemicals division remaining at its current very good level. We also anticipate a slight upturn in sales in the Logistics division compared with 2012. However, revenues from our trading business involving chemical commodities are likely to fall below the level of 2012 due to demand weakness.

The "PCC Consumer Products" subgroup of the PCC Group, the nucleus of which is Kosmet-Rokita Sp. z o.o., a company active inter alia in the production of cleaning products, was augmented in 2011 through the addition of the matches factory in Czechowice-Dziedzice, and then further expanded in 2012 through the inclusion of a joint venture in Belarus, likewise active in the manufacture of household cleaners and similar agents. This segment is destined for further development in 2013 and the years that follow. The long-term objective is to float this business on the Warsaw Stock Exchange (GPW). Similar plans exist for the IT and telecommunications services business of the PCC Group which was expanded in 2011 through addition of the data centre 3Services Factory S.A. In the case of this latter affiliate, 2012 saw commencement of a second phase of development scheduled for completion in 2013. Sale of the entire IT and telecommunications services segment to a strategic investor is also conceivable in the medium term. The developments mentioned underscore the realignment of the Group strategy towards proactive investment portfolio management combined with examination of further new acquisitions with the aim of competence-related diversification into new market segments.

According to the budget prepared in the fourth quarter of 2012 for the years 2013 to 2015, the operating business performance of the subsidiaries and affiliates particularly in the Chemicals, Energy and Logistics divisions was expected to exceed the overall level of fiscal 2011, based as it was at the time on a relatively optimistic general view of the likely economic prospects. However, business activity has flagged in the meantime, and the associated growth forecasts have been generally scaled down. The performance of our affiliates in certain sectors (including intermodal transport and commodities trading) during the first quarter of 2013 therefore fell below expectations. By contrast, some product segments of the Chemicals division were actually able to exceed budget in Q1 2013. Overall, therefore, it currently appears that slight improvements in earnings versus 2011 may still be achievable. A significant increase is expected with respect both to EBITDA and EBT against the numbers of fiscal 2012 – even after adjustment for the exceptional effect of the "Oltchim" write-off. The aim is to at least match or perhaps even slightly exceed the good results of 2011. The increase in depreciation and amortisation due to the capital expenditures made in 2012 and those planned for 2013, and the persistently high interest burden prevailing within the Group will, however, continue to impact on earnings.

The main revenue and earnings generator in 2013 will again be the Chemicals division of PCC SE, followed at some distance by the Logistics division. The Energy division will, in contrast, still be largely characterised by project development work, at least through 2013, and will therefore be of somewhat minor importance in terms of its contribution to Group earnings. Subject to adherence to current schedules, however, we expect to see further small hydropower plants take up full production in South-East Europe beyond 2013, providing additional support to the upward earnings trend.

As already mentioned, the two final mezzanine tranches totalling € 22.0 million are due for redemption in the course of 2013. Of this amount, € 10.0 million was already repaid in April. In addition, a total of three bonds with an aggregate volume of around € 30 million are due to mature in the course of 2013. Here, too, a repayment of € 10.4 million was completed in the intervening period. The remaining amounts are to be partially met from existing Group liquidity. Likewise planned are divestments by PCC SE and the issuance of new bonds.

Duisburg, May 21, 2013
PCC SE

Ulrike Warnecke
Managing Director

Dr. rer. oec. (BY) Alfred Pelzer
Managing Director

Consolidated financial statements

→
Modern ethoxylation plant of PCC Exol SA in Płock (Poland) for the manufacture of non-ionic surfactants as used in the detergents and cleaning products industry.

The consolidated financial statements for fiscal 2012 have been prepared in accordance with Germany's Commercial Code [HGB] and Joint Stock Corporation Act [AktG]. Accompanying the Group management report, they comprise the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of movements in equity, the consolidated statement of changes in fixed assets and the associated explanatory notes.

Auditor's report

We have audited the consolidated financial statements prepared by PCC SE, Duisburg, Germany, comprising the balance sheet, income statement, notes to the consolidated financial statements, the cash flow statement and the statement of movements in equity, and the group management report, for the financial year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the group management report according to German commercial law is the responsibility of the legal representatives of the company. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB (Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements and rule infringements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements prepared in accordance with German generally accepted accounting principles, and in the group management report, are detected with reasonable assurance. Knowledge of the business activities and of the economic and legal environment in which the PCC group operates, and expectations as to possible misstatements, are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those individual entities included in the consolidated financial statements, the determination of the entities to be included in the consolidation, the accounting and consolidation principles used, and significant estimates made by the company's legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of PCC SE, Duisburg, Germany, for the financial year from January 1 to December 31, 2012 comply with the legal requirements of German commercial law and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with German generally accepted accounting principles. The group management report is consistent with the consolidated financial statements, essentially provides an accurate view of the group's position and suitably presents the opportunities and risks associated with the group's future development.

Düsseldorf, June 7, 2013

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Häger	Krichel
Wirtschaftsprüfer	Wirtschaftsprüfer
(Certified Public Auditor)	(Certified Public Auditor)

Consolidated income statement

Figures in €k	(Note)	Jan. 1 – Dec. 31, 2012	Jan. 1 – Dec. 31, 2011
Sales	(4)	677,301	614,786
Change in inventories		374	140
Other internal costs capitalised	(5)	935	3,220
Other operating income	(6)	22,771	42,232
Purchased goods and services	(7)	544,576	504,578
Personnel expenses	(8)	45,558	39,375
Other operating expenses	(10)	73,207	67,218
EBITDA (Earnings before interest, taxes, depreciation & amortisation)		38,041	49,208
Depreciation and amortisation	(9)	18,766	16,803
EBIT (Earnings before interest and taxes)		19,274	32,405
Result from associated companies	(11)	385	222
Income from other investments	(11)	18	39
Other interest and similar income		1,962	2,126
Amortisation and impairment of financial fixed assets and marketable securities	(11)	19,880	983
Interest and similar expenses	(12)	21,442	19,836
EBT (Earnings before taxes)		–19,682	13,973
Taxes on income	(13)	1,608	3,705
Net profit/loss for the year		–21,291	10,268
Result attributable to PCC SE Group		–20,045	9,910
Result attributable to minority interests		–1,246	358

Consolidated balance sheet

Assets in € k	(Note)	Dec. 31, 2012	Dec. 31, 2011
Fixed assets		**301,778**	278,751
Intangible assets	(14)	22,806	10,936
Tangible assets		259,962	236,515
Financial assets		19,010	31,301
Current assets		**206,157**	173,922
Inventories	(15)	53,062	47,305
Trade accounts receivable	(16)	73,461	56,368
Accounts receivable from affiliated companies	(17)	18,337	9,781
Accounts receivable from enterprises in which participating interests are held	(18)	57	149
Other assets	(19)	15,689	22,009
Marketable securities		478	403
Cash and cash equivalents		45,074	37,908
Prepaid expenses and deferred charges	(20)	**2,915**	2,163
Deferred taxes	(27)	**3,504**	3,767
Total assets		**514,354**	458,603

Equity and liabilities in € k	(Note)	Dec. 31, 2012	Dec. 31, 2011
Equity	(21)	**105,392**	114,723
Subscribed capital		**5,000**	5,000
Capital reserve		**56**	56
Equity differences due to currency translation		**–8,671**	–18,183
Consolidated retained earnings		**77,159**	98,302
Consolidated accumulated other capital		**11,009**	10,700
Minority interests		**20,839**	18,847
Special reserve for emission allowances received free of charge	(22)	**4,468**	5,396
Provisions	(23)	**16,182**	18,226
Provisions for pensions and similar obligations		**489**	828
Tax provisions		**0**	400
Other provisions		**15,693**	16,998
Liabilities	(24)	**387,637**	320,116
Mezzanine capital		**22,000**	48,000
Liabilities from bearer bonds	(25)	**185,133**	132,691
Bank liabilities		**90,420**	75,129
Advance payments for orders received		**24**	25
Trade accounts payable		**67,557**	44,608
Accounts payable to affiliated companies		**1,211**	1,000
Accounts payable to companies in which participations are held		**4**	96
Other liabilities	(26)	**21,287**	18,567
Deferred income		**676**	143
Total equity and liabilities		**514,354**	458,603

Consolidated cash flow statement

Figures in € k	(Note)	Jan. 1 – Dec. 31, 2012	Jan. 1 – Dec. 31, 2011
Net profit/loss for the year		**–21,291**	**10,268**
Depreciation, amortisation and impairment of tangible and intangible fixed assets		**18,766**	16,803
Amortisation and impairment of financial fixed assets		**20,201**	1,304
Change in provisions		**–3,174**	–890
Increase (+), decrease (–) in allowances for receivables and other assets		**–206**	–159
Gains (–), losses (+) from disposal of fixed assets		**–998**	–6,299
Other non-cash gains (–), expenses (+)		**80**	–12,795
Gross cash flow		**13,378**	**8,232**
Increase (–), decrease (+) in inventories		**–2,690**	–5,341
Increase (–), decrease (+) in trade accounts receivable		**–12,135**	–20,070
Increase (–), decrease (+) in receivables from affiliated companies		**–8,512**	–73
Increase (–), decrease (+) in other assets		**6,601**	8,380
Increase (+), decrease (–) in trade accounts payable		**18,723**	8,945
Increase (+), decrease (–) in payables to affiliated companies		**129**	–4,274
Increase (+), decrease (–) in other liabilities		**60**	4,725
Cash flow from operating activities		**15,554**	**523**
Inflows from disposal of intangible fixed assets		**1,070**	379
Inflows from disposal of tangible fixed assets		**2,738**	2,008
Inflows from disposal of financial fixed assets		**973**	12,753
Inflows from disposal of consolidated companies and other operations		**–212**	6,918
Capital expenditures for acquisitions of consolidated companies and other operations		**–255**	–10,440
Capital expenditures for purchases of intangible fixed assets		**–2,669**	–643
Capital expenditures for purchases of tangible fixed assets		**–31,750**	–35,935
Capital expenditures for purchases of financial fixed assets		**–8,222**	–13,766
Cash flow from investing activities		**–38,326**	**–38,726**
Proceeds from capital contributions		**0**	0
Dividends paid to shareholder and owner		**–2,050**	–2,050
Inflows (+), outflows (–) from issuance/redemption of mezzanine capital notes		**–26,000**	–18,000
Inflows (+), outflows (–) from issuance/redemption of profit participation certificates		**309**	626
Inflows (+), outflows (–) from issuance/redemption of bearer bonds		**51,733**	19,821
Inflows (+), outflows (–) from assumption/amortisation of other financial liabilities		**8,896**	5,757
Cash flow from financing activities		**32,888**	**6,154**
Changes in financial funds due to cash transactions		**10,115**	–32,048
Changes in financial funds due to foreign exchange rates		**–10,222**	1,733
Changes in financial funds due to revaluation		**7,274**	22,399
Financial funds at beginning of period		**37,908**	45,824
Financial funds at end of period	(30)	**45,074**	**37,908**

Consolidated statement of movements in Group equity

Figures in €k	Subscribed capital	Capital reserve	Equity differences due to currency translation	Consolidated retained earnings	Consolidated accumulated other capital	Equity per consolidated balance sheet	Minority interests	Group equity
As at Dec. 31, 2011	5,000	56	–18,183	98,302	10,700	95,875	18,847	114,723
Net loss as at Dec 31, 2012				–20,045		–20,045	–1,246	–21,291
Additions to capital from the issuance of profit participation certificates					309	309		309
Dividends paid to shareholder and owner				–2,050		–2,050		–2,050
Changes in consolidation scope				67		67	–284	–217
Consolidation effects				885		885	3,286	4,171
Foreign currency translation differences			9,511			9,511	236	9,747
As at Dec. 31, 2012	**5,000**	**56**	**–8,671**	**77,159**	**11,009**	**84,552**	**20,839**	**105,392**

Consolidated statement of changes in fixed assets

Figures in €k	(Note)	Historical cost						
		Jan. 1, 2012	Changes in consolidation scope	Additions	Disposals	Reclassifications	Foreign currency translation	Dec. 31, 2012
Intangible assets		**18,611**	**257**	**5,502**	**3,020**	**8,540**	**703**	**30,592**
Intellectual property and similar rights		10,024	0	940	2,561	207	637	9,247
Goodwill		7,971	257	2,833	0	0	8	11,068
Advance payments		616	0	1,729	459	8,333	58	10,277
Tangible assets		**374,632**	**127**	**31,698**	**5,406**	**–8,540**	**31,578**	**424,090**
Land, land rights and buildings		59,608	137	610	438	1,718	5,145	66,779
Technical plant and machinery		169,583	0	5,388	2,770	15,951	15,283	203,435
Other plant, operating and office equipment		98,283	–9	1,862	1,818	8,051	8,526	114,894
Advance payments and construction in progress		47,158	0	23,837	379	–34,259	2,624	38,981
Financial assets		**34,353**	**137**	**8,820**	**1,644**	**0**	**406**	**42,073**
Shares in affiliated companies		8,522	–569	7,241	366	0	302	15,131
Loans to affiliated companies		479	0	1,436	0	0	0	1,916
Shares in associated companies	(2)	9,375	706	114	1,170	128	0	9,153
Other investments		383	0	0	0	–372	1	11
Loans to enterprises in which participating interest are held		710	0	0	0	–710	0	0
Non-current securities		14,039	0	29	2	245	24	14,334
Other loans		846	0	0	107	710	80	1,529
Advance payments		0	0	0	0	0	0	0
Fixed assets		**427,596**	**521**	**46,020**	**10,070**	**0**	**32,688**	**496,755**

Accumulated depreciation and amortisation							Net book value		
Jan. 1, 2012	Changes in consolidation scope	Additions	Disposals	Reclassifications	Foreign currency translation	Dec. 31, 2012	Dec. 31, 2011	Changes in at-equity valuation	Dec. 31, 2012
7,675	**0**	**2,214**	**2,492**	**0**	**390**	**7,786**	**10,936**	**0**	**22,806**
5,432	0	774	2,492	0	376	4,090	4,592	0	5,156
2,243	0	1,440	0	0	14	3,696	5,728	0	7,372
0	0	0	0	0	0	0	616	0	10,277
138,118	**–4**	**16,552**	**3,551**	**0**	**13,013**	**164,128**	**236,515**	**0**	**259,962**
15,614	4	1,528	464	–18	1,417	18,080	43,994	0	48,699
84,640	0	9,951	2,273	–2	8,089	100,405	84,943	0	103,030
36,934	–7	4,737	728	20	3,412	44,369	61,349	0	70,525
929	0	335	85	0	95	1,274	46,229	0	37,708
4,750	**0**	**20,201**	**340**	**0**	**150**	**24,760**	**31,301**	**1,697**	**19,010**
3,283	0	5,857	0	0	47	9,186	5,239	0	5,944
0	0	0	0	0	0	0	479	0	1,916
367	0	321	367	0	0	321	10,705	1,697	10,529
245	0	0	0	–245	0	0	138	0	11
0	0	0	0	0	0	0	710	0	0
9	0	14,024	–27	245	23	14,328	14,029	0	6
846	0	0	0	0	80	925	0	0	604
0	0	0	0	0	0	0	0	0	0
150,542	**–4**	**38,967**	**6,383**	**0**	**13,552**	**196,675**	**278,751**	**1,697**	**301,778**

Notes to the consolidated financial statements for fiscal 2012

General principles and methods

The consolidated annual financial statements and also the Group management report of PCC Societas Europaea, Duisburg, Germany, (PCC SE) as of December 31, 2012 have been prepared in accordance with the German Commercial Code [Handelsgesetzbuch, HGB] as amended on May 29, 2009 through adoption of the German Accounting Law Modernisation Act [Bilanzrechtsmodernisierungsgesetz, BilMoG], and in supplementary compliance with the German Joint Stock Corporation Act [Aktiengesetz, AktG]. The consolidated financial statements of PCC SE comprise the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of movements in Group equity and the notes thereto.

The closing date for preparation of the consolidated financial statements was December 31, 2012, coinciding with the closing date for the annual financial statements of PCC SE. The financial year of the Group corresponds to the calendar year.

The annual and subgroup financial statements of the subsidiaries included in the consolidation have likewise been prepared to this closing date.

The financial statements of PCC SE and the consolidated subsidiaries are prepared in accordance with uniform accounting and valuation principles. The accounting and valuation principles applied in fiscal 2011 (previous year) have been retained unchanged.

Individual items of the consolidated balance sheet and the consolidated income statement have, in part, been aggregated in order to improve clarity of presentation. These items are explained in the notes. The total cost approach (classification of expenses by nature) has also been retained unchanged in the consolidated income statement.

The currency employed in the preparation of the consolidated annual financial statements is the euro. The reporting currency is the euro. Unless otherwise indicated, all amounts are given in thousand euros (€ k). Rounding differences may be encountered in the total sum lines.

PCC SE is a non-listed European joint stock company (Societas Europaea). PCC SE is the parent company of the PCC Group.

(1) Scope of consolidation

Essentially, all material subsidiaries are included in the consolidated annual financial statements of PCC SE.

Subsidiaries not responsible for material business operations and regarded individually and in aggregate as being immaterial in terms of portraying a true and fair view of the net assets, financial position, results of operations and cash flows of the Group, have been omitted from the consolidation process and are therefore not reflected in the consolidated annual financial statements. The subsidiaries included in the full consolidation are as follows:

Fully consolidated subsidiaries	Division	Country	Participating interest in %
Apakor-Rokita Sp. z o.o., Brzeg Dolny	Chemicals	Poland	99.57
Chemi-Progress Polska Sp. z o.o., Brzeg Dolny	Chemicals	Poland	100.00
Ekologistyka Sp. z o.o., Brzeg Dolny	Chemicals	Poland	100.00
Fabryka Zapałek „Czechowice“ S.A., Czechowice-Ddziedzice	Chemicals	Poland	85.00
Kosmet Sp. z o.o., Brzeg Dolny	Chemicals	Poland	100.00
Kosmet-Rokita Sp. z o.o., Brzeg Dolny	Chemicals	Poland	100.00
LabMatic Sp. z o.o., Brzeg Dolny	Chemicals	Poland	99.74
MCAA SE, Brzeg Dolny	Chemicals	Poland	100.00
PCC Chemax, Inc., Piedmont	Chemicals	USA	100.00
PCC Consumer Products S.A., Warsaw	Chemicals	Poland	100.00
PCC Exol SA, Brzeg Dolny	Chemicals	Poland	93.84
PCC MORAVA-CHEM s.r.o., Český Těšín	Chemicals	Czech Republic	100.00
PCC P4 Sp. z o.o., Brzeg Dolny	Chemicals	Poland	100.00
PCC Prodex Sp. z o.o., Warsaw	Chemicals	Poland	100.00
PCC Rokita SA, Brzeg Dolny	Chemicals	Poland	100.00
PCC Synteza S.A., Kędzierzyn-Koźle	Chemicals	Poland	100.00
Petro Carbo Chem GmbH, Duisburg	Chemicals	Germany	100.00
S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea	Chemicals	Romania	58.72
Tensis Sp. z o.o., Brzeg Dolny	Chemicals	Poland	100.00
Węglopochodne Sp. z o.o., Kędzierzyn-Koźle	Chemicals	Poland	100.00
GRID BH d.o.o., Sarajevo	Energy	Bosnia-Herzegovina	51.37
PCC DEG Renewables GmbH, Duisburg	Energy	Germany	60.00
PCC Energetyka-Blachownia Sp. z o.o., Kędzierzyn-Koźle	Energy	Poland	84.46
PCC Energy Trading GmbH, Duisburg	Energy	Germany	100.00
PCC Autochem Sp. z o.o., Brzeg Dolny	Logistics	Poland	100.00
PCC Intermodal GmbH, Duisburg	Logistics	Germany	100.00
PCC Intermodal S.A., Gdynia	Logistics	Poland	61.96
ZAO PCC Rail, Moscow	Logistics	Russia	100.00
3Services Factory S.A., Katowice	Other	Poland	71.94
PCC Centrum Teleinformatyki S.A. (formerly PCT), Brzeg Dolny	Other	Poland	100.00
PCC Silicium S.A., Zagórze	Other	Poland	99.95

The scope of consolidation underwent little material change in 2012 compared with the situation prevailing in the previous year. Three entities were consolidated for the first time. One entity was merged within the Group, and one was removed through liquidation. The sum translated into euro of the total assets of the newly consolidated entities represents around 4.9 % of the consolidated balance sheet total.

The following associated companies have been accounted for in the consolidated financial statements on a proportionate basis using the at-equity method. There has been one addition in the form of Przedsiębiorstwo Robót Zmechanizowanych Budostal-8 S.A., Kraków:

Associated companies	Division	Country	Participating interest in %
Górnicze Zakłady Dolomitowe S.A., Siewierz	Other	Poland	10.89
Inwestycyjna Grupa Budowlano-Surowcowa S.A., Katowice	Other	Poland	33.00
Kopalnia Piasku Kotlarnia S.A., Kotlarnia	Other	Poland	10.89
Przedsiębiorstwo Robót Zmechanizowanych Budostal-8 S.A., Kraków	Other	Poland	8.30
PUH Włodzimierz S.A., Katowice	Other	Poland	14.03
Telekomunikacja Kopalń Piasku S.A., Gliwice	Other	Poland	42.73

The following entities have not been included in the consolidated annual financial statements of PCC SE as these undertakings – individually and in their aggregation – are immaterial to the net assets, financial position, results of operations and cash flows of the Group:

Non-consolidated entities	Division	Country	Participating interest in %
BiznesPark Rokita Sp. z o.o., Brzeg Dolny	Chemicals	Poland	100.00
ChemiPark Technologiczny Sp. z o.o., Brzeg Dolny	Chemicals	Poland	100.00
Chemi-Plan S.A., Brzeg Dolny	Chemicals	Poland	100.00
CWB Partner Sp. z o.o., Brzeg Dolny	Chemicals	Poland	100.00
GEKON S.A. w likwidacji, Brzeg Dolny	Chemicals	Poland	100.00
LabAnalityka Sp. z o.o., Brzeg Dolny	Chemicals	Poland	100.00
OOO DME Aerosol, Pervomaysky	Chemicals	Russia	50.00
OOO KosmetNavigator, Grodno	Chemicals	Belarus	91.10
OOO Navigator, Grodno	Chemicals	Belarus	75.00
PCC BakkiSilicon hf, Húsavík	Chemicals	Iceland	95.00
PCC Chlor-Alkali Sp. z o.o., Brzeg Dolny	Chemicals	Poland	100.00
PCC EXOL Kýmya Sanayý Ve Týcaret Lýmýted Ţýrketý, Istanbul	Chemicals	Turkey	100.00
PCC Organic Oils Ghana Limited, Accra	Chemicals	Ghana	75.10
PCC Rokita Polyurethanes Sp. z o.o., Brzeg Dolny	Chemicals	Poland	100.00
PCC Slovakia s.r.o., Košice	Chemicals	Slovakia	100.00
Polyolt Holding Limited, Nicosia	Chemicals	Cyprus	100.00
SOO PCC Prodex Bel, Smilavichy	Chemicals	Belarus	51.00
Technochem Sp. z o.o., Brzeg Dolny	Chemicals	Poland	85.80
TzOW Petro Carbo Chem, Lviv	Chemicals	Ukraine	92.32
ZAO Exol, Nizhny Novgorod	Chemicals	Russia	50.00
ZAO NOVOBALT Terminal, Kaliningrad	Chemicals	Russia	100.00
ZAO PCC Consumer Products, Moscow	Chemicals	Russia	100.00
Novi Energii OOD, Sofia	Energy	Bulgaria	36.00
PCC Energia EOOD, Sofia	Energy	Bulgaria	100.00
PCC Envolt Sp. z o.o., Brzeg Dolny	Energy	Poland	100.00
PCC HYDRO DOOEL Skopje, Skopje	Energy	Republic of Macedonia	60.00
PCC Izvorsko EOOD, Sofia	Energy	Bulgaria	60.00
PCC NEW HYDRO DOOEL Skopje, Skopje	Energy	Republic of Macedonia	100.00
PCC Power Gubin S.A., Warsaw	Energy	Poland	100.00
PCC Power Sp. z o.o., Brzeg Dolny	Energy	Poland	100.00
PCC Utilities S.A., Brzeg Dolny	Energy	Poland	100.00
Agencja Rozwoju Lokalnego S.A., Jaworzno	Logistics	Poland	6.96
TRANSGAZ S.A., Rybnik	Logistics	Poland	9.64
3S Sp. z o.o., Gliwice	Other	Poland	42.73
4VOD Sp. z o.o., Kraków	Other	Poland	20.47
FABUD Wytwórnia Konstrukcji Betonowych S.A., Siemanowice	Other	Poland	2.16
Maktel Sp. z o.o., Katowice	Other	Poland	42.73
SGT S.A., Gliwice	Other	Poland	19.90
TEC artec valves GmbH & Co. KG i.L., Oranienburg	Other	Germany	68.85

For a detailed schedule of shareholdings, please refer to Note (33).

Changes in the scope of consolidation in the period under review can be summarised as follows:

Fully consolidated subsidiaries	Domestic	Foreign
Jan. 1, 2011	6	18
Additions	0	7
Disposals/Mergers	1	0
Jan. 1, 2012	5	25
Additions	1	2
Disposals/Mergers	2	0
Consolidated companies as at Dec. 31, 2012	**4**	**27**

There were three additions to the scope of consolidation in fiscal 2012 as follows:

- MCAA SE, Brzeg Dolny (Poland)
- PCC P4 Sp. z o.o., Brzeg Dolny (Poland)
- PCC Intermodal GmbH, Duisburg (Germany)

C&C Coke and Coal Products GmbH, Duisburg, had been in liquidation since October 1, 2010. This process was completed in 2012 with the company being removed from the scope of consolidation. PCC Capital GmbH, Duisburg, was also deconsolidated following its integration within PCC SE, Duisburg.

There were no material changes in fiscal 2012 with respect to the affiliated, non-consolidated entities.

(2) Consolidation methods

Included in the consolidated financial statements of the PCC Group are all the material domestic and foreign subsidiaries over which PCC SE has, either directly or indirectly, the power to exert a controlling or dominating influence.

In the case of subsidiaries that were already subsidiaries of PCC SE before January 1, 2010, the book value method continues to be applied for the consolidation of capital, whereby the carrying value of the shares owned by the parent company is eliminated against the amount represented by the shares in the equity of the subsidiary undertaking on the basis of the ratios prevailing at the time of first-time inclusion in the consolidated financial statements. The positive or negative differences arising from this allocation are set off against reserves unless recognised in income.

The purchase method is applied for the first-time consolidation of entities acquired, increases in shareholdings and capital increases since January 1, 2010. This involves allocating the purchase price to the acquired assets and liabilities as of the date of their first-time consolidation. Any difference between the purchase price and the amount allocated is recorded as goodwill, which is then amortised over time. For more details, please refer to Note (14). Any goodwill arising is subjected to an impairment test performed at least once a year.

All expenses and income, and also accounts receivable and payable resulting from transactions between consolidated companies, are eliminated, as are intercompany profits where such are material.

The financial statements of PCC SE and the consolidated subsidiaries are prepared in accordance with uniform accounting and valuation principles. Adaptation to uniform accounting and valuation principles with respect to associated entities has not been undertaken.

Participating interests in associated companies are accounted for in the consolidated balance sheet by the at-equity method. As in the previous year, the companies IGBS S.A., Katowice (Poland), and TKP S.A., Gliwice (Poland), were consolidated at Group level by the at-equity method in fiscal 2012. Realised net earnings for the year were proportionately allocated accordingly using the equity value approach. The dividends already received in 2012 have been deducted in the equity value calculation. Moreover, differences arising on first-time consolidation have been written off. This expense heading contains the amortisation of goodwill attributable to TKP S.A. over its useful life, which was set at ten years based on the entity's envisaged medium-term development into a telecommunications subgroup. The remaining difference attributable to TKP S.A. at year-end 2012 amounted to around €2.6 million (previous year: €2.9 million), this being stated as goodwill. Attributed to IGBS S.A. is an unchanged difference on the liabilities side amounting to €891k. The following table shows the change in equity values of the above-mentioned consolidated entities.

Figures in €k	**Dec. 31, 2012**	Dec. 31, 2011
Equity value at beginning of period	**10,001**	10,826
Additions/Disposals	**77**	0
Dividends	**0**	–58
Amortisation of consolidation differences	**–321**	–322
Proportionate net profit/loss	**706**	544
Changes in consolidation scope	**0**	–989
Equity value at end of period	**10,463**	**10,001**

The assets and liabilities of subsidiaries whose functional currency is not the euro are translated at the mean spot rate ruling on the balance sheet date, while income and expenses are translated into euros at average rates for the year in question. Equity components of the subsidiaries are translated at the corresponding historic rate of exchange prevailing as of the date of their formation and carried forward. The resultant currency translation differences are recognised in equity as currency translation adjustment items within equity differences due to currency translation, or within minority interests, as appropriate. The euro exchange rates applied in translating the financial statements reported in foreign currencies are shown below together with their prior-year values:

Currency exchange rate for 1 EUR	Closing rate		Average rate	
	Dec. 31, 2012	Dec. 31, 2012	**2012**	2011
Czech koruna (CZK)	**25.1510**	25.7870	**25.1490**	24.5900
Polish złoty (PLN)	**4.0740**	4.4580	**4.1847**	4.1206
US dollar (USD)	**1.3194**	1.2939	**1.2848**	1.3920
Romanian leu (RON)	**4.4445**	4.3233	**4.4530**	4.2391
Russian rouble (RUB)	**40.3295**	41.7650	**39.9262**	40.8846
Bosnia convertible mark (BAM)	**1.9558**	1.9558	**1.9558**	1.9558

(3) Accounting and valuation policies

Intangible and tangible fixed assets are capitalised at purchase or manufacturing cost and amortised or depreciated using the straight-line method on the basis of estimated useful economic lives. Self-constructed/self-manufactured tangible fixed assets are measured at full individual cost plus all attributable overheads. Interest on borrowings is included in full in the manufacturing cost where the associated debt capital has been used for the manufacture of an asset and the interest relates to the period during which that asset was manufactured.

Shares in immaterial subsidiaries not consolidated, and other participating interests and loans, are recognised at the lower of cost or fair value.

Inventories are measured in strict compliance with the principle of lower of cost or market.

Accounts receivable and other assets are disclosed at their face/nominal amount and individually measured. Identifiable credit or default risks are reflected by appropriate individual allowances for doubtful receivables. Accounts receivable in foreign currencies with a term of less than one year are recognised in the financial statements of the subsidiaries at the mean spot rate ruling on the balance sheet date. Accounts receivable in foreign currencies with a term of more than one year are recognised at the rate ruling at the time the claim arises or, if lower, likewise at the mean spot rate ruling on the balance sheet date.

Credit balances at banks and cash in hand are recognised at face value.

Deferred taxes arising in the individual financial statements of the subsidiaries included in the consolidation are accrued with respect to timing differences between the reporting-date valuation of an asset or liability and its tax base, provided that a tax charge or benefit is probable in future periods. In addition, deferred tax assets and liabilities are reported where these result from consolidation measures affecting income. Where intercompany profits are eliminated, deferred taxes are booked to the supplying company. Deferred tax assets on tax-deductible losses carried forward are recognised to the extent allowed. At Group level, deferred tax assets and liabilities are offset and disclosed on a net basis.

Prepaid expenses and deferred charges are recognised on the assets side of the balance sheet, provided that they represent expenses pertaining to a period after the closing date. Deferred income is recognised on the liabilities side with respect to consideration received prior to the balance sheet date but attributable to a period after that date.

Provisions are recognised in an amount which, on prudent commercial assessment, is required to cover identifiable risks and contingent liabilities. Provisions for pensions and similar obligations are accrued at the present value of the vested benefits based on actuarial assessments. Provisions allocated after January 1, 2010 and with a remaining term of more than 1 year, are discounted over their remaining term at the average market interest rate prevailing during the previous seven financial years. The discount rate applied is calculated on the basis of a statutory instrument and announced by the German central bank [Deutsche Bundesbank].

Liabilities are measured at redemption value. Liabilities denominated in a foreign currency and with a term of up to one year are translated at the mean spot rate ruling on the balance sheet date.

Within the PCC Group, derivative financial instruments are contracted in order to hedge price, foreign currency and interest rate risks. These financial instruments are exclusively measured at fair value.

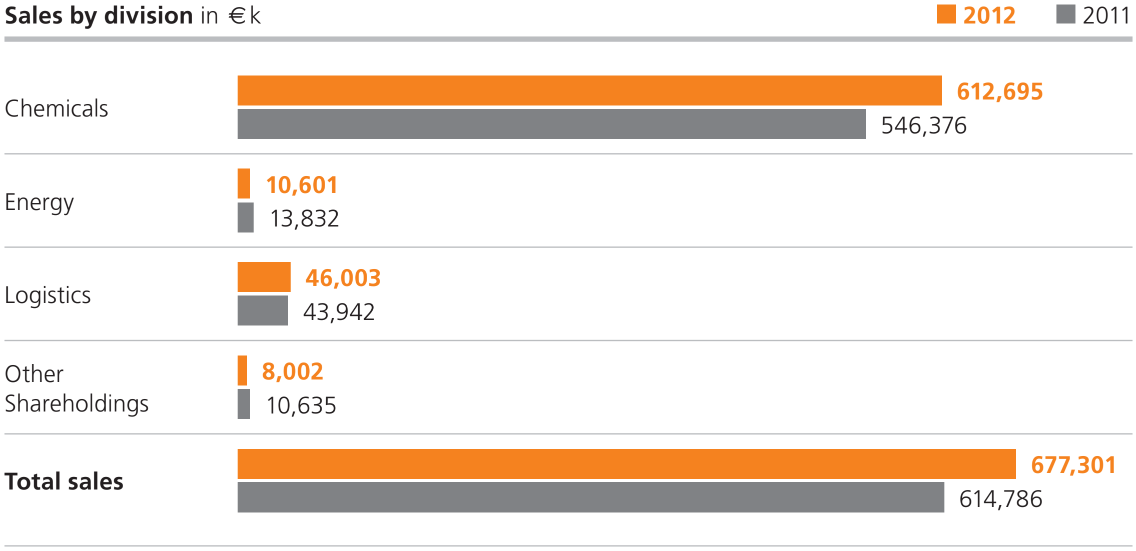
There are subsidiaries within the PCC Group that have been allocated emission allowances free of charge. These emission certificates are measured at their fair value as of the balance sheet date and recognised under current assets. Certificates used for the production process are disclosed under inventories, and certificates held for trading purposes are recognised under other assets. Income resulting from measurement to fair value is disclosed on the liabilities side between equity and provisions as a special reserve for emission allowances received free of charge.

Notes to the individual items of the consolidated income statement

(4) Sales

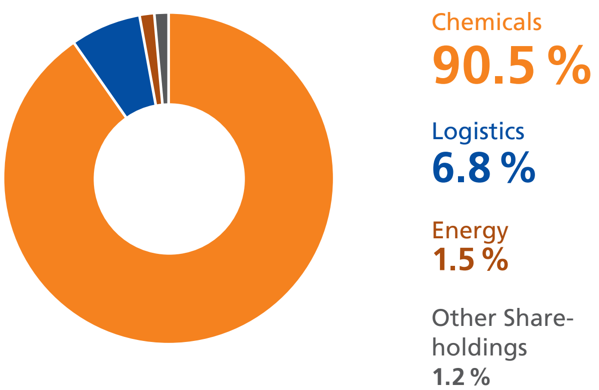
The sales generated by the individual Group divisions in fiscal 2012 were as follows:

Sales by division in €k



2012 Sales in %

€ 677.3 million = 100 %



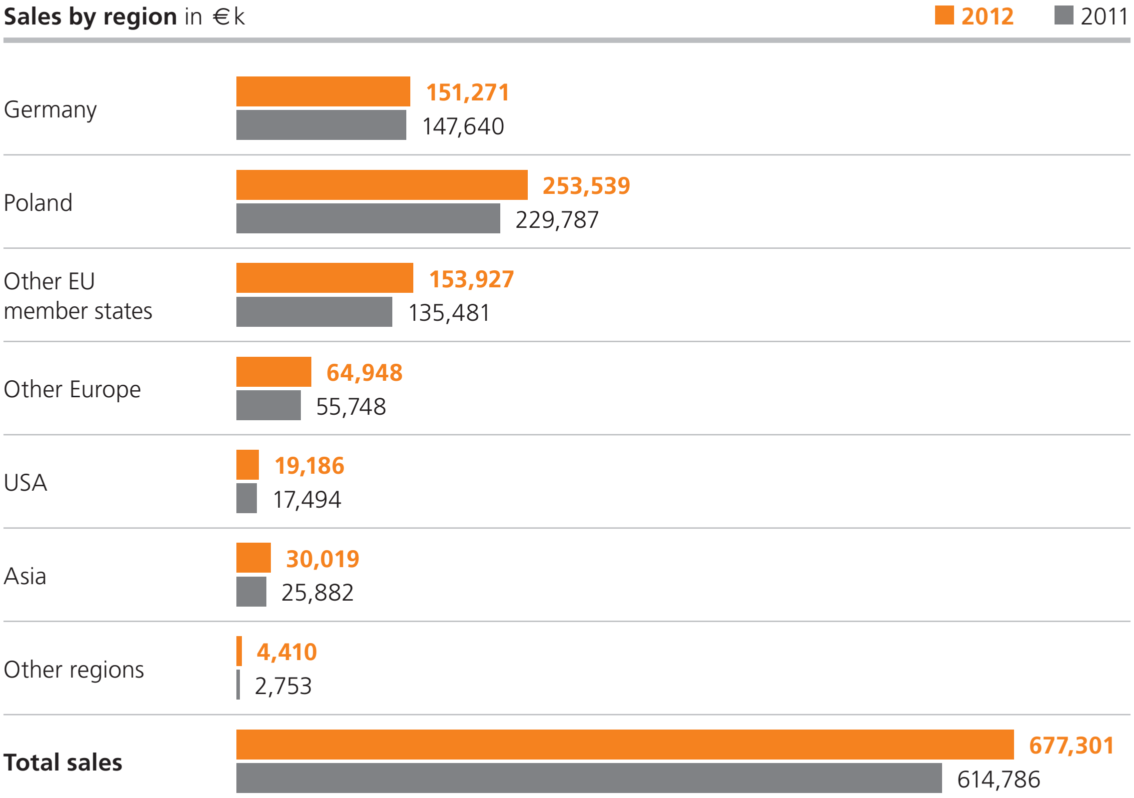
At € 677.3 million, consolidated sales were around 10.2 % above the level of the previous year. Due to the generally positive economic climate initially carrying on from 2011, together with a high price level in 2012, the Chemicals division achieved a significant increase in revenues of 12.1 % compared with prior year. As in the previous year, the Chemicals division accounted for the largest proportion of Group sales in excess of 90 %.

The Logistics division also posted an improvement on the previous year, with sales rising by 4.7 % to € 46.0 million. All the companies operating within this division were able to report an increase in revenues. However, the intermodal transport business was characterised by increasing competition in 2012, combined with progressively declining volume demand resulting from the flagging European economy.

By contrast, sales of the Energy division and also revenues generated by Other Shareholdings in fiscal 2012 decreased by a total of around € 5.9 million to € 10.6 million and € 8.0 million respectively.

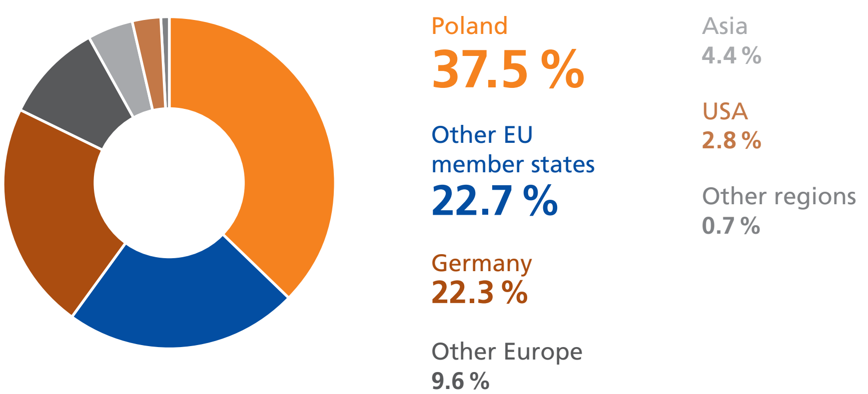
The sales breakdown by geographic region reads as follows:

Sales by region in €k



2012 Sales in %

€ 677.3 million = 100 %



Sales increases were posted in all geographic regions. With around 82.5 %, the member states of the European Union again made up the primary sales territory of the PCC Group in 2012.

(5) Other internal costs capitalised

The total for other internal costs capitalised essentially derives from the capitalisation of interest on borrowings directly assignable to the long-term investment programme and apportionable to the manufacturing period.

(6) Other operating income

Other operating income in fiscal 2012 breaks down as follows:

Figures in € k	Dec. 31, 2012	Dec. 31, 2011
Foreign exchange rate gains	10,465	12,416
Gains from disposal of fixed assets	1,940	7,673
Income from the reversal of value allowances on doubtful receivables	1,883	817
Insurance reimbursements	893	228
Income from reversal of provisions	679	1,182
Foreign exchange rate gains on current receivables and liabilities	512	1,013
Rent and similar income	366	664
Income from costs recharged	348	223
Sundry other operating income	5,685	18,015
Total other operating income	**22,771**	**42,232**

Gains from foreign exchange rate differences should be regarded within the context of losses arising from foreign exchange rate differences as disclosed under other operating expenses. Netting these two items reveals a negative effect on earnings for 2012. Since the adoption of the German Accounting Law Modernisation Act [BilMoG], income from foreign exchange rate differences on accounts receivable and payable with a term of less than one year is also disclosed as a separate item. This almost halved compared with the previous year.

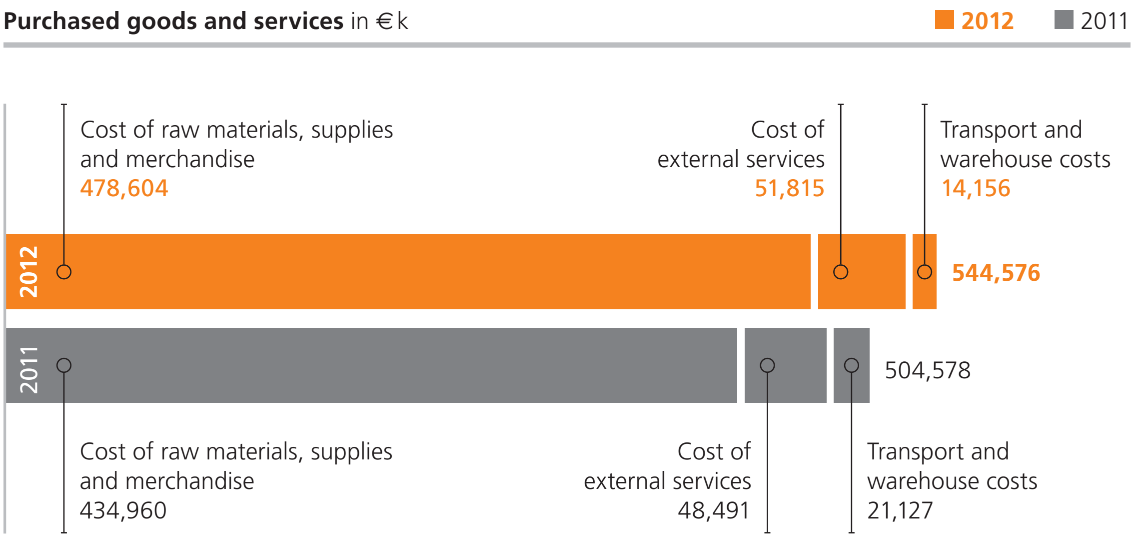
Overall, other operating income underwent a significant decline amounting to € 19.4 million compared with 2011. This is due to exceptional items recognised in 2011 such as the sale of shares in PCC Intermodal S.A., Gdynia, or the write-up of non-current securities.

All remaining items under other operating income remained essentially unchanged compared with the previous year.

(7) Purchased goods and services

The cost of goods and services purchased in 2012 breaks down as follows:

Purchased goods and services in € k



The cost of purchased goods and services increased by around € 40.0 million (approx. 7.9 %) compared with the previous year, coming in at € 544.6 million. This rise is due to the substantial increase in sales achieved in the Chemicals division.

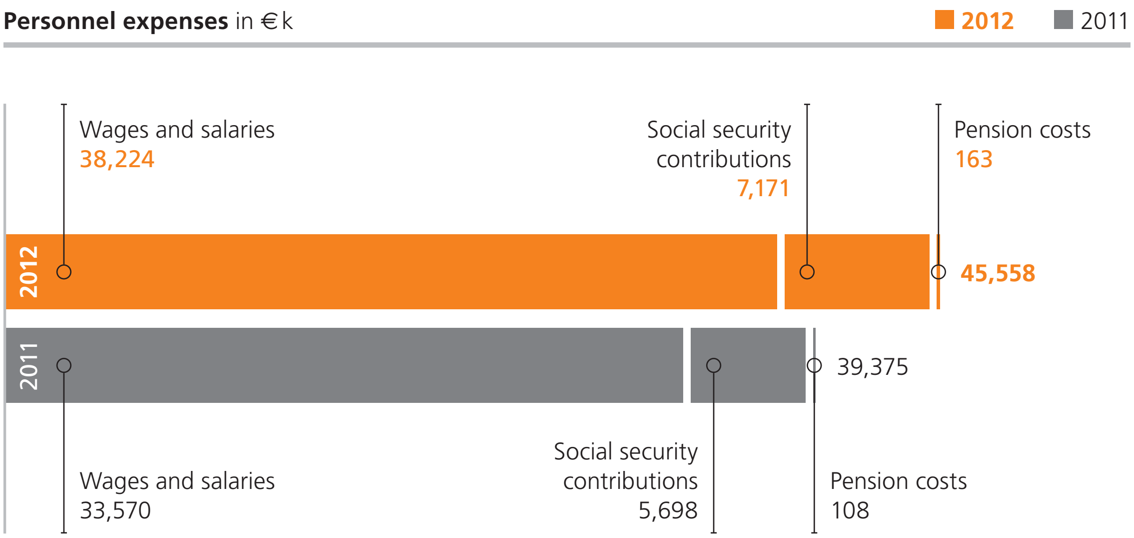
With the percentage rise in revenues outstripping the cost of purchased goods and services, 2012 also saw an increase in gross profit. This amounted to € 134.2 million compared with € 113.6 million in the previous year. This growth of 18.1 % is due particularly to an increase in sales of high-margin products in the Chemicals division and the further optimised use of feedstock/raw materials and resources in the production processes. The rise in sales volume is due in part to the expansion investments in our chemical production facilities implemented in previous years, leading to additional quantities already being manufactured and sold in 2012.

Expenses arising from outward freight, disclosed in the previous year under the purchased goods and services heading, are recognised under other operating expenses as of fiscal 2012. For more information in this regard, please refer to Note (10).

(8) Personnel expenses

The personnel expenses for fiscal 2012 are comprised as follows:

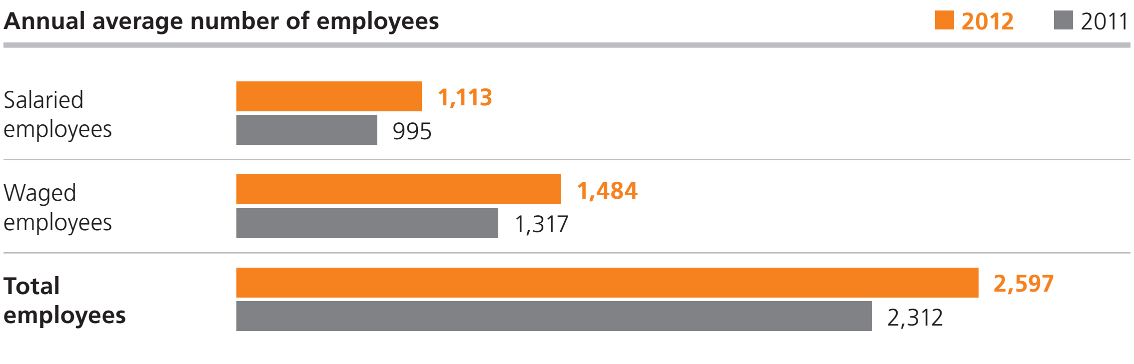
Personnel expenses in € k



Compared with the previous year, personnel expenses increased from €39.4 million to €45.6 million. This rise is due primarily to the increase in headcount. The average number of employees in the Group in 2011 was 2,312. By the end of 2011, however, it had already risen to 2,568 due to acquisitions in the "Consumer Products" segment. As of December 31, 2012, there were 2,581 people employed by PCC companies, roughly matching the year-end figure for 2011.

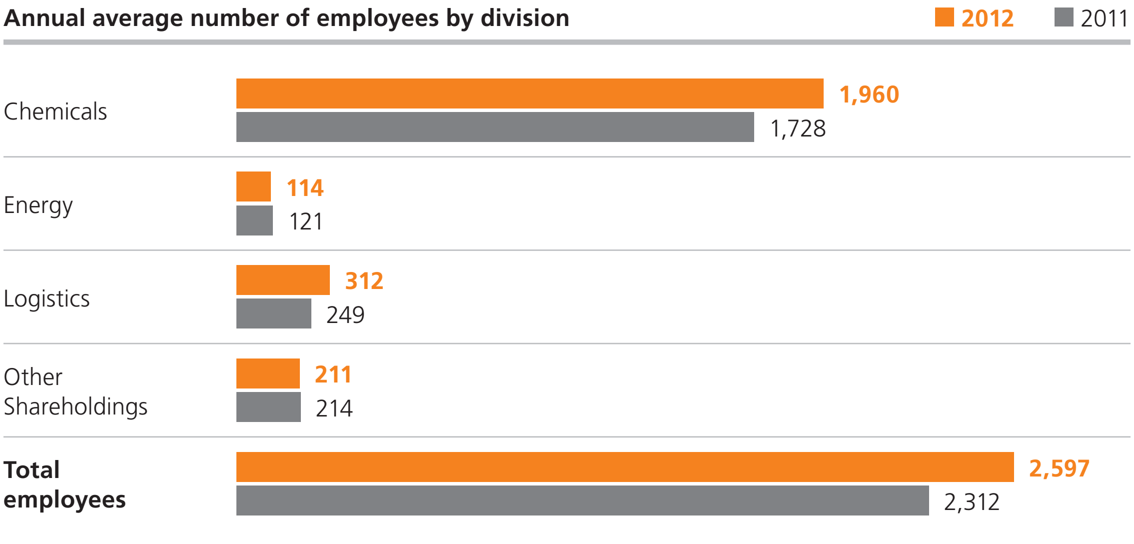
The following graph shows the changes that took place with respect to average employee numbers in the PCC Group in 2012.

Annual average number of employees



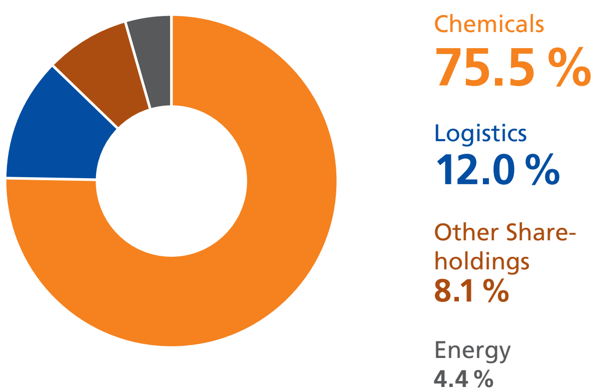
The following breakdown of employees by division clearly shows that the increase in average annual headcount is essentially due to developments in the Chemicals division. As already mentioned, the acquisitions made within the "Consumer Products" business segment were first consolidated as from the fourth quarter of 2011 and therefore only contributed fully to an increase in average annual headcount in 2012. This business is attributable to the Chemicals division of the PCC Group. The increase in the Logistics division is primarily attributable to activity at PCC Intermodal S.A., Gdynia, which added headcount due to expansion of its container terminal network – not least the inclusion of the terminal in Frankfurt (Oder) – and as a result of the newly established entity PCC Intermodal GmbH, Duisburg.

Annual average number of employees by division



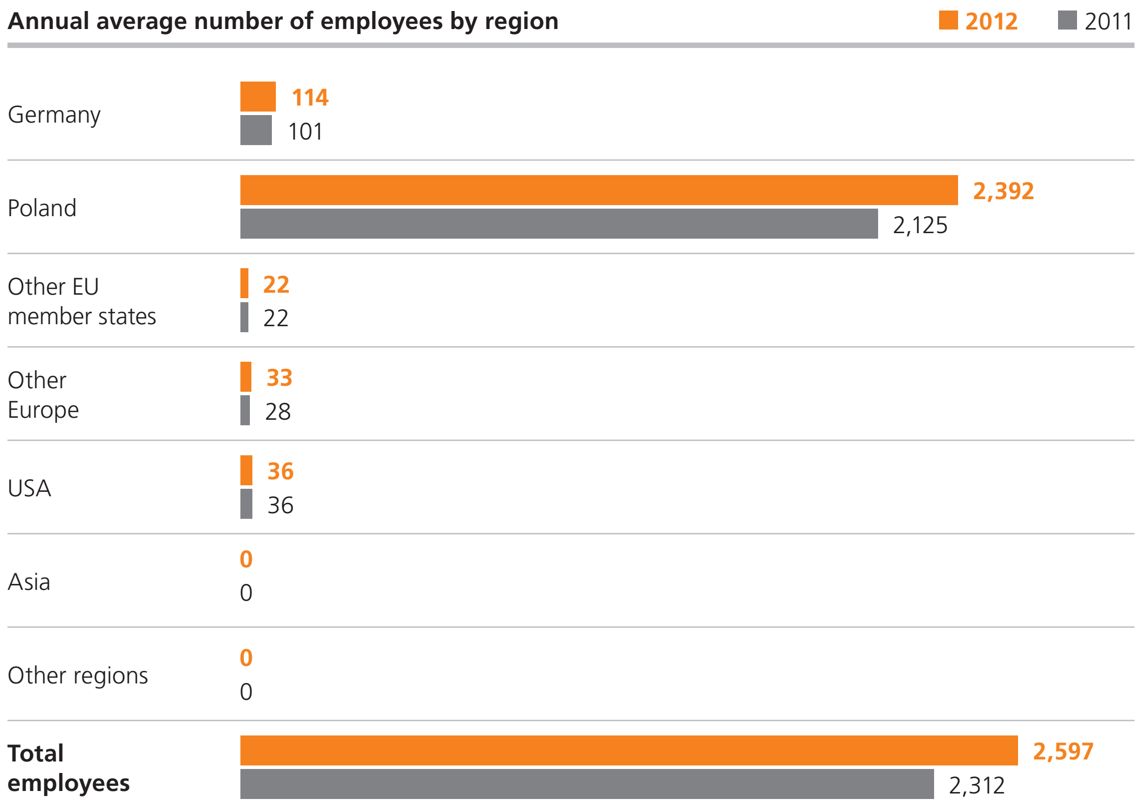
Employees 2012 in %

2,597 = 100 %



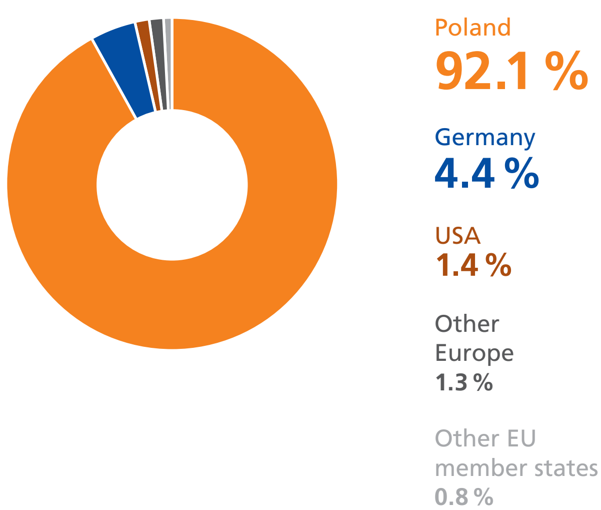
Broken down by geographic region, annual average employee numbers developed in 2012 as follows:

Annual average number of employees by region



Employees 2012 in %

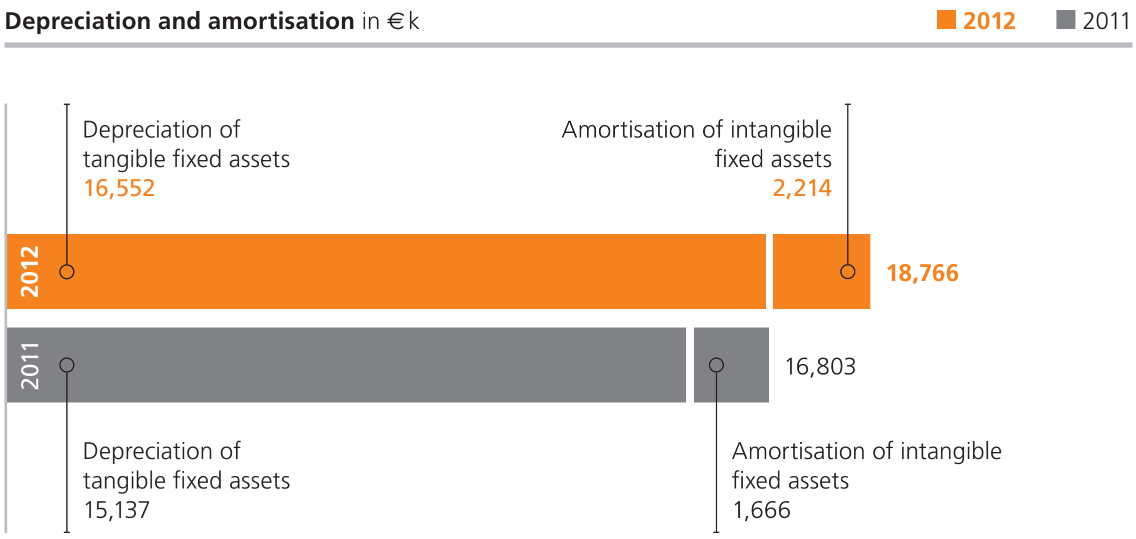
2,597 = 100 %



(9) Depreciation and amortisation of intangible and tangible fixed assets

Depreciation and amortisation of intangible and tangible fixed assets for fiscal 2012 break down as follows:

Depreciation and amortisation in € k



Depreciation of tangible fixed assets (property, plant and equipment) rose as a result of the continuation of the extensive capital expenditure programme undertaken by the PCC Group in recent years. The biggest portion of the rise of around € 2.0 million is attributable to the "PCC Rokita" subgroup. The highly asset-intensive rail wagon leasing business of ZAO PCC Rail, Moscow, is also a factor here.

Included under the amortisation of intangible fixed assets heading is around € 1.2 million (previous year: € 0.9 million) in amortisation of goodwill arising from capital consolidation. For further details in this regard, please refer to Note (14).

(10) Other operating expenses

The other operating expenses incurred in fiscal 2012 were as follows:

Figures in € k	Dec. 31, 2012	Dec. 31, 2011
Foreign exchange rate losses	11,220	6,440
Freight costs	9,508	1,476
Maintenance and repairs	7,154	4,473
Legal and consultancy costs	5,398	5,393
Other taxes	4,941	7,459
Selling costs	3,478	3,483
Travel and hospitality costs	3,472	3,392
General business expenses	3,276	2,802
Rent and similar expenses	3,024	2,451
Insurance costs	2,651	2,216
Increase in value allowances on receivables	2,228	3,552
Other employee benefit costs	2,056	2,153
Losses from disposal of tangible fixed assets	733	679
Foreign exchange rate losses on current receivables and liabilities	590	1,130
Additions to other provisions	359	1,538
Sundry other operating expenses	13,118	18,580
Total other operating expenses and other taxes	**73,207**	**67,218**

Foreign exchange rate losses constituted the largest single item under other operating expenses in fiscal 2012. This item should be seen in relation to foreign exchange rate gains under Note (6). In particular, the Polish subsidiaries within the PCC Group generate income and expenses that are predominantly in a currency other than the euro, i.e. in a functional currency that is not the Group's.

The increase in respect of freight costs is the result of a reclassification of this item within the Group chart of accounts. These represent expenses for outward freight which were disclosed in the previous year under the purchased goods and services heading and absorbed here under sundry other operating expenses. For 2012, the prior-year figures have been adjusted in this table to facilitate comparison.

The other taxes heading contains all operating tax expenses. Domestic and foreign taxes on income and deferred taxes are separately disclosed under taxes on income and are explained under Note (13). The decline in comparison with the previous year is the result of the one-time effect of the tax audit of the German affiliated companies that took place in 2011.

Compared with the previous year, maintenance and repair costs increased by around 60 %. The biggest rise was registered at the "PCC Rokita" subgroup, which saw its expenditures in this area increase due to the high workload of its facilities. The Logistics division also contributed to the rise.

Selling costs, which were mainly generated by PCC SE in the sale of bearer bonds, were held roughly constant versus prior year.

Sundry other operating expenses decreased by € 5.4 million in 2012 compared with 2011, due primarily to consolidation effects.

(11) Other financial items

The headings and their corresponding amounts included in other financial items are as follows:

Figures in € k	**Dec. 31, 2012**	Dec. 31, 2011
Income from associated companies	**385**	222
Income from other participating interests	**18**	39
Total incomes from participations	**404**	**261**
Write-downs of financial assets	**5,856**	974
Write-downs of non-current securities	**14,024**	8
Income from financial loans	**0**	0
Total other financial items	**– 19,477**	**– 722**

In fiscal 2012, the PCC Group incurred write-downs on financial assets and non-current securities totalling €19.9 million (previous year: €982k). These relate to value adjustments on shares held in the Romanian chemicals concern S.C. Oltchim S.A., Râmnicu Vâlcea, which went into administered insolvency under Romanian law at the end of January 2013. For more information in this regard, please refer to the Group management report.

Income from associated companies contains not only the earnings contributions of investments consolidated at equity in the amount of €706k (previous year: €544k) but also, as in fiscal 2011, a deducted write-down of €321k (previous year: €322k) from the amortisation of the difference recognised as goodwill arising from initial consolidation.

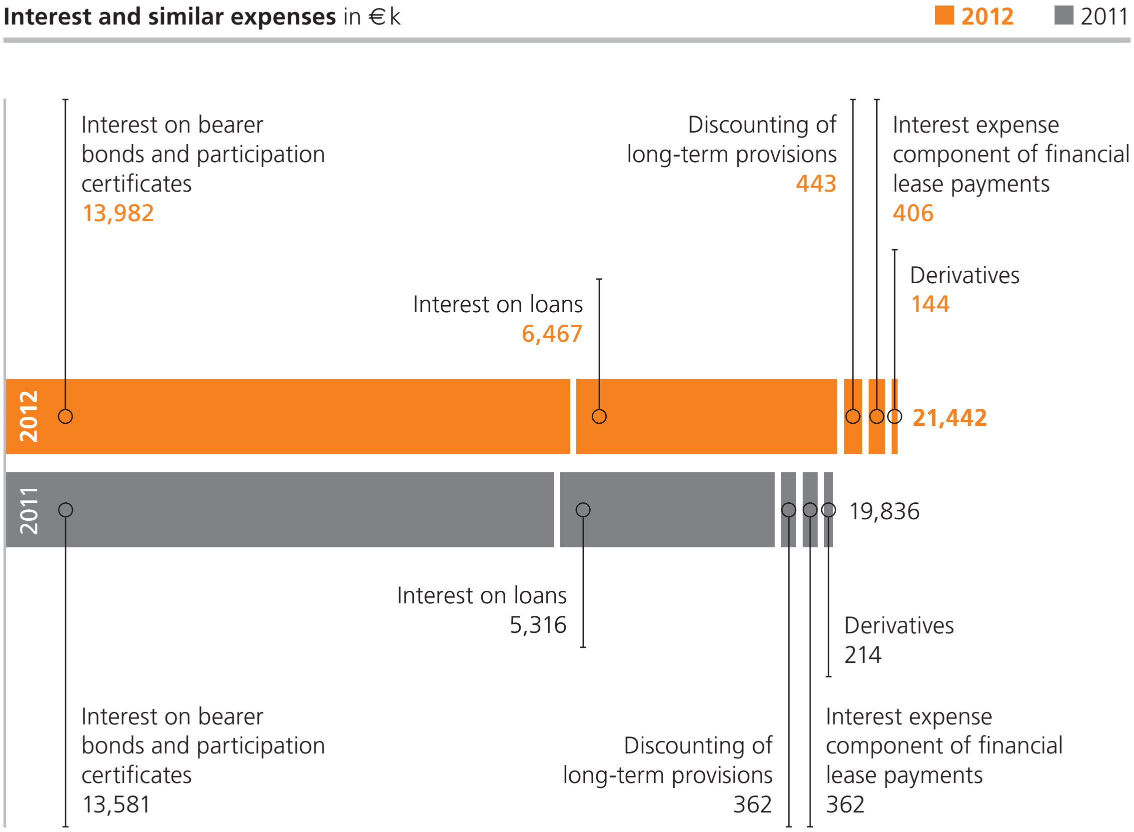
The income from associated companies and other participating interests breaks down as follows:

Figures in €k	Dec. 31, 2012	Dec. 31, 2011
TKP S.A.	575	345
IGBS S.A.	131	198
Amortisation of consolidated difference	–321	–322
Income from associated companies	**385**	**222**
LabAnalytika Sp. z o.o.	10	0
Euro-Line GmbH	6	0
CWB Partner Sp. z o.o.	2	0
BiznesPark Rokita Sp. z o.o.	0	39
Income from other participating interests	**18**	**39**
Total income from participations	**404**	**261**

(12) Interest and similar expenses

This item comprises interest on loans, interest arising from the issuance of bearer bonds and participation certificates, and expenses arising from derivative financial instruments. The breakdown for fiscal 2012 reads as follows:

Interest and similar expenses in €k



Liabilities to banks as of the balance sheet date increased versus the prior year-end. This led in 2012 to the increase in interest on loans indicated above.

However, as in previous years, the largest interest expense item remains interest on bearer bonds and participation certificates. Under Note (25) can be found a detailed breakdown of bond liabilities and their tenors.

Since fiscal 2010, interest expenses arising from the discounting of long-term (non-current) provisions have been disclosed under a separate heading. In 2012, this figure amounted to around €406k (previous year: €362k).

(13) Taxes on income

The taxes on income include the income taxes paid or owed in the individual countries and also deferred taxes recognised in earnings. Taxes on income are comprised of municipal trade and corporate income tax, the solidarity surcharge and the corresponding foreign taxes on income. Deferred taxes arising out of consolidation measures are likewise recognised under this heading. In 2012, these amounted to around € 71k (previous year: income of € 365k) and are disclosed as part of the deferred taxes balance.

The breakdown of taxes on income by origin for fiscal 2012 reads as follows:

Figures in € k	**Dec. 31, 2012**	Dec. 31, 2011
Current taxes on income, domestic	**337**	1,489
Current taxes on income, foreign	**1,826**	2,375
Deferred taxes	**– 555**	– 159
Total taxes on income	**1,608**	**3,705**

Notes to the individual items of the consolidated balance sheet

(14) Goodwill

Participating interests included in the scope of consolidation of the PCC Group on or after January 1, 2010 are consolidated using the purchase method. Any remaining excess of costs of acquisition over net assets acquired is capitalised as goodwill in the consolidated balance sheet.

The purchase price excess arising from the first-time consolidation of PCC Silicium S.A. as of January 1, 2010, has been capitalised as goodwill in the consolidated balance sheet and is subjected to scheduled straight-line amortisation over eight years. The amortisation term has been selected on the basis of the period that the company is expected to remain an affiliated entity and the extant development potential of this business as already analysed and projected by Group Project Development through the application of various models and concepts. Certain raw materials from the quartzite quarry operated by the company are to be used in the silicon metal project of the PCC Group.

PCC SE acquired further shares in PCC Silicium S.A. in fiscal 2012. These were recognised using the same method and will be amortised over a term of six years to coincide with the term remaining since the company's initial consolidation. With this share purchase, PCC SE has increased its stake in the company to 99.95 %.

In a second public offering in 2012, PCC Intermodal S.A. issued a further tranche of shares which PCC SE subscribed in full. Initial consolidation of the new shares gave rise to a non-apportionable difference which was capitalised as goodwill. This will be subjected to scheduled straight-line amortisation over ten years. PCC SE is pursuing a long-term strategy in this business based on its belief that the coming years will see significant growth in intermodal transportation, particularly in Poland. This is also reflected in the fast expansion of container terminal networks in Poland. Hence we anticipate that the company will continue as a viable Group business and going concern beyond the usual amortisation period.

The following table likewise shows the goodwill assumed from the individual financial statements of PCC Chemax and the "PCC Rokita" subgroup as of December 31, 2012.

Figures in €k	Dec. 31, 2012	Dec. 31, 2011
PCC Silicium S.A.	2,614	2,885
PCC Intermodal S.A.	2,554	0
PCC Prodex Sp. z o.o.	1,330	1,773
PCC Chemax, Inc.	822	942
"PCC Rokita" subgroup	51	127
Goodwill	**7,372**	**5,728**

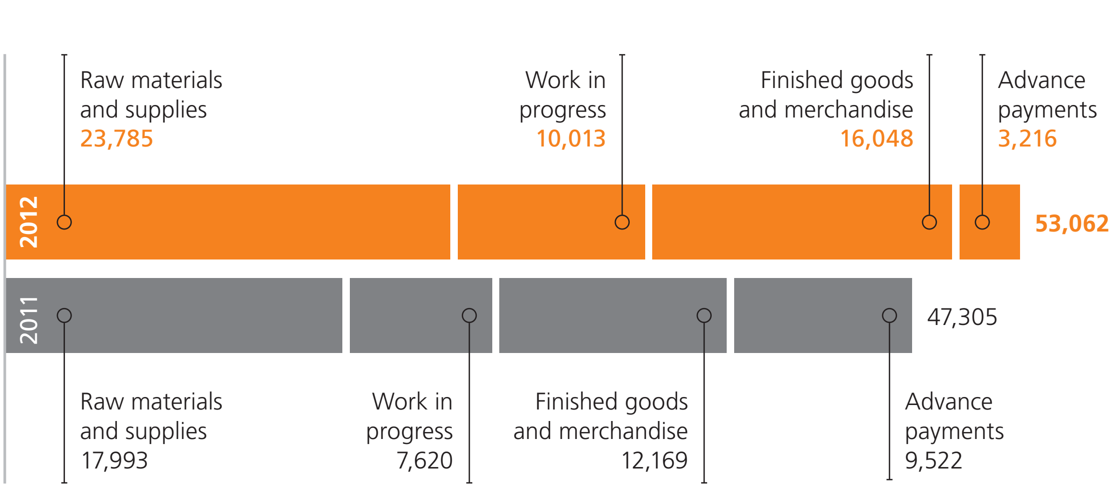
The scheduled goodwill amortisation charges applied in fiscal 2012 were as follows:

Figures in €k	Dec. 31, 2012	Dec. 31, 2011
PCC Silicium S.A.	523	481
PCC Prodex Sp. z o.o.	443	443
PCC Intermodal S.A.	284	0
"PCC Rokita" subgroup	86	127
PCC Chemax, Inc.	104	108
Goodwill amortisation	**1,440**	**1,159**

(15) Inventories

The breakdown of inventories as of December 31, 2012 is as follows:

Inventories in € k



Compared with 2011, inventories rose by around 12.2 %, from € 47.3 million to € 53.1 million, this development being related to the increase in sales. Also included under inventories are emission certificates with a value of € 4.5 million (previous year: € 3.1 million) assigned to the production processes of subsidiaries within the Chemicals division. The resultant income and expenses are separately recognised within a special reserve on the liabilities side of the balance sheet.

(16) Trade accounts receivable

The analysis of the trade accounts receivable as of December 31, 2012 reads as follows:

Figures in € k	**Dec. 31, 2012**	Dec. 31, 2011
Trade accounts receivable	**80,081**	63,853
Individual allowances for bad debts	**–6,621**	–7,485
Total trade accounts receivable	**73,461**	**56,368**

Trade accounts receivable as of December 31, 2012 all have a remaining term of up to one year. The increase of around 30.3 % in trade accounts receivable versus prior year exceeds the growth in sales over the same period.

(17) Accounts receivable from affiliated companies

Accounts receivable from affiliated companies as of December 31, 2012 all have a remaining term of up to one year. They are comprised of accounts receivable from affiliated, non-consolidated companies. They primarily take the form of loans receivable from project companies in the renewable energies sector which are still in the developmental stage.

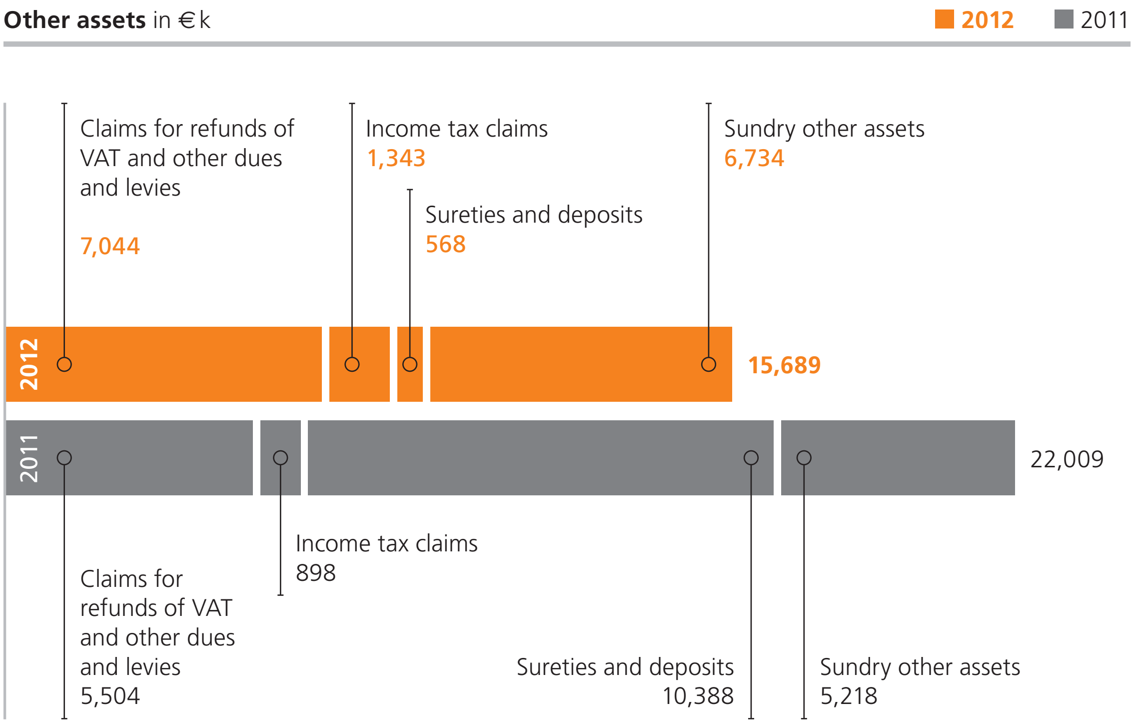
(18) Accounts receivable from enterprises in which participating interests are held

Accounts receivable from enterprises in which participating interests are held as of December 31, 2012 all have a remaining term of up to one year.

(19) Other assets

The items under the other assets heading as of December 31, 2012 are as follows:

Other assets in €k



Other assets decreased in value by 28.7 % compared with the previous year. Included under sureties and deposits in 2011 was a claim arising from an escrow account which was fully drawn down in 2012. The draw-down of this escrow account is the result of the sale transacted in 2009 of the "PCC Logistics" companies to Deutsche Bahn AG. The sundry other assets have a remaining term of up to one year and contain an account receivable from the sole shareholder of PCC SE in the amount of €82k (previous year: €267k). This is a short-term loan on which interest is payable at a rate of 6.0% p.a.

(20) Prepaid expenses and deferred charges

Prepaid expenses and deferred charges include a debt discount ("disagio") amounting to € 16k (previous year: € 136k).

(21) Equity

The subscribed capital of PCC SE as of December 31, 2012 amounts to € 5.0 million and is fully paid up. It is divided into 5,000,000 individual share certificates with a par value of € 1 per share.

The items included under consolidated retained earnings as of December 31, 2012 are as follows:

Figures in € k	Dec. 31, 2012	Dec. 31, 2011
Revenue reserves and profit/loss carried forward attributable to consolidated companies	75,661	85,238
Allocated differences arising from consolidation measures	21,543	3,155
Share of profit for the year attributable to Group	–20,045	9,910
Total consolidated retained earnings	**77,159**	**98,302**

For further detailed information on this item, please refer to the consolidated statement of movements in Group equity which forms part of the consolidated financial statements contained herein.

The consolidated retained earnings are comprised of the unappropriated profits realised in the period under review by the subsidiary companies included in the consolidated financial statements. The share of the profit for the previous year attributable to the PCC Group, amounting to € 9.9 million, has been brought forward and recognised within consolidated retained earnings.

Effective fiscal 2011, equity differences due to currency translation are separately disclosed in the capital accounts and in the consolidated statement of movements in Group equity. In 2012, this item amounted to negative € 8.7 million (previous year: negative € 18.2 million).

In fiscal 2012, the sole shareholder of PCC SE was paid out of retained earnings a dividend in the amount of € 2.05 million (previous year: € 2.05 million).

Recognised within consolidated accumulated other capital is capital from profit participation certificates, which rose from € 10.7 million in 2011 to € 11.0 million in 2012. This item includes additions to retained earnings as of December 31, 2012 arising from the issuance of a subordinated profit participation certificate by PCC SE in the amount of € 309k, this figure corresponding to the repayment obligation. The profit participation certificate was issued in October 2007 in the amount of € 20 million in certificate denominations of € 1,000, the minimum investment being € 5,000. It offers a basic coupon of 8.75 % p.a. on the profit participation certificate value plus an additional share of profits amounting to between 0.5 % and 2.0 % p.a., depending on consolidated profit for the year. Where losses have been incurred during the term of the profit participation certificates, participation in such losses occurs as of the date of redemption. The term of the profit participation certificate is indeterminate. Premiums received ("agio") amounting to € 79k (previous year: € 77k) in excess of the nominal value of the participatory rights arising from the issuance of profit participation certificates, are likewise disclosed within consolidated accumulated other capital.

Shares in individual companies of the PCC Group are also held by German and foreign minority shareholders. These participate in the Group equity and the consolidated profit/loss for the year. The share of Group equity attributable to minority shareholders as of December 31, 2012 amounted to €20.8 million, representing an increase of around €2.0 million compared to year-end 2011.

(22) Special reserve for emission allowances received free of charge

The largest production company in the Chemicals division, PCC Rokita SA, was issued emission allowances free of charge. In accordance with the German Accounting Law Modernisation Act [BilMoG], these were measured at their fair value as of the balance sheet date. The income arising has been neutralised and separately disclosed in the balance sheet under the item heading indicated above. The amount attributable in fiscal 2012 is around €4.5 million (previous year: €5.4 million).

(23) Provisions

The change in provisions during fiscal 2012 was as follows:

Figures in €k	Jan. 1, 2012	Currency effects	Released	Other changes	Dec. 31, 2012
Provisions for pensions and similar obligations	828	78	292	–125	**489**
Provisions for taxes on income	400	0	1	–398	**0**
Other provisions / accruals	16,998	1,055	304	–2,056	**15,693**
Provisions and accruals	**18,226**	**1,133**	**597**	**–2,579**	**16,182**

Other changes are reflected in the balance between amounts utilised, amounts added, reclassifications and changes in the scope of consolidation. Effective January 1, 2010, this column also contains changes arising from the discounting of long-term (non-current) provisions allocated since this start date. As of December 31, 2012, the amount attributable to this item was €447k (previous year: €302k). The share attributable to changes in the scope of consolidation amounted to negative €3k as of December 31, 2012, and relates to the deconsolidation of C&C Coke and Coal Products GmbH. The largest item under other provisions is that of sundry other provisions and accruals. These include provisions relating to the recultivation obligations of Polish subsidiaries.

Provisions for pensions and similar obligations are entirely due to obligations of consolidated companies abroad (in Poland). An average interest rate of 4.6 % (previous year: 4.5 %) has been applied as the basis of the actuarial assumptions used for the valuation of these obligations, for which purpose the projected unit credit method is used. Increases in wages and salaries have also been taken into account within a range between 1.5 % and 6.3 % p.a. Pension obligations are derived from the retirement age applicable in each case. In all, provisions for pensions and similar obligations have been allocated in respect of 2,308 people (previous year: 1,736 people) in the PCC Group.

Long-term (non-current) provisions with a term of more than one year that have been allocated since January 1, 2010 are discounted over their remaining life using the applicable average seven-year market interest rate announced by the German central bank [Deutsche Bundesbank].

Other provisions as of December 31, 2012 break down as follows:

Figures in € k	Dec. 31, 2012	Dec. 31, 2011
Accruals for personnel expenses	2,334	2,114
Provisions for anticipated losses	1,679	3,051
Provisions for obligations to customers	756	1,165
Accrued expenses for payment obligations	413	568
Accruals for audit and review costs	239	184
Accrued costs for restructuring programme	35	0
Accruals for order commitments	4	5
Accruals for litigation risk	1	965
Sundry other provisions and accruals	10,231	8,946
Total other provisions/accruals	**15,693**	**16,998**

There was a further reduction in provisions for anticipated losses compared with the previous year. This was primarily due to warranty claims in connection with the sales agreement relating to “PCC Logistics”. Also included in this item are derivative financial instruments with negative values as of the balance sheet date, taken out to hedge foreign currency and interest rate risks. Provisions for risks arising from the usual commercial guarantees that may possibly be claimed against in future periods in relation to the winding-up of subsidiaries or Group companies already divested are likewise disclosed under this heading.

Within sundry other provisions and accruals is a site recultivation obligation of a subsidiary of the “PCC Rokita” subgroup amounting to € 7.6 million as of December 31, 2012. This is a multi-year obligation arising from local regulations and will remain in place until 2026.

(24) Liabilities

The maturity structure of the liabilities as of December 31, 2012 reads as follows:

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2012
Mezzanine capital	22,000	0	0	**22,000**
Liabilities from bearer bonds	36,078	149,055	0	**185,133**
Bank liabilities	29,618	49,543	11,260	**90,420**
Advance payments for orders received	24	0	0	**24**
Trade accounts payable	67,493	65	0	**67,557**
Accounts payable to affiliated companies	1,211	0	0	**1,211**
Accounts payable to enterprises in which participating interests are held	4	0	0	**4**
Other liabilities	18,800	2,487	0	**21,287**
Total liabilities	**175,227**	**201,150**	**11,260**	**387,637**

The mezzanine capital exclusively comprises subordinate loans amounting to € 22.0 million as of December 31, 2012, bearing a fixed interest rate between 7.27 % and 7.9 % p.a. and, in part, providing an additional, earnings-related distribution depending on consolidated profit for the year. The total amount is divided into two tranches of € 10.0 million and € 12.0 million and is due for redemption in 2013. The first tranche was redeemed in April 2013. The second tranche is due in July 2013. After this last payment, PCC SE will have redeemed its mezzanine capital, which originally amounted to € 66.0 million, in full and on schedule.

Liabilities to banks rose compared with the previous year from € 75.1 million to € 90.4 million, with more than 50 % having medium terms between one and five years.

The loans disclosed under bank liabilities are secured in their entirety, with around € 57.6 million (previous year: € 33.9 million) covered by mortgages or similar liens and with € 34.5 million (previous year: € 5.5 million) secured by assignment of claims. An amount of € 4.9 million (previous year: € 7.2 million) is secured by chattel mortgages on property, plant and equipment or inventories.

(25) Liabilities from bearer bonds

Liabilities from bearer bonds arise from the issuance of bonds by PCC SE, PCC Rokita SA and PCC Exol SA. The bonds issued by PCC SE carry a coupon between 5.0 % and 7.25 % p.a. and those of PCC Rokita SA carry a coupon ranging from 8.5 % to 9.0 % p.a. The following figure provides a tabular analysis of the bonds involved:

Figures in € k	Dec. 31, 2012	Dec. 31, 2011
Bonds in EUR (ISIN)	**168,141**	**125,169**
DE000A1EKZN7	**34,968**	34,968
DE000A1H3MS7	**26,665**	26,665
DE000A1PGS32	**23,715**	0
DE000A1K0U02	**21,503**	10,031
DE000A1PGNR8	**12,688**	0
DE000A1H3H36	**10,037**	9,071
DE000A1MA912	**9,280**	0
DE000A0LRV96	**9,165**	9,165
DE000A0WL5E5	**7,224**	7,224
DE000A1PGS40	**6,415**	0
DE000A1EWB67	**5,405**	6,756
DE000A1EWRT6	**1,076**	1,345
DE000A0S8DY1	**0**	19,944
Bonds in PLN (ISIN)	**69,325**	**33,532**
PLPCCRK00027	**25,000**	0
PLPCCRK00035	**20,000**	0
PLPCCRK00019	**15,000**	15,063
Private Placement without ISIN	**8,000**	0
Private Placement without ISIN	**1,325**	1,325
Private Placement without ISIN	**0**	12,100
Private Placement without ISIN	**0**	5,044

The bonds issued by PCC Rokita SA with a face value of PLN 68.0 million had a value of € 16.7 million as of the balance sheet date.

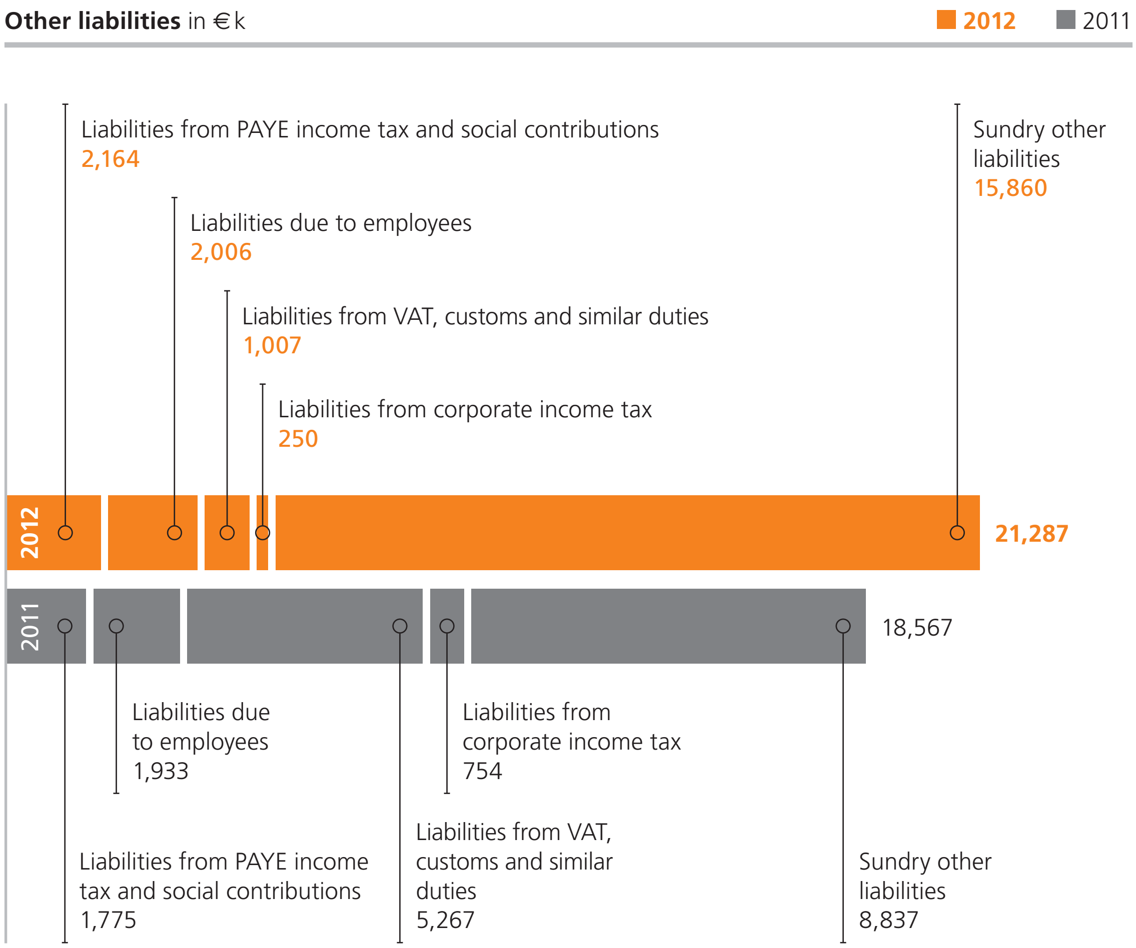
The due dates of the bond liabilities of the PCC Group are indicated in the following table:

Figures in € k	Total	Due in 2012	Due in 2013	Due in 2014	Due in 2015	Due in 2016	Due after 2016
Dec. 31, 2012	**185,133**	**–**	**35,748**	**56,665**	**54,697**	**38,023**	**–**
Dec. 31, 2011	132,691	29,086	19,856	43,812	38,316	1,620	–

(26) Other liabilities

The items aggregated under other liabilities as of December 31, 2012 are as follows:

Other liabilities in €k



Compared with 2011, the value of other liabilities increased in fiscal 2012 by €2.7 million, from €18.6 million to €21.3 million. This is primarily due to an increase in sundry other liabilities arising from bond coupons received which had not yet been paid as of the balance sheet date.

(27) Deferred taxes

According to the German Accounting Law Modernisation Act [BilMoG], deferred taxes must be recognised on temporary differences between the carrying values of assets, liabilities and accruals in the balance sheet, and their tax base. For German subsidiaries, the tax rate applied here is a uniform 30 %. For foreign subsidiaries, the relevant national tax rates are applied.

Poland	19 %
Czech Republic	19 %
USA	34 %
Russia	20 %

The distribution of deferred taxes among the various balance sheet items is shown in the following table. Within the PCC Group, deferred tax assets and liabilities are offset and disclosed as netted balances. For fiscal 2012, this produced a surplus on the asset side of €3.5 million (previous year: €3.7 million).

Figures in €k	Deferred tax assets	Deferred tax liabilities
Intangible assets	3	–
Tangible fixed assets	72	1,607
Financial fixed assets and investments	–	–
Inventories	81	–
Receivables	169	80
Securities	1	–
Other assets	25	1
Provisions for pensions	88	–
Other provisions and accruals	388	–
Liabilities	221	14
Other liabilities	23	3
Losses carried forward	461	–
Other deferred taxes	4,079	402
Total deferred taxes	**5,610**	**2,106**

Deferred taxes arising from consolidation measures amounted to around €88k in 2012 (previous year: €35k), due primarily to eliminated intercompany profits.

The largest item within the deferred tax assets total is due to anticipated future tax benefits accruing to the "PCC Rokita" subgroup, whose production sites are located in an area designated as a special economic zone. These tax benefits are disclosed under other deferred taxes. As of the balance sheet date, the amount recognised was €3.6 million (previous year: €3.3 million).

(28) Derivative financial instruments

With growing globalisation and the expansion in international trade, companies of the PCC Group are increasingly exposed to foreign currency and interest rate risks. Derivative financial instruments are used to minimise this exposure. These are disclosed in the balance sheet and valued as of the reporting date. The difference thus determined is recognised in income, with losses from foreign currency derivatives being recognised under operating expenses, and losses from interest rate derivatives being recognised under financial items. The items are separately explained in the relevant sections. Negative fair values as of the valuation date are disclosed as provisions for anticipated losses.

Figures in € k	Nominal value	Fair value
FX forwards		
Buy	–	–
Sell	4,635	12
FX options		
Buy	–	–
Sell	–	–
Cross-currency interest rate swaps	–	–
Interest rate swaps	9,908	– 19
Other derivatives	–	–

(29) Contingent liabilities and other financial commitments

The contingent liabilities as of December 31, 2012 were as follows:

Figures in € k	Dec. 31, 2012	Dec. 31, 2011
Liabilities arising from guarantee agreements	0	0
Liabilities arising from warranties	2,757	0
Bills and notes discounted	0	0
Other contingent liabilities	0	0
Total contingent liabilities	**2,757**	**0**

The liabilities arising from warranties are exclusively attributable to the Group parent PCC SE.

The other financial commitments as of December 31, 2012 were as follows:

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2012
Financial commitments for rent and leasing	4,394	254	270	4,919
Other commitments (including pending contracts)	2,447	4,096	0	6,542
Total other financial commitments	**6,841**	**4,350**	**270**	**11,461**

There were no other financial commitments in 2012 to entities not included in the consolidated financial statements.

Notes to the individual items of the cash flow statement

(30) Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents that took place in the year under review and is drawn up in accordance with German accounting standard DRS 2.

The cash flows are broken down according to the headings “Cash flow from operating activities”, “Cash flow from investing activities” and “Cash flow from financing activities”.

The financial funds equate to the total of cash and cash equivalents (cash in hand, credit balances at banks and cheques) shown in the balance sheet. In the event of changes in the scope of consolidation arising from the purchase or sale of entities, the purchase price paid or received (excluding debt assumed or sold), less the financial funds acquired or sold, is recognised as a cash flow from investing activities. The remaining accounting effects of the purchase or sale are distributed between the respective items within the three categories. In the event that the acquisition or disposal of shares in a company takes place without a change in the control relationship (loss or gain of control), such transactions are disclosed as investing activities.

The proceeds from the disposal of C&C Coke and Coal Products GmbH in 2012 are disclosed under inflows from disposal of consolidated companies and other operations.

Dividends paid fall under financing activities. Dividends paid within the Group out of prior-year earnings are eliminated. Payments to the sole shareholder of PCC SE are indicated in cash flow from financing activities.

(31) Corporate bodies

The corporate bodies of PCC SE are as follows:

Managing Directors:

- Ulrike Warnecke, Finance, Personnel and Operations
  (Focal areas: Trading and Consumer Products)
- Dr. rer. oec. (BY) Alfred Pelzer, Operations
  (Focal areas: Chemicals and Logistics)

The Managing Directors received remunerations totalling € 436k in fiscal 2012 (previous year: € 521k).

Administrative Board:

- Waldemar Preussner, Dipl.-Volkswirt, Chairman
- Dr. rer. oec. (BY) Alfred Pelzer, Vice Chairman, Managing Director of PCC SE
- Reinhard Quint, Member of the Advisory Board of RMM Metallhandel GmbH

The Members of the Administrative Board received remunerations amounting to € 132k in fiscal 2012 (previous year: € 132k).

Annual General Meeting:

The Annual General Meeting of PCC SE took place on June 25, 2012. The consolidated financial statements and the Group management report for 2011 were both approved, as were the actions of the Managing Directors and the Administrative Board of PCC SE. Further, Warth & Klein Grant Thornton AG, Düsseldorf, was reappointed as auditor for fiscal 2012.

(32) Miscellaneous

The PCC Group and the individual German companies were audited by Warth & Klein Grant Thornton AG, Düsseldorf, and their respective annual financial statements were given an unqualified opinion. The fee for audit services in respect of these companies and the Group amounted to € 75.8k. No other services were performed in fiscal 2012.

Duisburg, May 21, 2013
PCC SE

Ulrike Warnecke
Managing Director

Dr. rer. oec. (BY) Alfred Pelzer
Managing Director

(33) Schedule of shareholdings

Name and head office of company	Division	Currency	Exchange rate as of Dec. 31, 2012: 1 Euro =	PCC SE participating interest in %		
				Direct	Indirect	Total
Parent company						
PCC SE, Duisburg	Other	EUR	1.0000			
Fully consolidated companies						
Apakor-Rokita Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		99.57	**99.57**
Chemi-Progress Polska Sp. z o.o., Brzeg Dolny	Chemicals	EUR	1.0000		100.00	**100.00**
Ekologistyka Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**
Fabryka Zapałek „Czechowice“ S.A., Czechowice-Ddziedzice	Chemicals	PLN	4.0740		85.00	**85.00**
Kosmet Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**
Kosmet-Rokita Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**
LabMatic Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		99.74	**99.74**
MCAA SE, Brzeg Dolny	Chemicals	PLN	4.0740	100.00		**100.00**
PCC Chemax, Inc., Piedmont	Chemicals	USD	1.3194	100.00		**100.00**
PCC Consumer Products S.A., Warsaw	Chemicals	PLN	4.0740	100.00		**100.00**
PCC Exol SA, Brzeg Dolny	Chemicals	PLN	4.0740	93.84		**93.84**
PCC MORAVA-CHEM s.r.o., Český Těšín	Chemicals	CZK	25.1510	98.00	2.00	**100.00**
PCC P4 Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**
PCC Prodex Sp. z o.o., Warsaw	Chemicals	PLN	4.0740		100.00	**100.00**
PCC Rokita SA, Brzeg Dolny	Chemicals	PLN	4.0740	100.00		**100.00**
PCC Synteza S.A., Kędzierzyn-Koźle	Chemicals	PLN	4.0740	100.00		**100.00**
Petro Carbo Chem GmbH, Duisburg	Chemicals	EUR	1.0000	100.00		**100.00**
S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea	Chemicals	RON	4.4445	58.72		**58.72**
Tensis Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**
Węglopochodne Sp. z o.o., Kędzierzyn-Koźle	Chemicals	PLN	4.0740	100.00		**100.00**
GRID BH d.o.o., Sarajevo	Energy	BAM	1.9558		51.37	**51.37**
PCC DEG Renewables GmbH, Duisburg	Energy	EUR	1.0000	60.00		**60.00**
PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle	Energy	PLN	4.0740	84.46		**84.46**
PCC Energy Trading GmbH, Duisburg	Energy	EUR	1.0000	100.00		**100.00**
PCC Autochem Sp. z o.o., Brzeg Dolny	Logistics	PLN	4.0740	51.30	48.70	**100.00**
PCC Intermodal GmbH, Duisburg	Logistics	EUR	1.0000	100.00		**100.00**
PCC Intermodal S.A., Gdynia	Logistics	PLN	4.0740	61.96		**61.96**
ZAO PCC Rail, Moscow	Logistics	RUB	40.3295	100.00		**100.00**
3Services Factory S.A., Katowice	Other	PLN	4.0740	51.00	20.94	**71.94**
PCC Centrum Teleinformatyki S.A. (formerly PCT), Brzeg Dolny	Other	PLN	4.0740	100.00		**100.00**
PCC Silicium S.A., Zagórze	Other	PLN	4.0740	99.95		**99.95**

Name and head office of company	Division	Currency	Exchange rate as of Dec. 31, 2012: 1 Euro =	PCC SE participating interest in %		
				Direct	Indirect	Total
Associated companies						
Górnicze Zakłady Dolomitowe S.A., Siewierz	Other	PLN	4.0740		10.89	10.89
Inwestycyjna Grupa Budowlano-Surowcowa S.A., Katowice	Other	PLN	4.0740	33.00		33.00
Kopalnia Piasku Kotlarnia S.A., Kotlarnia	Other	PLN	4.0740		10.89	10.89
Przedsiębiorstwo Robót Zmechanizowanych Budostal-8 S.A., Kraków	Other	PLN	4.0740		8.30	8.30
PUH Włodzimierz S.A., Katowice	Other	PLN	4.0740		14.03	14.03
Telekomunikacja Kopalń Piasku S.A., Gliwice	Other	PLN	4.0740	42.73		42.73

Name and head office of company	Division	Currency	Exchange rate as of Dec. 31, 2012: 1 Euro =	PCC SE participating interest in % Direct	Indirect	Total	Equity in local currency '000	Net result in local currency '000
Non-consolidated companies								
BiznesPark Rokita Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**	1,556.2	130.8
ChemiPark Technologiczny Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**	3,245.3	334.4
Chemi-Plan S.A., Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**	6.5	–11.5
CWB Partner Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**	228.4	–11.6
GEKON S.A. w likwidacji, Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**	n.a.	n.a.
LabAnalityka Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**	456.9	79.8
OOO DME Aerosol, Pervomaysky	Chemicals	RUB	40.3295	50.00		**50.00**	2,531.0	–269.0
OOO KosmetNavigator, Grodno	Chemicals	BYR	11,340.00		91.10	**91.10**	1,247,444.0	–411,326.0
OOO Navigator, Grodno	Chemicals	BYR	11,340.00		75.00	**75.00**	17,375,830.0	6,575,840.3
PCC BakkiSilicon hf, Húsavík	Chemicals	ISK	169.8000	95.00		**95.00**	–25.9	–49.5
PCC Chlor-Alkali Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**	26.4	–13.5
PCC EXOL Kýmya Sanayý Ve Týcaret Lýmýted Ţýrketý, Istanbul	Chemicals	TRY	2.3551		100.00	**100.00**	n.a.	n.a.
PCC Organic Oils Ghana Limited, Accra	Chemicals	GHS	2.5161	75.10		**75.10**	–67.0	–169.6
PCC Rokita Polyurethanes Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		100.00	**100.00**	37.5	–3.8
PCC Slovakia s.r.o., Košice	Chemicals	EUR	1.0000		100.00	**100.00**	82.0	54.8
Polyolt Holding Limited, Nicosia	Chemicals	EUR	1.0000	100.00		**100.00**	n.a.	n.a.
SOO PCC Prodex Bel, Smilavichy	Chemicals	BYR	11,340.00		51.00	**51.00**	–144,000.0	–472,000.0
Technochem Sp. z o.o., Brzeg Dolny	Chemicals	PLN	4.0740		85.80	**85.80**	6.9	–2.1
TzOW Petro Carbo Chem, Lviv	Chemicals	UAH	10.6259	92.32		**92.32**	6,497.8	–215.5
ZAO PCC Consumer Products, Moscow	Chemicals	RUB	40.3295		100.00	**100.00**	–3,738.8	–3,748.0
ZAO Exol, Nizhny Novgorod	Chemicals	RUB	40.3295	50.00		**50.00**	–645.0	–480.0
ZAO NOVOBALT Terminal, Kaliningrad	Chemicals	RUB	40.3295		100.00	**100.00**	63,380.0	–800.0
Novi Energii OOD, Sofia	Energy	BGN	1.9558		36.00	**36.00**	–927.0	–273.0
PCC Energia EOOD, Sofia	Energy	BGN	1.9558	100.00		**100.00**	–387.4	–107.6
PCC Envolt Sp. z o.o., Brzeg Dolny	Energy	PLN	4.0740	100.00		**100.00**	239.9	–9.3
PCC HYDRO DOOEL Skopje, Skopje	Energy	MKD	61.5000		60.00	**60.00**	–93,559.0	–32,402.0
PCC Izvorsko EOOD, Sofia	Energy	BGN	1.9558		60.00	**60.00**	–1,265.0	–236.0
PCC NEW HYDRO DOOEL Skopje, Skopje	Energy	MKD	61.5000	100.00		**100.00**	–492.0	–1,107.0
PCC Power Gubin S.A., Warsaw	Energy	PLN	4.0740	100.00		**100.00**	2,529.8	–44.4
PCC Power Sp. z o.o., Brzeg Dolny	Energy	PLN	4.0740	100.00		**100.00**	–30.6	–24.6
PCC Utilities S.A., Brzeg Dolny	Energy	PLN	4.0740	100.00		**100.00**	–160.8	–401.0
Agencja Rozwoju Lokalnego S.A., Jaworzno	Logistics	PLN	4.0740	6.96		**6.96**	1,072.2	–354.9
TRANSGAZ S.A., Rybnik	Logistics	PLN	4.0740	9.64		**9.64**	n.a.	n.a.
3S Sp. z o.o., Gliwice	Other	PLN	4.0740		42.73	**42.73**	533.7	317.4
4VOD Sp. z o.o., Kraków	Other	PLN	4.0740		20.47	**20.47**	355.4	–70.5
FABUD Wytwórnia Konstrukcji Betonowych S.A., Siemanowice	Other	PLN	4.0740		2.16	**2.16**	43,978.9	3,161.1
Maktel Sp. z o.o., Katowice	Other	PLN	4.0740		42.73	**42.73**	–2.8	–110.6
SGT S.A., Gliwice	Other	PLN	4.0740		19.90	**19.90**	–519.0	158.7
TEC artec valves GmbH & Co. KG i.L., Oranienburg	Other	EUR	1.0000	68.85		**68.85**	n.a.	n.a.

Glossary

Additives
Additives are substances which, incorporated in formulations in very small quantities, optimise the properties and performance profile of products such as paints and plastics and/or facilitate their manufacture and processing.

BilMoG
German Accounting Law Modernisation Act. Extensive revision and amendment of the German Commercial Code [Handelsgesetzbuch/HGB]. Entered into German law on May 29, 2009 and applicable as from fiscal 2010.

CHP
Combined Heat and Power – used in reference to power plants designed to supply both electrical and thermal energy in a process known as "cogeneration". More fuel-efficient due to utilisation of otherwise wasted heat. Produces less CO_2 (greenhouse gas) per unit energy output, therefore regarded as more climate-friendly.

Climate-protection project
In keeping with the provisions of the Kyoto Protocol, a climate-protection project contributes to the reduction of greenhouse gases. Through adoption of a "clean development mechanism", participating developing countries are also to be assisted not only in reducing their emissions but also generally in their pursuit of a sustainable mode of development. The small hydropower plant projects being implemented by PCC in the Balkans constitute an example of this kind of assistance.

EBIT
Abbreviation for Earnings Before Interest and Taxes; ↑EBITDA less depreciation and amortisation.

EBITDA
Abbreviation for Earnings Before Interest, Taxes, Depreciation and Amortisation.

EBT
Abbreviation for Earnings Before Taxes; ↑EBIT less interest and other financial items.

Ethoxylation
Process for the manufacture of non-ionic ↑surfactants (ethoxylates; surface-active substances), which are major constituents of, in particular, detergents and cleaning products.

FSC
Abbreviation for Forest Stewardship Council; an independent, non-profit, non-governmental organisation which is represented in 80 countries. The mission of the FSC is to promote the environmentally sound, socially responsible and economically viable management of forests.

Hydroxy groups
Functional groups of alcohols and phenols.

Intermodal transportation
Conveyance of goods, primarily in containers carried by more than one mode of transport: rail, truck or ship. The modal switch facilitates transport efficiency and local delivery to the customer.

IPO
Abbreviation for Initial Public Offering, which relates to the first-time placement of a company's shares on an organised capital market.

Isocyanates
Highly reactive chemical esters of isocyanic acid. Compounds that contain two isocyanate groups are termed diisocyanates, and these react with polyols to create polyurethanes (PUR foams).

MCAA
Abbreviation for monochloroacetic acid, a product used primarily in the food and beverage industry, with further applications in the manufacture of medicines, body care products, cosmetics, colorants, dyestuffs, and plant protection products.

Mezzanine capital
General term covering forms of finance which, due to their legal and economic make-up, represent a mix of equity and debt capital.

MW (megawatt)
Unit of measurement for electric power:
1 Megawatt = 10^3 kilowatts
1 Gigawatt = 10^6 kilowatts
1 Terawatt = 10^9 kilowatts

Phosphorus derivatives
Substances manufactured from phosphorus, such as flame retardants and plasticisers.

PUR foams (PU foams)
PUR is the abbreviation for polyurethane (also abbreviated PU), of which polyols are a major constituent.

REACH
European regulation governing the registration, evaluation, authorisation and restriction of chemicals.

Renewable energy
Also known as regenerative energy; term given to energy from sustainable sources such as solar energy, biomass, hydroelectric power and wind power.

ROCE
Return On Capital Employed; ↑EBIT ÷ [Average equity + Average interest-bearing debt capital incl. pension provisions]

SE
Latin abbreviation: Societas Europaea; English: European Company.

Sulphonation
Process for the manufacture of anionic ↑surfactants (sulphonates; surface-active substances) which, because of their dermatological compatibility, are widely used in cosmetics and laundry / home care detergents.

Surfactants
Surface-active substances; ingredients in cosmetics, detergents, cleaning and cleansing products (↑Ethoxylation, ↑Sulphonation).

Swap
Exchange of comparative advantages.

TEU
Abbreviation for Twenty-foot Equivalent Unit – unit of measurement for ISO standard containers; 1 TEU corresponds to a 20 foot ISO container.

Value chain
The sequential set of primary and support activities in a production process that an enterprise performs to turn inputs, e. g. raw materials, into value-added outputs, e. g. finished products, for its external customers.

Credits

Published by
PCC SE
Moerser Straße 149
47198 Duisburg
Germany

Contact
Public Relations
Phone +49 (0)2066 2019-35
Fax +49 (0)2066 2019-72
pr@pcc.eu
www.pcc.eu

Conception and editing
Susanne Biskamp, PCC SE

Design and production
Kaiserberg Kommunikation, Duisburg (Germany)

English translation
Paul Knighton, Cambridge (UK)

Photos (i. a.)
lime agencja reklamowa,
Aleksander Bilicki, Wrocław (Poland)

Uli Steinmetz Fotodesign, Düsseldorf (Germany)

Printed by
Druckerei und Verlag Peter Pomp GmbH,
Bottrop (Germany)

Image rights
PCC SE

PCC SE
Duisburg, June 2013

This annual report is available in its original German version and as an English translation.

All versions can be downloaded from www.pcc.eu.

This report is printed on FSC®-certified natural paper.

FSC www.fsc.org
MIX
Paper from responsible sources
FSC® C009997

Forward-looking statements

This annual report contains forward-looking statements which are based on the current estimates and assumptions made by the management with respect to future developments. The accuracy of such statements is subject to risks and uncertainties that lie outside the control and forecasting capability of PCC SE. Examples include changes in the market environment and underlying economic conditions, the behaviour of other market participants, the success with which new acquisitions can be integrated, the realisation of anticipated synergy effects, and the actions of governmental agencies. Should such factors of uncertainty or imponderables come into play, or if the assumptions upon which these statements are based prove to be incorrect, the ensuing events could differ materially from those explicitly indicated, implied in or inferred from these statements. PCC SE neither plans nor undertakes to update any forward-looking statements in respect of developments or events occurring in the future.

Technical discrepancies

For technical reasons (e.g. arising from the conversion of electronic formats), differences may occur between the information provided in this annual report and that contained in the accounting documents submitted for publication in the Federal electronic gazette (Bundesanzeiger). In such cases, the version appearing in the Federal electronic gazette is authoritative.

PCC on the internet

www.pcc.eu
www.pcc-financialdata.eu

PCC. Direktinvest
www.pcc-direktinvest.eu

Chemicals
www.chemproducts.com
www.pcc.rokita.pl
www.pcc-exol.eu
www.ipoltec.eu
www.pccsynteza.pl
www.pcc-chemax.com
www.pccmorava-chem.cz
www.kosmet.com.pl
www.tensis.pl
www.labanalityka.pl
www.labmatic.com.pl
www.apakor-rokita.pl
www.pcc-prodex.eu
www.matches.com.pl

Energy
www.pcc-hydro-mk.com
www.zeblach.pl

Logistics
www.pccintermodal.pl
www.pcc-autochem.eu
www.pcc.ru

Other
www.pcc-silicium.pl
www.factory.3s.pl
www.cwbpartner.pl
www.pccit.pl

PCC. synergies at work

www.pcc.eu