Creating Value Together

Annual Report 2013



ESTABLISHED 1993
20
YEARS
PCC
1993-2013

PCC SE

PCC at a glance

Consolidated income statement	2013	2012
Sales	**€ 624.3 m**	€ 677.3 m
Gross profit	**€ 142.1 m**	€ 134.2 m
EBITDA*	**€ 47.5 m**	€ 38.0 m
EBIT*	**€ 28.6 m**	€ 19.3 m
EBT*	**€ 10.4 m**	€–19.7 m

Consolidated balance sheet	2013	2012
Total assets	**€ 557.3 m**	€ 514.4 m
Fixed assets	**€ 331.7 m**	€ 301.8 m
Current assets	**€ 219.4 m**	€ 206.2 m
Equity	**€ 109.1 m**	€ 105.4 m
Liabilities	**€ 425.9 m**	€ 387.6 m

Key Group indicators	2013	2012
Equity ratio*	**19.6 %**	20.5 %
ROCE*	**6.9 %**	5.3 %
Gross cash flow *	**€ 15.8 m**	€ 13.4 m
Capital expenditures	**€ 53.5 m**	€ 45.0 m
Number of employees at home and abroad (average over the year)	**2,720**	2,597

Consolidated sales by segment	2013	2012
Polyols segment	**€ 132.8 m**	€ 125.7 m
Surfactants segment	**€ 95.2 m**	€ 105.9 m
Chlorine segment	**€ 88.5 m**	€ 71.3 m
Speciality Chemicals segment	**€ 203.1 m**	€ 249.1 m
Consumer Products segment	**€ 43.6 m**	€ 35.9 m
Energy segment	**€ 11.6 m**	€ 13.8 m
Logistics segment	**€ 42.8 m**	€ 46.0 m
Holding segment	**€ 6.8 m**	€ 29.5 m
Total sales	**€ 624.3 m**	€ 677.3 m

Consolidated sales by region	2013	2012
Germany	**€ 158.3 m**	€ 151.3 m
Poland	**€ 231.8 m**	€ 253.5 m
Other EU Member States	**€ 142.6 m**	€ 153.9 m
Rest of Europe	**€ 44.9 m**	€ 64.9 m
USA, Asia and Other Regions (total)	**€ 46.7 m**	€ 53.7 m
Total sales	**€ 624.3 m**	€ 677.3 m

Rounding differences possible.

* For explanations and definitions, see page 13.

Creating Value Together

Annual Report 2013

Consolidated Financial Statements
of PCC SE

Locations of the PCC Group

Well positioned, with an international structure
PCC is an international group of companies represented in 16 countries. More than 80 PCC subsidiaries located at 33 sites around the world currently employ some 2,800 committed people working together to create value.

Europe

Belarus
Grodno
Smilavichy

Bosnia-Herzegovina
Prusac/Donji Vakuf
Sarajevo

Bulgaria
Sofia

Czech Republic
Český Těšín

Germany
Duisburg*
Frankfurt (Oder)
Hamburg

Iceland
Húsavík

Latvia
Ventspils

Macedonia
Gradečka
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

Turkey
Istanbul

Ukraine
Lviv

Africa

Ghana
Accra

* Group Headquarters

In a word

Values give us orientation and govern our actions. For the PCC Group, however, they have a further function. Because values such as trust, quality and commitment provide an immutable link between us as a corporate entity and our employees, investors, our partners in industry and the customers who purchase PCC products. This link is the basis for our shared success. Hence it is and will remain our ambition to live up to our values each and every day, and through this shared commitment, unite in generating new enterprise value.

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Information for our investors

Key financials of the PCC Group

Operating on an international plane, PCC SE posted further steady development through 2013. As a consequence, the number of people employed by the PCC Group around the world increased significantly in the year under review, to some 2,800 employees. Working together, they generated consolidated sales of €624.3 million. Gross profit increased in 2013 by 5.9 % to €142.1 million. Earnings before taxes came in at a likewise gratifying €10.4 million, representing a clear improvement versus the prior year.

Development in selected Group indicators

Figures in € m	2010	2011	2012	2013
Sales	**580.1**	**614.8**	**677.3**	**624.3**
Polyols segment	65.3	94.0	125.7	**132.8**
Surfactants segment	77.9	97.3	105.9	**95.2**
Chlorine segment	50.7	60.6	71.3	**88.5**
Speciality Chemicals segment	186.0	256.7	249.1	**203.1**
Consumer Products segment	17.2	23.5	35.9	**43.6**
Energy segment	140.5	17.0	13.8	**11.6**
Logistics segment	30.3	43.9	46.0	**42.8**
Holding segment	12.2	21.8	29.5	**6.8**
Gross profit	**89.4**	**113.6**	**134.2**	**142.1**
Net profit/loss	**–17.7**	**10.3**	**–21.3**	**10.3**
EBITDA [1]	14.5	49.2	38.0	**47.5**
EBIT [2]	1.0	32.4	19.3	**28.6**
EBT [3]	–15.4	14.0	–19.7	**10.4**
Gross cash flow [4]	4.9	8.2	13.4	**15.8**
ROCE in % [5]	**0.3 %**	**9.3 %**	**5.3 %**	**6.9 %**
Net debt [6]	209.3	218.3	252.5	**301.4**
Net debt/EBITDA	14.4	4.4	6.6	**6.3**
Group equity [7]	**160.0**	**136.7**	**105.4**	**109.1**
Equity ratio in % [8]	34.2 %	29.8 %	20.5 %	**19.6 %**
Return on equity in % [9]	–14.6 %	9.1 %	–19.3 %	**9.6 %**
Capital expenditures	**53.2**	**54.3**	**45.0**	**53.5**
Number of employees (consolidated companies) [10]	**2,174**	**2,312**	**2,597**	**2,720**
Germany	217	101	114	**125**
International	1,957	2,211	2,483	**2,595**

Rounding differences possible.

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 2013 Annual Report of PCC SE. Last year, we were able to return the PCC Group to profitability, albeit with growth in some segments stuttering to a halt – largely due to macroeconomic factors – and with consolidated sales declining overall. At least on the earnings side, however we can be essentially satisfied with what we have achieved – a move in the right direction in our drive for sustainable improvement in operating profit and consolidation of our earnings position. PCC also presented its new structure to you for the first time, broken down into the segments Polyols, Surfactants, Chlorine, Speciality Chemicals, Consumer Products, Energy, Logistics and Holding. This refinement of our former divisional structure comprised of Chemicals, Energy and Logistics is aimed at better leveraging synergy effects and sharpening the profile of the individual businesses.

Positive net earnings result

In the course of fiscal 2013, operating profit (EBITDA) grew to € 47.5 million, an increase of € 9.5 million year on year. This was partly due to decreasing raw material prices. The proceeds from the sale to an international investment fund by PCC SE of a minority interest in our Polish subsidiary PCC Exol SA also contributed to this position, in keeping with our strategy to consistently optimise our investment portfolio and take profits through disposals as and when opportunities arise. Earnings before taxes (EBT) amounted to € 10.4 million, significantly above the negative result of 2012 as impacted by the exceptional items of that year.

Sales in the year under review decreased by 7.8 %, from € 677.3 million to € 624.3 million. The main causes of this were – after an initially positive start to the fiscal year – price cuts in response to a slowdown in macroeconomic business activity, a change in the product mix of our trading business, and negative movements in foreign exchange parities.

On the operational side, the Chemicals division with its segments Polyols, Surfactants, Chlorine, Speciality Chemicals and Consumer Products was once again by far the main revenue and earnings generator in 2013, recording sales of € 563.2 million. Nevertheless, this division was the one

Waldemar Preussner,
Chairman of the
Administrative Board
of PCC SE

most heavily impacted by the effects mentioned above. One of the core strategic goals of PCC SE remains to increase performance and efficiency, particularly in the case of our biggest chemicals entity, PCC Rokita SA, domiciled in Brzeg Dolny, Lower Silesia (Poland), with its core business subunits Chlorine, Polyols and Phosphorus Derivatives. We were able to underpin this clear commitment in 2013 with the start of the second and therefore final stage of the changeover of the chlor-alkali electrolysis process to more environmentally friendly and significantly more energy-efficient membrane technology. A further important step in this direction is the forward integration of the Group segment Chlorine, which we are progressing with the start of construction of a plant for the production of MCAA (monochloroacetic acid). Likewise evidencing our commitment to growth and increased profitability are our investments in the modernisation and expansion of the production facilities of the "PCC Consumer Products" subgroup for the manufacture of household and industrial cleaners, detergents and personal care products.

The Logistics division of the PCC Group was able to end fiscal 2013 with a slight improvement in earnings, although it posted a decline in sales compared to the previous year of €3 million to €42.8 million. This division is currently going through a phase of extensive investment aligned to expansion in Poland of our terminal infrastructure for intermodal transport. The performance of ZAO PCC Rail, Moscow, was slightly disappointing. The weakness of the ruble and the inadequate state-regulated transport tariffs, reduced in response to the slowdown in economic activity in Russia, pushed the operating result of this affiliate into the red.

On the operational side, the Energy division is essentially managed by our Polish subsidiary PCC Energetyka Blachownia Sp. z o.o., which generated €8.2 million in a divisional sales total of €11.6 million. However, significant progress was also made in 2013 in the area of renewable energies with the development, construction and operation of our small hydropower plants. One power plant in Macedonia was connected to the grid in 2013, with three others currently under construction scheduled to follow in the course of 2014. The lengthy approval process in Bosnia-Herzegovina for three further power plants also appears to be nearing an end.

We were able to significantly improve the earnings of the Holding division through the aforementioned sale of a minority interest in PCC Exol SA. Progress is also being made with respect to the planned construction of a production plant for silicon metal. The most important contracts, involving the turnkey construction of the plant by SMS Siemag AG, Düsseldorf (Germany), and future power supplies, for example, have now been concluded. However, the entire project and thus the activation of all these contracts are dependent upon a final financial go-ahead by KfW IPEX-Bank. The financing package will be covered by a Hermes credit insurance policy and a so-called UFK (United Loan) guarantee.

Expectations for 2014

Our focus is on the strategic management of our investment portfolio and its ongoing optimisation. We intend to continue driving sustainable growth with a steady improvement in enterprise value and operating profit. We therefore anticipate generating satisfactory, positive earnings in 2014, in keeping with the thrust of this strategy.

A word of thanks

First, I would like to express my particular gratitude to you, our employees. Each year anew, I find it a source of both pride and delight to witness the dedication and creativity that you invest as a united force in providing PCC with a stable and profitable outlook. My colleagues on the Administrative Board, the Group management and I recognise your efforts, your untiring commitment to perform and achieve, as providing the foundation for our future business development.

My thanks also go to you, our many thousands of investors. Our success is naturally also dependent upon your engagement. Many of you have been supporting our development for numerous 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 1998. Your trust in us means we bear a great responsibility to you, of which we are constantly and acutely aware. Hence you can be sure that, as ever, financial prudence and reliability will be our watchwords going forward.

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

Duisburg, May 2014

Waldemar Preussner
Chairman of the Administrative Board of PCC SE

On the operational side, the main revenue and earnings generator of the PCC Group is the Chemicals division with its five segments Polyols, Surfactants, Chlorine, Speciality Chemicals, and Consumer Products.

Corporate bodies

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

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

Waldemar Preussner

Chairman of the Administrative Board of PCC SE

Waldemar Preussner is the founder of the PCC Group. Attracted by the new opportunities arising from the liberation of the Eastern European markets, in October 1993 he established Petro Carbo Chem Rohstoffhandelsgesellschaft mbH headquartered in Duisburg-Homberg, close to the current Group head office. 1998 saw the carve-out of the holding company PCC AG, and in 2007 its corporate form was changed to PCC SE. Waldemar Preussner is the sole shareholder of PCC SE and is Chairman of its 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

Joining the company shortly after its establishment, Dr. rer. oec. (BY) Alfred Pelzer has, since 1995, held various PCC management positions. 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 Chemicals Production, Logistics and Sales. He also holds a number of supervisory board mandates within the PCC Group, including at PCC Rokita SA, PCC Exol SA and PCC Intermodal S.A.

Ulrike Warnecke

Managing Director of PCC SE

Ulrike Warnecke has held managerial positions within PCC since the company was founded in 1993. As a Managing Director of PCC SE, Ulrike Warnecke is primarily responsible for Finance, Human Resources and Public Relations. On the operational side, she has overall responsibility for the Group segment Speciality Chemicals, and, in particular, its trading activities, and the Group segment Consumer Products. Among her other roles, Ulrike Warnecke is also Managing Director of Petro Carbo Chem GmbH and a member of the supervisory board of PCC Rokita SA.

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: Chairman of the Advisory Board of CS Additive GmbH, Essen, and Member of the Advisory Board of Panopa Logistik GmbH, Duisburg; he is also a member of the Corporate Development Council of Duisburger Hafen AG.

Direktinvest unit of PCC SE

PCC corporate bonds – providing a flexible and enduring financial base since 1998

The Group holding company PCC SE finances itself through a combination of equity funds and borrowings. The funding platform is occasionally widened through specific project-related, mezzanine and loan-based financing packages, and also through IPOs and similar partial flotations of Group entities. However, 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. Through these instruments, we are able to facilitate flexible and bank-independent funding both of acquisitions and organic growth within our Group. Consequently, the issuance of bearer bonds – primarily to a wide circle of private investors, but also increasingly to institutional investors – will remain a central component of the PCC Group's financing strategy going forward.

In keeping with our conservative business philosophy, security issuance volumes will, however, only be utilised to the extent necessary for the development of PCC as a strong European corporation.

PCC is one of the most experienced issuers of corporate bonds in Germany: Since the first issuance on October 1, 1998, PCC has – as of December 31, 2013 – issued 39 bearer bonds and one profit participation certificate. Of these instruments, we have redeemed 24 bonds as of the balance sheet date, with all interest payments made and debt servicing requirements satisfied to schedule.

PCC SE securities in circulation

As of December 31, 2013, there were a total of 15 bonds and one profit participation certificate in circulation, representing a combined nominal volume of around € 240.1 million. As of April 30, 2014, there are 14 bonds and one profit participation certificate in circulation, representing a combined nominal volume of € 240.7 million. A new issuance is also planned for May 15, 2014.

The bearer bonds currently available for subscription can be found on the internet at www.pc-direktinvest.eu.

Listings of PCC Group companies on the Warsaw Stock Exchange

Shares in surfactants producer PCC Exol SA, Brzeg Dolny (Poland), were successfully floated on the Warsaw Stock Exchange (GPW) in August 2012. Following the IPO of the transport company PCC Intermodal S.A., Gdynia (Poland), in 2009, this therefore became the second Polish Group company to be publicly listed. The purpose of the flotation of PCC Exol SA was to generate liquid funds to help finance current and future investment in the growth of this subsidiary, and thus of the overall PCC Group.

Wherever the opportunity arises, the PCC Group endeavours to strengthen the equity base of its operational companies through partial flotations of their stock. As in the case of PCC Exol SA, this also facilitates establishment of a market price.

PCC. Direkt invest

PCC SE bearer bonds as of December 31, 2013

ISIN	Fixed coupon p. a.	Start of tenor	End of tenor	Listing	Nominal value in €k as of Dec. 31, 2013
DE000A0WL5E5	7.25 %	Sept. 1, 2008	Apr. 1, 2014 [1]	Frankfurt	7,224
DE000A1PGS40	5.00 %	Oct. 1, 2012	Apr. 1, 2014 [1]	Frankfurt	9,906
DE000A1EKZN7	6.00 %	Jul. 1, 2010	Oct. 1, 2014	Frankfurt	34,968
DE000A1R1AM7	5.00 %	Feb. 1, 2013	Dec. 1, 2014	Frankfurt	9,048
DE000A1RE798	5.00 %	Apr. 1, 2013	Apr. 1, 2015	Frankfurt	14,999
DE000A1H3MS7	6.875 %	Apr. 1, 2011	Jul. 1, 2015	Frankfurt	26,665
DE000A1YCSX6	4.75 %	Dec. 1, 2013	Oct. 1, 2015	Frankfurt	4,677
DE000A1K0U02	7.25 %	Oct. 1, 2011	Dec. 1, 2015	Frankfurt	21,903
DE000A1PGNR8	7.25 %	Jun. 1, 2012	Jul. 1, 2016	Frankfurt	12,968
DE000A1EWB67	6.50 %	Oct. 1, 2010	2012 - 2016 [2]	–	4,054
DE000A1EWRT6	6.50 %	Feb. 15, 2011	2012 - 2016 [2]	–	807
DE000A1PGS32	7.25 %	Oct. 1, 2012	Dec. 1, 2016	Frankfurt	29,995
DE000A1R1AN5	7.25 %	Feb. 1, 2013	Oct. 1, 2017	Frankfurt	29,768
DE000A1TM979	7.00 %	Jul. 1, 2013	Apr. 1, 2018	Frankfurt	15,414
DE000A1YCSY4	7.00 %	Dec. 1, 2013	Oct. 1, 2018	Frankfurt	6,778

PCC SE profit participation certificate as of December 31, 2013

ISIN	Basic interest rate p. a.	Start of tenor	End of tenor	Listing	Nominal value in €k as of Dec. 31, 2013
DE000A0MZC31	8.75 %	Oct. 1, 2007	Unlimited [3]	Frankfurt	10,997

PCC SE bond redemptions 2013 [2]

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

PCC SE new bond issuances 2014 (as of April 30, 2014)

ISIN	Fixed coupon p. a.	Start of tenor	End of tenor	Listing	Nominal value in €k as of Apr. 30, 2014
DE000A11P9V6	4.75 %	Apr. 1, 2014	Apr. 1, 2016	Frankfurt	1,438

1 These two bonds were redeemed on maturity as of April 1, 2014.

2 The two redeemable bonds DE000A1EWB67 and DE000A1EWRT6 will be amortised 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 %.

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

The positive operational performance of PCC Exol SA, its viable strategy for the future and an encouraging outlook for the coming years resulted in the subsidiary's share price rising by around 25 % as of December 31, 2013, compared to the closing price at the end of 2012. As of close of trading on December 30, 2013, the share was quoted at PLN 4.99. This meant that the market capitalisation of this company amounted to around € 206 million. The share's year high was PLN 6.00. Overall, the share price of PCC Exol SA since the IPO has shown an increase of 386 % measured by the closing price on December 31, 2013. Due to a slowdown in business activity in the chemicals sector, the stock's price during the first quarter of 2014 underwent a slight decline in line with the sector trend, closing at PLN 4.14 as of March 31, 2014. In December 2013, PCC SE was able to place a further share package of 8.26 % with an international investment fund.

Following a decline in 2012, share price development in the case of PCC Intermodal S.A. during fiscal 2013 was once again satisfactory. The stock closed at PLN 1.73 as of December 31, 2013, representing an increase in value of 19.3 % year on year. The market capitalisation of this company as of December 31, 2013 amounted to around € 32 million. Reviving business prospects saw the upward trend continue in the first quarter of 2014. The closing price as of March 31, 2014 was PLN 2.02.

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

Investor relations at PCC SE – transparency and openness all part of the service

The current business and financial data of the PCC Group can be viewed and retrieved at any time at www.pcc.eu or www.pcc-financialdata.eu. The certified consolidated financial statements of the PCC Group, which we publish annually in our 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.

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

Each year, usually in early summer, PCC SE invites its investors to its traditional Investors' Day at the PCC Villa in Duisburg-Homberg, our Group HQ. At this event, we provide attendees with an opportunity to acquire first-hand information on the business performance, strategy and future investments of PCC. In recent years, 1,000 to 1,500 of our investors have regularly availed themselves of this chance to talk personally with the Group management of PCC SE headed by the Chairman of the Administrative Board, Waldemar Preussner, with the Managing Directors and with the product managers of the German affiliates. The 2013 Investors' Day also had a festive character as the occasion on which we celebrated, together with our investors, the 20th anniversary of the PCC Group.

Each year, some 1,000 to 1,500 investors attend the PCC Investors' Day in order to acquire first-hand information on the Group's business development and the progress being made in our investment projects.

20 years of PCC – milestones in our corporate history

PCC was founded in 1993. In the two intervening decades of its corporate story to date, the PCC Group has undergone a series of impressive developments, achieving numerous market successes along the way.

1993

Holding. Waldemar Preussner, sole shareholder and Chairman of the Administrative Board of today's PCC SE, establishes Petro Carbo Chem Rohstoffhandelsgesellschaft mbH (PCC GmbH) as an international trading house for petrochemical, carbon-based and natural gas-related commodities. The company's headquarters is, and has remained, Duisburg-Homberg, Germany. Part of the team right from the start is Ulrike Warnecke, now Managing Director. Dr. Alfred Pelzer, PCC's other Managing Director, joins the company in 1995.

PETRO CARBO CHEM GMBH

1994

Chemicals. PCC GmbH starts business on January 1. And in the first year, the commodity trading company generates sales of € 59.4 million.

1996

Holding. PCC revises its logo, giving it an identity that the Group is set to retain through the turn of the millennium and up to 2004.

PCC Petro Carbo Chem

1998
Move to the PCC Villa in the Duisburg district of Homberg.

2000
Participation in the Polish company Sped-Kol Blachownia which has a fleet of 700 tank wagons.

1997

Chemicals. PCC GmbH begins processing operations in Ukraine, converting crude benzene into pure benzene, with further refinement to produce adipic acid, used in the manufacture of polyurethanes and nylon for the shoe and tyre industries. This heralds the start of PCC's Chemicals business, currently (2013) the main revenue and earnings generator of the Group.

1998

Holding. Establishment of PCC AG through a carve-out from Petro Carbo Chem Rohstoffhandelsgesellschaft mbH. The company headquarters is the PCC Villa, likewise in the Duisburg district of Homberg.

Holding. PCC purchases the production plant Zakład Syntezy, known today as PCC Synteza S.A., located in the Polish town of Kędzierzyn-Koźle. This marks an important step in the development of PCC, with this site still being used today for the production of nonylphenol, a feedstock used e.g. for the manufacture of industrial cleaners and for inkjet printer cartridge charging, and dodecylphenol, an additive used in oil upgrading.

Energy. PCC GmbH commences electricity supply activities from countries in Central and Eastern Europe to Group companies in Germany. The supplies amount to 1.4 billion kilowatt-hours in the first trading year.

1999

Energy. PCC GmbH is licensed as a national gas supplier for all of Germany.

2000

Holding. PCC AG acquires around 45 % of the shares in the Polish company Sped-Kol Blachownia, which has a fleet of 700 tank wagons and also its own cleaning and repair facilities – giving birth to the Logistics division. In 2001, PCC increases its shareholding in this transport company to over 97 %.

Energy. PCC GmbH is licensed to trade on the Leipzig power exchange LPX (today EEX). In the ensuing years, it is also granted entry to the Austrian energy exchange EXAA in Graz, the French Powernext multi-trading facility in Paris and the Italian power exchange GME in Rome.

2002

Holding. PCC AG acquires 33 % of the shares in the Polish chemicals group Rokita SA whose production facilities are located some 40 kilometres north-west of Wrocław (Breslau). These are used in the manufacture of inorganic and organic compounds for the paper, detergent,

2002
PCC purchases its first stake in the chemicals group Rokita SA.
It has held 100 % of the shares in today's PCC Rokita SA since 2010.

textile, cosmetics and pharmaceuticals industries. In the following years, today's PCC Rokita SA develops into the strongest arm of the PCC Group.

2003

Energy. Hive-off of the energy supply business to create an independent company, GED mbH, later known as PCC Energie GmbH.

Holding. An increase in the shares held in PCC Rokita SA to 50.32 % brings the chemicals company into the scope of consolidation of the PCC Group for the first time.

Holding. Expansion of the Logistics division continues apace. PCC acquires a participating interest in the Polish logistics company KP Szczakowa S.A., later to become PCC Rail S.A., which at the time is already one of Poland's biggest non-state-owned railway companies with its own fleet of around 100 locomotives and 3,600 railway wagons.

2004

Holding. PCC revamps its logo and corporate identity and introduces it across the Group for the first time. The logo is reduced to three letters – "PCC" – and widely applied to reflect PCC's successful diversification into new business segments. The PCC logo is also now coloured with the dominant shade a fresh orange, representing the energy sector on which PCC bases its growth strategy.

PCC AG

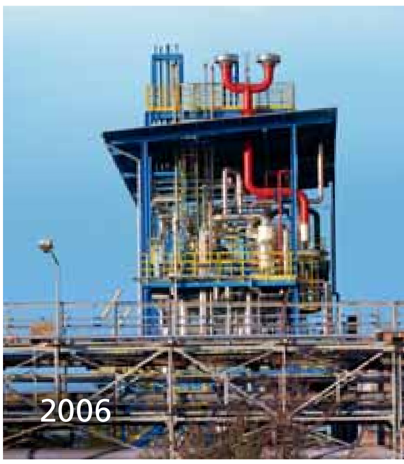
2005

Energy. PCC begins supplying electricity between South-East Europe and Germany. The company also participates in CO_2 emissions trading.

Holding. At the end of December, PCC acquires 100 % of the equity in Coaltran Sp. z o.o. (later to become PCC Rail Coaltran Sp. z o.o.). In purchasing this Warsaw railway company, PCC significantly expands its position as one of the biggest private railway operators in Poland.

2006

Holding. Through the newly established company PCC Chemax, Inc., domiciled in Piedmont (South Carolina, USA), PCC takes over the division CHEMAX Performance Solutions/Polymer Additives from Rütgers Organics Corporation. The company manufactures speciality chemicals for surface treatment applications.



2006
PCC heads overseas to take over the company known today as PCC Chemax, Inc.

2006
PCC Rokita SA commissions its third polyols production line.

Close cooperation with PCC Rokita SA gives rise to synergy effects in product development, raw materials supply, and product sales and distribution.

Chemicals. With the commissioning of its third polyols production line, PCC Rokita SA doubles its capacity to more than 60,000 metric tons per year. The polyether polyols manufactured by PCC Rokita are used for, among other things, the manufacture of polyurethane foams for the furniture and mattress industries. In Poland, PCC Rokita is the only producer of these polyols.

Chemicals. In October, PCC Rokita SA receives the "Lower Silesian Griffin" business award conferred by the Wrocław Chamber of Commerce and the employer association Polska Miedź. This marks the start of a series of accolades for the PCC Chemicals subsidiary, which also garners the "Solid Employer 2012" title and the "Pillar of the Polish Economy 2010" award. PCC Rokita SA is one of the biggest chemicals concerns in Poland and thus one of the most important employers in Lower Silesia.

Logistics. In view of very rapid business development in the railway transport sector, PCC reorganises its Logistics division. Ten logistics companies from Poland, Germany and the Czech Republic are placed under the management of PCC Rail S.A. to form the "PCC Logistics" subgroup.

2007

Holding. PCC AG is reformed as PCC SE, making it a joint stock company under European law (Societas Europaea). The conversion to an SE is intended to express the European identity of the PCC Group. Right from the start, PCC founder and sole shareholder Waldemar Preussner saw Europe as the "home market of PCC". Now this is to be reflected in the legal style of the Group. Becoming an SE enables PCC to efficiently coordinate cross-border business transactions and unify its Group structures.

pcc SE

2008

Holding. PCC Rail S.A. acquires a majority stake in the port company in Szczecin (Poland). PCC now holds 91.4 % of the shares in this company, which is renamed PCC Port Szczecin.

Holding. In December, PCC Rokita SA sells its 90 % stake in the subsidiary Rokita-Agro S.A., a manufacturer of plant protection products and pesticides, to an Israeli investor.

Chemicals. After a construction period of 15 months, PCC Rokita SA completes its

2006
PCC Rokita SA receives the "Lower Silesian Griffin" business award.

2008
PCC now counts among the largest private railway transport companies in Poland.


2006


2008

second sulphonation plant for the production of anionic surfactants. The facility's capacity is 30,000 metric tons per year, thus quadrupling the company's surfactant production volume from 10,000 to 40,000 mt/y. A pipe system connects the new plant to the existing facility to enable optimum capacity utilisation. Application of the latest technologies ensures high productivity and thus a good position on the European market. Today, the Surfactants segment belongs to PCC Exol SA, Poland's only surfactants producer.

Energy. PCC commissions its modern cogeneration power plant known as EC-3 on the site of PCC Rokita SA. The new CHP facility (combined heat and power) significantly reduces the emissions of climate-changing gases, dust, sulphur dioxide and nitrogen compounds, including a cut in CO_2 emissions of up to 40,000 metric tons per year.

2009

Holding. PCC SE sells off its Polish railway activities, the "PCC Logistics" subgroup, to Deutsche Bahn AG. This divestment constitutes PCC's biggest success to date in following its proactive investment portfolio management policy. Not included in the sale is PCC SE's majority holding in PCC Intermodal S.A., a company active in the dynamically growing Polish market for container transportation and destined to be further expanded in the coming years.

Holding. The first stock market flotation of a PCC Group company takes place with the IPO of PCC Intermodal S.A., Gdynia, Poland, on the Warsaw Stock Exchange.

Holding. PCC SE purchases a majority stake in a Polish quartzite quarry. Among other things, quartzite is used in the manufacture of silicon metal employed in the chemicals industry (for the manufacture of silicone and siloxane) and also in aluminium production.

Energy. With the commissioning of the first hydropower plant in Bosnia-Herzegovina, the PCC Group commences its activities in the generation of renewable energy. With a capacity of 1.2 MW, the Mujada power plant reduces CO_2 emissions in the country by 7,200 metric tons per year. Our power plant projects are planned and managed by PCC DEG Renewables GmbH, Duisburg, a joint venture between PCC SE and the KfW subsidiary DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne.

2010

Holding. Following share purchases and stock increases in 2002 and 2003, PCC SE takes over PCC Rokita SA as a wholly owned subsidiary.

2008
PCC Rokita SA commissions its advanced sulphonation plant 2, which now belongs to PCC Exol SA.

2009
PCC purchases a quartzite quarry in Poland, destined to supply the raw material for our Iceland project.

Holding. PCC SE acquires 100 % of the shares in PRODEX-SYSTEM Sp. z o.o. (today: PCC Prodex Sp. z o.o.), Warsaw, a polyurethane system house specialising in foam systems for thermal and sound insulation. Synergies are generated, in particular, with the Polyols business subunit of PCC Rokita SA.

Chemicals. PCC Rokita SA commissions its new production plant for the manufacture of speciality polyols – brand name Rokopol iPol® – which are used in the production of highly resilient and durably flexible cold-foam materials.

Chemicals. With the commissioning of new membrane electrolysis plant 1, PCC Rokita SA begins the process of upgrading its chlorine production facilities. The complete switchover of the chlor-alkali electrolysis process to this environmentally friendly technology is scheduled for completion in 2015.

2011

Holding. PCC sells its German electricity and gas sales operation to a Spanish investor. This transaction completes the realignment of PCC SE's Energy division, with the original energy trading business being entirely replaced by PCC's focus on the development and operation of its own power plants, particularly in Eastern and South-East Europe.

Holding. PCC SE establishes the holding company PCC Consumer Products S.A., Warsaw, in order to develop a Group segment to accommodate businesses that manufacture products both for the company's own retail brands and for the private labels of other companies.

Chemicals. PCC Exol SA, Brzeg Dolny, commissions its second ethoxylation plant in Płock, some 100 kilometres north-west of Warsaw. The facility has an annual production capacity of 30,000 metric tons of non-ionic surfactants (surface-active substances). Together with the plant already in operation on the PCC Rokita SA site, the annual capacity for the manufacture of these surfactants is thus doubled to a total of 60,000 metric tons.

Chemicals. PCC Rokita SA sees its foam technology iPoltec® (Intelligent Polyurethane Technology) generate success in the marketplace. By the end of 2011, 1 million mattress cores have already been manufactured with this innovative technology.

ipoltec® by PCC

Chemicals. PCC Consumer Products S.A. acquires 85 % of the shares in the Polish company Fabryka Zapałek "Czechowice" S.A. With an annual capacity of 600 million matchboxes, the company has been successfully

2010
PCC Rokita SA commissions its membrane electrolysis plant 1, with plant 2 due to follow in 2015.

2011
Inauguration of the new ethoxylation plant 2 of PCC Exol SA in Płock.

producing standard and speciality matches for decades. Together with PCC Consumer Products Kosmet Sp. z o.o., the entity subsequently becomes part of the new Consumer Products segment.

Logistics. PCC Intermodal S.A. commissions its Kutno container terminal, thus bringing into service the first modern logistics and handling centre to be located in Central Poland. Its handling capacity is 100,000 TEU (twenty-foot equivalent, unit of measurement for 20-foot ISO containers), a figure due to be doubled by 2015.

Projects. PCC SE commences planning work for the construction of a modern production plant for silicon metal in Iceland. Commissioning is envisaged in 2017/2018, with annual capacity set at 32,000 metric tons. The objective is to use a portion of the quartzite mined by PCC in Poland as an input material in Iceland.

2012

Holding. The Polish subsidiary PCC Exol SA is listed on the Warsaw Stock Exchange. The share price has risen significantly since this IPO.

Chemicals. PCC Rokita SA commissions its fourth polyols production line – capacity 30,000 metric tons per year – adding further impetus to the development of the Polyols segment. The capacity of all four facilities together amounts to 100,000 metric tons per year.

Logistics. PCC Intermodal S.A. becomes operator of the "KV-Terminal" in Frankfurt (Oder), a handling terminal for combined road and rail transport. In order to enhance operational transparency of the German side of the business, a separate company – PCC Intermodal GmbH, Duisburg – is established for the activities here.

Projects. PCC SE and the Russian company JSC Shchekinoazot lay the foundation for a joint venture, OOO DME Aerosol, in a project aligned to the manufacture of high-purity dimethyl ether (DME) in Russia. DME is used predominantly in the cosmetics industry as a propellant in, for example, hairsprays, and for the manufacture of structural polyurethane foam.

Projects. PCC SE aims to optimise its raw material supplies, starting with the establishment of PCC Organic Oils Ghana Ltd., its first African project. The long-term objective is to secure the sustainable supply of raw materials for the Group-owned surfactant production facilities in Poland.

2013

Holding. The rapidly growing "PCC Consumer Products" subgroup is further expanded

2011
Commissioning of the advanced combined transport terminal of PCC Intermodal S.A. in Kutno.

2011
PCC Rokita SA commences speciality polyol production.

through the addition of further affiliates and start-ups. The subgroup now has production and sales locations in Poland and Belarus, with a trading company in Russia.

Chemicals. PCC Exol SA is nominated for the "European Small and Mid-Cap Awards" in the "Most Innovative Newcomer" category. The Polish subsidiary, of which the shares were successfully floated on the Warsaw Stock Exchange in 2012, qualifies for the competition final.

Logistics. PCC Intermodal S.A. starts work on expanding its combined transport terminals in Kutno and Brzeg Dolny. The terminal at Kutno is to have its handling capacity doubled from 100,000 TEU to 200,000 TEU per year through expansion of the container storage areas, the provision of two further rail spurs, and the purchase of two gantry cranes. The expansion project is expected to be completed by the first quarter of 2015.

Energy. PCC's Macedonian project company, PCC HYDRO DOOEL Skopje, completes the small hydropower plant in Gradečka, around 90 kilometres east of the country's capital, Skopje. In addition to the Gradečka facility, PCC is developing four further small hydropower plants in Macedonia, of which three are to be connected to the grid in 2014. With an output of around 4.1 MW, these hydroelectric power plants avoid emissions amounting to around 15,000 metric tons of CO_2 per year.

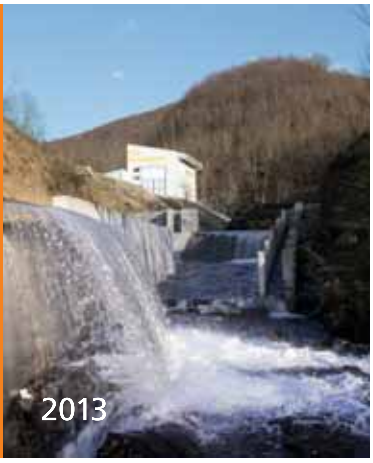
Energy. The UN climate protection authority UNFCCC officially registers the first four small hydropower plants built by PCC in Macedonia as climate-protection projects compliant with the requirements of the Kyoto Protocol.

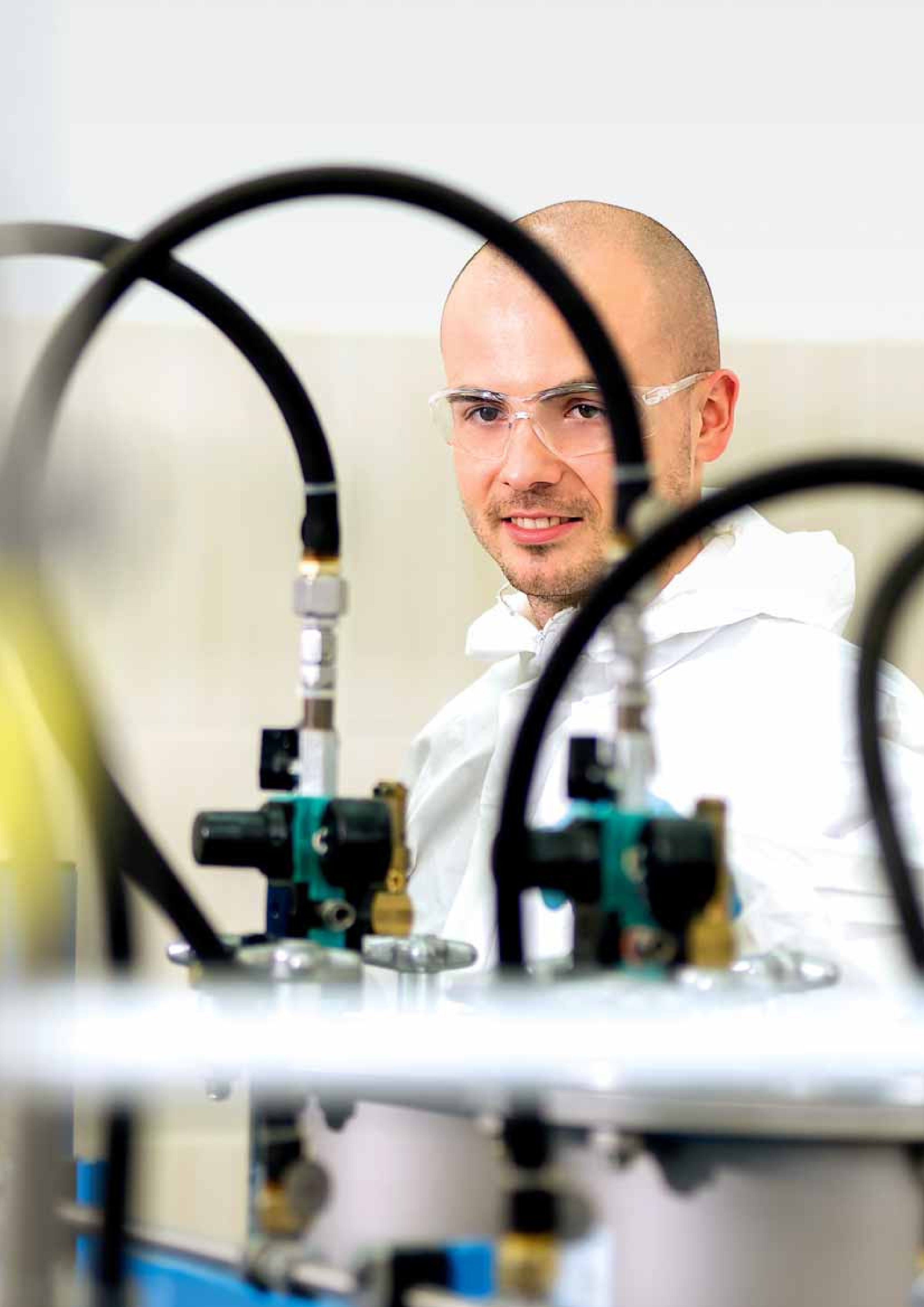
Projects. Preparations for the construction of a plant for the manufacture of high-purity monochloroacetic acid (MCAA) start on the factory site of PCC Rokita SA in Brzeg Dolny; planned capacity: 42,000 metric tons per year. The project is currently at the transitional stage between detail engineering and construction. The civil engineering works have been largely completed and building work has started, with the structural steel framework and the pipe bridges now being installed. The main tendering processes for selecting the suppliers of machinery and process equipment have also been concluded. The provisional date for commissioning the plant is mid 2015.

Holding. PCC SE sells 24.5 million of its shares (8.26 % of the voting rights) in the surfactant manufacturer PCC Exol SA to an international investment fund. Following this transaction, PCC SE still holds 88.12 % of the voting rights, and thus significant majority control over this affiliate. The sale proceeds per share amount to 2.3 times the book value. This transaction constitutes a purposeful continuation of the strategy adopted by PCC SE to create value and then to realise that value as opportunities arise.

2013
PCC commissions its second small hydropower plant in Macedonia.

2013
Construction of a facility for the manufacture of high-purity monochloroacetic acid (MCAA) in Brzeg Dolny.





Philosophy and strategy

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 essential 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 where we feel we understand the business and the associated risks. We also hive off activities where the opportunities for this appear lucrative, and discontinue businesses where the long-term return expectations are poor – and where we can utilise the associated resources more efficiently elsewhere.

PCC continuously updates and modernises its production facilities (in the photo: storage tanks of PCC Rokita SA).

Storage tanks of sulphonation plant 2 at PCC Exol SA in Brzeg Dolny.

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.

Guiding principles

Corporate mission

As a value-led 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 for 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 we encounter. 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.

PCC has around 2,800 committed employees providing the basis for the Group's success.

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 employee meetings, management systematically identifies the strengths of our high-performers and plans their individual careers within the corporation.

In regular dialogues, we 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 quickly rebalance the situation.

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.

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 stakeholders 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 stakeholders.

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, along with 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 conformity 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.
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. As part of 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. Decisions are made on this basis pertaining to possible optimisation activities. The risk assessment exercise is performed annually 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 cause 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 careful consideration to information or complaints from all stakeholders, particularly local residents.

The laboratories of the PCC Chemicals division serve both ongoing product development for new applications and the quality assurance of our existing product portfolio.

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.

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 and ISO 14001.

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 tenets of the Responsible Care® initiative.

Odpowiedzialność i Troska®
Responsible Care

ISO 9001:2008 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 expanding economies of Eastern and South-East Europe.

Conversely, PCC is also willing and able to sell off operations and affiliates 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 affiliates where these are unable to offer satisfactory returns or fail to exhibit attractive development potential.

Divisions

Chemicals					Energy	Logistics	Holding

Operating segments

Polyols	Surfactants	Chlorine	Speciality Chemicals	Consumer Products	Energy	Logistics	Holding

Business units

Polyols	Surfactants	Chlorine	Speciality Chemicals	Consumer Products	Energy	Logistics	Holding
▪ Polyols ▪ Polyurethane Systems	▪ Anionic Surfactants ▪ Non-ionic Surfactants ▪ Betaines	▪ Chlorine ▪ MCAA ▪ Other Chlorine Downstream Products	▪ Phosphorus & Naphthalene Derivatives ▪ Alkylphenols ▪ Chemicals & Commodities Trading ▪ Quartzite	▪ Household & Industrial Cleaners, Detergents and Personal Care Products ▪ Matches & Firelighters	▪ Renewable Energies ▪ Conventional Energies	▪ Intermodal Transport ▪ Road Haulage ▪ Rail Transport	▪ Investment Management ▪ Projects ▪ Services

Polyols production line 4 at PCC Rokita SA – the total capacity of all four facilities amounts to 100,000 metric tons per year.

Strategy of the Group divisions and segments

The Chemicals division with its segments Polyols, Surfactants, Chlorine, Speciality Chemicals and Consumer Products

The strategy for our chemical production sites – led by the Polish chemicals concern PCC Rokita SA – is geared towards stabilising and expanding our, in some cases, market-leading positions in Central Europe. In pursuing this strategy, we focus on selected product categories of the segments Polyols, Surfactants, Chlorine and Speciality Chemicals, including, in the case of the latter, flame retardants in particular. Investment in our existing sites takes priority. The modernisation of facilities already in production in order to improve their environmental and efficiency standards and thus make them fit for the future is of equally high importance as expansion through the construction of new, centralised production facilities.

In order to further expand our value chain in the Chlorine segment, we are currently constructing a plant in Brzeg Dolny for the manufacture of monochloroacetic acid (MCAA), for which the chlorine we produce ourselves is to be used as a feedstock. A complete technology switch of our chlorine production system to the environmentally compatible membrane process will be completed by 2015.

The original core business of PCC, namely trading with petroleum- and carbon-based commodities, has been allocated as of the start of 2013 to the Speciality Chemicals segment. One of the core tasks of this raw materials trading business is to support our production companies. Specifically, our aim is to both strengthen the sales activities of our chemicals sites directed towards the Western European markets, and expand trading volumes in the commodities of particular importance for our manufacturing facilities so as to generate cost digression benefits.

The consumer goods business of PCC under the "PCC Consumer Products" subgroup is destined to be further expanded in the coming years. Future growth in this subgroup will be driven not only through the further development of the existing product portfolio but also through acquisition of additional companies and access to 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 our Energy division, we concentrate on power plant construction, with a specific focus on the development, planning, implementation and also the selling-on of projects in the renewable energies field. The operating business of this segment is assigned to PCC DEG Renewables GmbH, Duisburg, a joint venture with the KfW subsidiary DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH. PCC DEG Renewables GmbH develops power-generating facilities in South-East Europe on the basis of renewable energy sources – primarily hydropower. The first such PCC climate-protection project was completed in February 2009 when, as a pilot undertaking, the Mujada small hydropower plant in Central Bosnia was connected to the grid. Since that time, a further two hydroelectric power plants have gone into service in Macedonia, with a fourth soon to be completed. 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.

Logistics division

Among our special areas of growth in the Logistics division are expansion in container transport and the development of a corresponding infrastructure comprised of container handling terminals in Poland. We successfully commissioned the first combined transport terminal 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 Frankfurt (Oder) we have taken over long-term responsibility for

Investments in the future: PCC's small hydropower plant Mujada in Central Bosnia; and our container terminal in Kutno, Poland.

an existing combined transport terminal in order to expand our service network within this segment. We are currently completing the expansion of the terminal in Kutno and building a new terminal at the site of PCC Rokita SA in Brzeg Dolny. We also plan to construct a further terminal near Gdynia in the coming years.

PCC is also active on the Russian transport market via its affiliate ZAO PCC Rail, Moscow, and is closely monitoring ongoing developments in market liberalisation.

Holding division

Pooled within the Holding division, which is managed by PCC SE as our holding company, are a number of entities including the IT business unit, our research and development activities, and also projects that are still in the start-up phase. One such is the silicon metal project in Iceland. A part of the quartzite mined from our quarry in Poland is eventually to be used long-term as a raw material for the production of silicon metal. To this end, PCC is resolutely pursuing plans for the establishment of a corresponding manufacturing facility in Iceland. Numerous contracts essential to the establishment of the plant have now been concluded, subject to financing approval by KfW IPEX-Bank, underwritten by the German federal government through the Euler Hermes credit insurance scheme. These include a contract with SMS Siemag AG, Düsseldorf (Germany), for the turnkey construction of the plant. Also in place are power supply agreements with the Icelandic utility Landsvirkjun, coal supply contracts, and purchase contracts for the silicon metal produced.

In a further project under the management of the Holding segment, we are planning, through a joint venture, to construct a plant for the production of dimethyl ether (DME), which is predominantly used as an odourless and environmentally compatible aerosol propellant.

Our silicon metal project in Iceland (shown here in the form of a computer image) will be subject to strict environmental regulations.

Group segments

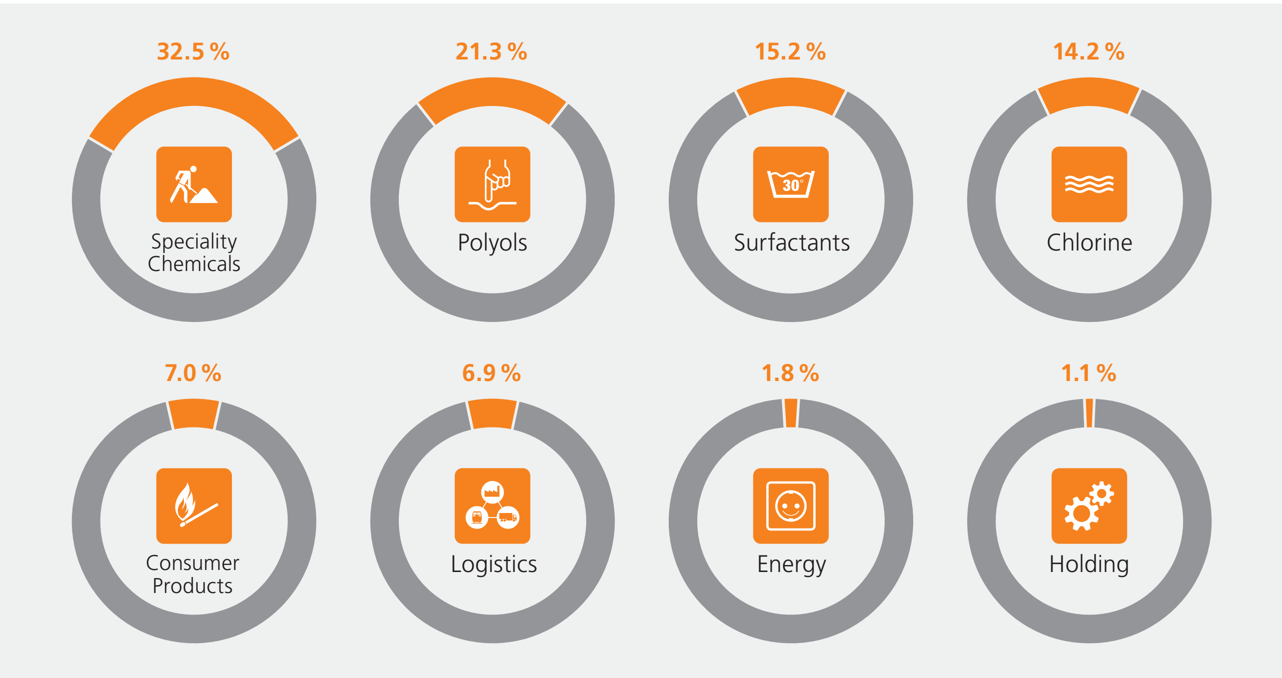
PCC Group segments

To provide an easier and more comprehensive insight into our fields of activity, as of January 1, 2013 we refined our previous sector-based structure comprised of the Chemicals, Energy and Logistics divisions, introducing further subdivisions with the segments Polyols, Surfactants, Chlorine, Speciality Chemicals, Consumer Products, Energy, Logistics, and Holding.

The lion's share of the €624.3 million total consolidated sales realised in fiscal 2013 was again generated by the Chemicals division. Its contribution of 90.2 % breaks down between its five constituent segments as follows: Polyols 21.3 %, Surfactants 15.2 %, Chlorine 14.2 %, Speciality Chemicals 32.5 %, and Consumer Products 7.0 %. The Energy segment contributed 1.8 % and the Logistics segment 6.9 %, with the Holding segment also adding 1.1 % to the Group sales total. The most significant regional sales markets of the PCC Group remain Germany and Poland. Due to the strong PCC presence both in the chemicals industry and in the logistics services sector of Poland, that also remains the most important national market of the PCC Group.

PCC has been manufacturing basic and speciality chemicals for over a decade now. The PCC Group is a market leader not only in Poland but also parts of Central and Eastern Europe in the case of certain segments such as Polyols, Chlorine, Surfactants and selected Speciality

2013 sales by segment in % (100 % = €624.3 million)



State-of-the-art container cranes, known as reach-stackers, at PCC Intermodal S.A.; and recently installed PCC chemical facilities.

Chemicals activities. Our main production site is located in the Lower Silesia region of Poland's south-west. The chemicals plant in Brzeg Dolny, around 40 kilometres north-west of Wrocław (Breslau), is one of the biggest facilities of its kind in the country. Here, the "PCC Rokita" subgroup, led by PCC Rokita SA, primarily manufactures polyether polyols, the basis of polyurethane foams for products such as cold-foam mattresses, living room furniture and car seats. PCC Rokita SA is Poland's only producer of these speciality polyols.

The PCC Rokita SA portfolio also includes chlorine and chlorine downstream products, together with the phosphorus and naphthalene derivatives allocated to our Speciality Chemicals segment.

PCC is likewise the only producer in Poland working in the field of surfactants. These surface-active substances employed e.g. in surface cleaning and laundry detergents are manufactured in a total of four facilities at the production sites of PCC Exol SA in Brzeg Dolny and Płock. The Surfactants segment further encompasses the development and marketing of speciality surfactants manufactured by PCC Chemax, Inc. of Piedmont in the US state of South Carolina.

In Kędzierzyn-Koźle near Gliwice, PCC Synteza S.A. manufactures the alkylphenol products nonylphenol and dodecylphenol, which are also allocated to our Speciality Chemicals segment. It is likewise under this segment that we manage our Chemicals & Commodities Trading business unit and the quartzite quarry of our Quartzite business unit in Zagórze (Poland).

Within the Consumer Products segment, managed by PCC Consumer Products S.A., the company PCC Consumer Products Kosmet Sp. z o.o. (formerly Kosmet-Rokita Sp. z o.o.) in Brzeg Dolny manufactures household and industrial cleaners, laundry detergents and personal care products. The segment also has sales and production companies elsewhere in Poland and in Belarus, together with a trading company in Russia. In the Polish town of Czechowice-Dziedzice, the matches factory Fabryka Zapałek "Czechowice" S.A. manufactures both standard matches and speciality products aligned to customer specifications.

In our Energy segment, responsible for ensuring our own power supply to our chemicals factories from conventional generating facilities, the focus is turning towards the project engineering and operation of electricity-generating plant based on renewable energy sources, particularly in South-East Europe.

The Logistics segment is dominated by PCC Intermodal S.A. domiciled in Gdynia in the Bay of Gdańsk (in Polish: Zatoka Gdańska). As a provider of road and rail container transport services, PCC Intermodal S.A. offers an extensive network of regular transport links between the sea ports of Rotterdam, Hamburg and Gdańsk, maintaining an important axis between the national economies of the Netherlands, Germany and Poland.

On the following pages, we provide you with an overview of the many and varied products and services available from our primary segments, and the extensive spectrum of different industries in which they are used.

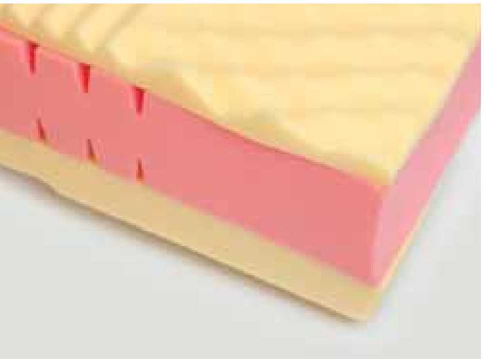
Polyols

fast-growing, flexible, resilient

PCC Rokita SA is Eastern Europe's most important – and Poland's only – producer of polyether polyols used in the manufacture of polyurethane foams, a segment with rapidly growing sales markets. Our polyether polyols are equally important as a basis for soft foams as they are for rigid foams and foams for CASE applications (coatings, adhesives, sealants, elastomers). These foams are used in the mattress, furniture and automotive industry, together with numerous other sectors.

The Polyols segment of PCC has grown significantly in recent years, with sales increasing to € 132.8 million in fiscal 2013. There are many applications for which our polyols are suitable, and we are expanding our capacities accordingly. Polyols are chemical compounds containing multiple hydroxy groups that react e.g. with isocyanates to produce polyurethanes, also referred to in abbreviated form as PU and PUR. Today, PCC Rokita SA boasts four polyol production lines offering a total capacity of 100,000 metric tons per year. Our polyols, marketed under the trademark Rokopol®, provide the basis for a fascinating array of applications, with our speciality foam technology iPoltec® ensuring outstanding end product quality. In the polyol Rokopol® vTec, we manufacture a major feedstock for the production of high-quality viscoelastic memory foams that offer above-average sitting and lying comfort.

ipoltec® by PCC



Our iPoltec® technology is widely utilised in the manufacture of comfortable cold-foam materials.

Our Rokopol iPol® polyols go into the production of cold-foam mattresses and foam materials used in armchairs and other upholstered furniture wherever exceptional rebound elasticity properties are required. Automotive seats are likewise manufactured from polyurethane foams of which the main components are polyols. And what do you think the flexible foams used for dashboards and instrument panels are produced from? Correct: our polyols. But that is far from the whole story. Other products manufactured on the basis of our polyether polyols provide the thermal insulation used in refrigeration vehicles. Assembly foams are likewise manufactured from polyols – and to ensure the high level of safety required in these products, we also provide them with flame retardants from the Phosphorus Derivatives business unit of our Speciality Chemicals segment. As a further example of how, on a day-to-day basis, you might enjoy the flexibility of products manufactured with our feedstocks, just remember that, when you get on a bicycle, you may well come into contact with a saddle made of foam that – again – is produced with our polyols. Our chemicals production ensures the highest level of comfort, irrespective of whether you are a leisure or a sports cyclist. 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 also in the adhesives supplied to ensure their durable installation.

Polyols segment	**2013**	2012
Segment sales	**€ 132.8 m**	€ 125.7 m
EBITDA (at segment level)	**€ 4.0 m**	€ 9.3 m
Number of employees (annual average)	**135**	124

Surfactants

foaming, wetting, cleaning

The Polish company PCC Exol SA is one of the most advanced producers of surfactants (surface-active substances) in Central and Eastern Europe. The unique selling proposition offered by PCC Exol SA lies in the vertical integration of the upstream and downstream production stages. This advantage is to be further extended going forward in order to achieve relative immunity to purchase price fluctuations in the relevant submarkets.

PCC is Poland's only producer in the surfactants segment. It also boasts a strong market position in Central and Eastern Europe. We currently manufacture surfactants in two ethoxylation plants and two sulphonation facilities at our Polish chemicals production sites, in Brzeg Dolny and Płock respectively. The total capacity of these operations amounts to 60,000 metric tons of non-ionic surfactants (ethoxylates) and 40,000 metric tons of anionic surfactants (sulphonates) per year. In Piedmont, in the US state of South Carolina, PCC Chemax, Inc. also develops speciality surfactants for industrial applications, which are marketed on a global scale.

PCC Exol SA alone offers over 200 feedstocks for the manufacture of cleaning agents, laundry detergents and personal care products, and also for industrial applications. Surfactants are multifunctional substances offering a wide range of effects: they create soap bubbles, giving rise to foam and lather, and they also ensure that water can penetrate fabric structures instead of remaining on the surface. Surfactants are likewise used to enable mutually repelling liquids (such as water and oil) to be mixed as emulsions. And they facilitate the removal of soil and stains. Foaming, wetting,

Ethoxylation plant 2 of PCC Exol SA: The surfactants produced here create the cleaning power in detergents. Photo right: Private-label products from the "PCC Consumer Products" subgroup.

emulsifying, cleaning – offering this range of functions, surfactants are found in a wide range of different end products. They are a major component of toothpaste, being largely responsible for its foaming and thus its cleaning effect.

The anionic and non-ionic surfactants incorporated in dishwashing products ensure that dirt and grease can be readily removed from the surfaces of pots, pans, dishes, crockery and cutlery alike. Especially tested and researched, surfactants are even used in the production of medicines and ointments. Laundry detergents likewise have combinations of anionic and non-ionic surfactants to thank for both their cleaning power and their skin compatibility. Amphoteric surfactants known as betaines are used in personal care products such as hair shampoos in order to optimise the skin compatibility of anionic surfactants, the ingredients primarily responsible for the cleaning effect of the products. The surfactants contained in creams, lotions and certain cosmetics serve in the first instance as emulsifiers. They combine fatty components with water to form a homogeneous emulsion that has a positive effect on the skin. Water-repelling fabrics can be manufactured through the use of surfactants during a special impregnation 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.

Surfactants segment	**2013**	2012
Segment sales	**€ 95.2 m**	€ 105.9 m
EBITDA (at segment level)	**€ 8.0 m**	€ 9.1 m
Number of employees (annual average)	**234**	252

Chlorine

disinfecting and antibacterial

Our Chlorine segment is also profitable and serves a wide sales market – which is hardly surprising, given that chlorine counts among the most important feedstocks used in the chemicals industry. Because of its disinfecting effect, it is also extensively utilised in water treatment facilities.

PCC Rokita SA is Poland's biggest supplier of chlorine, both as a basic chemical and for water treatment applications. We are, moreover, active well beyond the borders of our "home market". We generate around 40 % of our sales in Poland, with the remainder being realised in the rest of Europe, primarily the Czech Republic, Slovakia and Germany. Our customers come from a broad range of segments. They include both industrial businesses – active, for example, in the fields of metallurgy, petrochemicals, water resource management and food and beverage production – and commercial users such as swimming pools and sports centres. We are also working on the development of new applications for chlorine products, such as the extraction of shale gas.

Today, this business subunit of PCC Rokita SA manufactures not only chlorine but also chlorine downstream products. Environmentally friendly and energy-saving membrane technology is now available in the form of membrane electrolysis plant 1, commissioned in 2010. Membrane electrolysis plant 2 is due for commissioning in 2015, marking the complete switchover of our production to this modern technology.

Chlorine is used for water treatment and is indispensable in swimming pools as a means of protecting against germs.

Chlorine is an essential part of our everyday life. It is indispensable, for example, in swimming pools in order to effectively protect bathers from germs. In such applications, water previously cleaned of dirt particles is disinfected with chlorine and then kept sanitised on the basis of an additional repository effect. The Chlorine production unit of PCC Rokita SA also manufactures chlorobenzene, hydrochloric acid, sodium hypochlorite, solid sodium hydroxide and caustic soda liquid (the aqueous solution of sodium hydroxide). Hydrochloric acid is used, for example, in the food industry for the production of sugar. Caustic soda serves as a degreasing agent in metallurgy and also as a rinsing aid for bottles and apparatus in the food and beverage industry. Sodium hypochlorite is an antiseptic used to boost the antibacterial properties of disinfectants. Chlorine is also employed within PCC Rokita SA, both for the manufacture of propylene oxide (PO) used in polyol production, and in the Phosphorus and Naphthalene Derivatives business units of our Speciality Chemicals segment. There, chlorine is employed in the production of phosphorus trichloride and phosphorus oxychloride.

Chlorine segment	**2013**	2012
Segment sales	**€ 88.5 m**	€ 71.3 m
EBITDA (at segment level)	**€ 16.3 m**	€ 18.3 m
Number of employees (annual average)	**241**	242

Speciality Chemicals

flame-retarding, plasticising, stabilising

The Speciality Chemicals segment not only rounds off our portfolio of chemical products, it also provides us with a wider circle of customers. PCC Rokita SA is the biggest manufacturer of phosphorus-based flame retardants for polyurethane foams in Eastern Europe, and is also a supplier to Central and Eastern Europe of naphthalene derivatives for building chemical applications.

Our naphthalene derivatives are used in the construction industry. There, in the form of concrete additives known as superplasticisers, they improve the flowability of fresh concrete while also helping to significantly reduce the water requirement, thus substantially lowering ready-mix concrete transport costs. Additionally, the strength of the cured concrete is increased.

The use of such superplasticisers also saves water and energy in the production of plasterboard panels for internal lining applications.

A further business unit of our Speciality Chemicals segment is that of Phosphorus Derivatives. 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, as well as flame retardants and stabilisers. The conveyor belts used in mining, for example, contain phosphorus-based plasticisers and flame-retarding substances. Flooring products are also given the flexibility they need by our plasticisers.

Our nonylphenol is used, among other things, in the charging of ink jet cartridges. Naphthalene derivatives, on the other hand, improve the processing properties of fresh concrete.

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.

Also allocated to the Speciality Chemicals segment is the company PCC Silicium S.A. in Zagórze with its quartzite quarry and the associated processing plant. The quartzite mined is predominantly used as backfill material for the construction of roads and railway tracks. Some goes to the ferrosilicon industry, and we are also progressing plans to use a portion for our silicon metal project in Iceland. The quality of quartzite required for this latter application was confirmed to us in 2013 by a so-called JORC certificate.

Likewise integrated within the Speciality Chemicals segment is our carbon- and petroleum-based commodities trading business with which PCC has successfully positioned itself in the market over the last two decades. These commodity trading activities also support our group companies in the purchase and marketing of chemical products.

Speciality Chemicals segment	**2013**	2012
Segment sales	**€ 203.1 m**	€ 249.1 m
EBITDA (at segment level)	**€ 1.7 m**	€ 5.8 m
Number of employees (annual average)	**374**	338

Consumer Products

deeply penetrating, caring, igniting

An important growth segment of the PCC Group is that served by PCC Consumer Products S.A. Active in the FMCG sector, this PCC subsidiary manufactures household and industrial cleaners, laundry detergents and personal care products. The Consumer Products segment also encompasses the matches factory Fabryka Zapałek "Czechowice" S.A. of Czechowice-Dziedzice in the Lower Silesia region of Poland.

Around 80 % of this segment's revenues are currently attributable to cleaning products, laundry detergents and personal care products, with the remaining approx. 20 % coming from the sale of matches. There are plans in the pipeline to expand the product portfolio.

With the private-label manufacturer PCC Consumer Products Kosmet Sp. z o.o. (formerly Kosmet-Rokita) in Brzeg Dolny, the "PCC Consumer Products" subgroup boasts one of the leading Polish producers of private-label articles in the household cleaner, detergent and personal care sectors. The company's portfolio also includes a range of own brands such as "Brilless professional", "SavAnti", "Quevlo" and "Shimm"; it also manufactures industrial cleaners for professional applications. PCC Consumer Products Kosmet Sp. z o.o., which we carved out of the "PCC Rokita" subgroup and allocated to the "PCC Consumer Products" subgroup in 2011, is continuing the process of successful expansion initiated some years ago. While its

Some consumer products that we produce, such as matches and firelighters, laundry and cleaning detergents, and especially dishwashing products.

sales markets remain in Central and Eastern Europe, there are plans to extend distribution to the German-speaking countries, with the focus on the retail grocery trade, discounters and drug store chains.

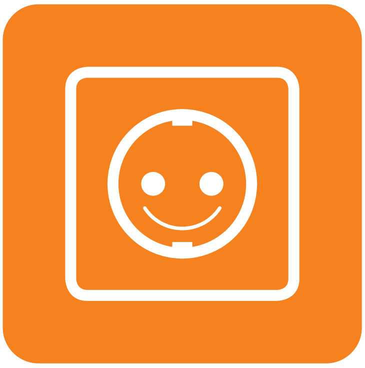
The portfolio of our Silesian matches factory, Fabryka Zapałek "Czechowice" S.A., a further member of the Consumer Products segment, includes not only classic safety matches but also barbecue lighters and firelighters. Products can be individually designed in accordance with customer requirements, ranging 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.

Consumer Products segment	**2013**	2012
Segment sales	**€ 43.6 m**	€ 35.9 m
EBITDA (at segment level)	**€ 1.3 m**	€ 1.9 m
Number of employees (annual average)	**593**	490

Energy

power-generating, sustainable, renewable

In the Energy segment (also our Energy division), we concentrate primarily on the development of power plant projects, focusing in particular on the opportunities arising from the promising future market of renewable energies.



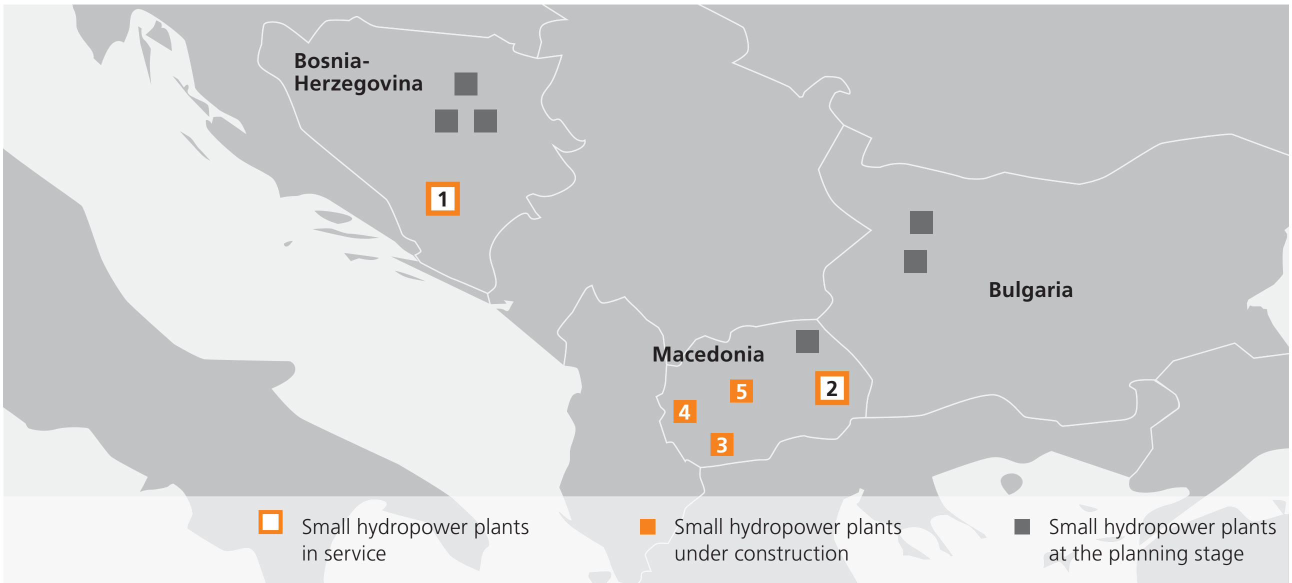
While consistently pursuing the ongoing improvement of energy supplies to Group-owned chemical facilities and affiliates, our efforts are also geared to both identifying greenfield projects for our own development, and acquiring existing projects at various stages of completion with a view to creating new value through investment in construction and operation.

The main revenue generator of the Energy segment is PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle (Poland), which operates in the field of power generation and heat supply. Together with the Energy business subunit of PCC Rokita SA, whose CHP plant (combined heat and power) provides the Brzeg Dolny site, among other recipients, with electricity, this forms the core of our Conventional Energies business unit. The product portfolio of the Renewable Energies business unit currently encompasses both wind and small hydropower plant projects. These are managed in a joint venture with DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, a member of the KfW Group. There are several power plant projects currently in the multi-year planning, development and construction phase in South-East Europe. We have made particularly good progress in Macedonia where construction work began in 2013 on planned small hydropower plants at a total of four sites. One power plant was connected to the grid in 2013 and the others are scheduled for commissioning in the course of 2014. A fifth power plant is at the planning stage, as is participation in tendering processes for further sites. Prior to this, we had already commissioned two power plants: the advanced CHP plant, known as EC-3, in Brzeg Dolny in 2008, and the Mujada small hydropower plant in Donji Vakuf in Central Bosnia in 2009.

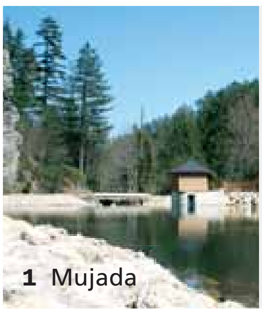
Energy segment	**2013**	2012
Segment sales	**€ 11.6 m**	€ 13.8 m
EBITDA (at segment level)	**€ 4.3 m**	€ 3.7 m
Number of employees (annual average)	**185**	205

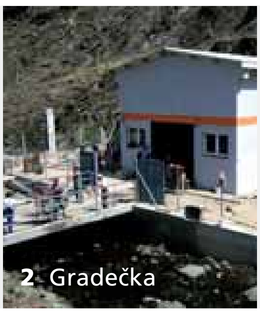
The dual-nozzle Pelton turbine of the Gradečka small hydropower plant, which has been connected to the grid since August 2013.

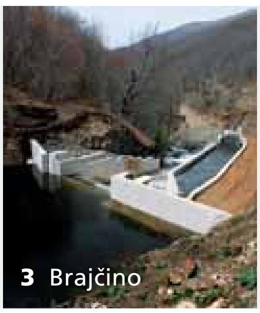
Hydropower plant sites in South-East Europe



PCC small hydropower plants in operation/under construction


1 Mujada


2 Gradečka


3 Brajčino


4 Galičnik


5 Patiška

Logistics

intermodal, combined, specialised

The Logistics segment (also the Logistics division) of the PCC Group encompasses the fields of intermodal transport, logistics services, road haulage and railway transport. We are represented in Russia by our transport company ZAO PCC Rail, Moscow, and – with the Polish company PCC Autochem Sp. z o.o., Brzeg Dolny – we also have our own road tanker fleet offering specialist services in the transport of liquid chemicals, and hazardous substances/dangerous goods in particular.

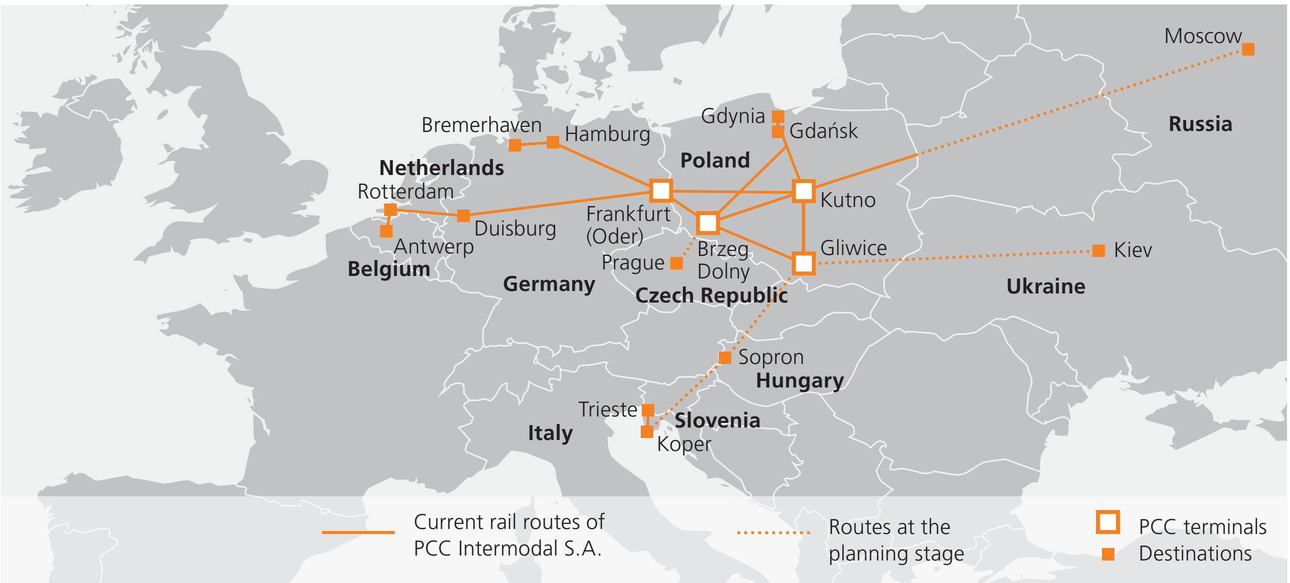
Nevertheless, again in 2013 our main revenue generator was PCC Intermodal S.A., which counts among Poland's leading providers of combined road and rail container transport services.

The operating schedule of PCC Intermodal currently offers more than 200 rail connections per month, served by scheduled container block trains. In 2013, we handled a total of 78,000 containers (125,000 TEU). 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 being performed, for example, by truck following transfer of the cargo from our rail wagons. Recent years have seen us continuously expand the network of routes operated by PCC Intermodal S.A. Currently, we offer connections between our 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, the network has been extended towards the east through to Moscow. In addition, this terminal also means that new scheduled rail journeys can be made to the Adriatic ports of Koper in Slovenia and Trieste in Italy.

Logistics segment	2013	2012
Segment sales	**€ 42.8 m**	€ 46.0 m
EBITDA (at segment level)	**€ 1.4 m**	€ 0.3 m
Number of employees (annual average)	**326**	312

PCC Intermodal S.A. counts among Poland's leading providers of container transport services.

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



PCC terminals

Holding

strategic, creative, value-adding

The Holding segment (also the Holding division) which, in addition to the Group holding company PCC SE, also encompasses other companies and units, manages projects currently under development and provides predominantly centralised, corporate support to the Group companies.

These include services in the fields of finance, corporate development, IT, environmental protection, research and development, and engineering/technology. The PCC subsidiary 3Services Factory S.A. in Katowice, Upper Silesia (Poland), operates its own data processing centre, while PCC IT S.A. markets information technology services from our chemicals site in Brzeg Dolny for the benefit of both internal and external customers. In addition, PCC assigns projects in the developmental phase to the Holding segment prior to handing them over to our operational Group segments. In this way, we are able to relieve the operational segments of project management duties while at the same time applying the experience and expertise of the Group management, accumulated over the last two decades, in project engineering and planning with respect to new business areas. A current example is our silicon metal project in Iceland. Our intention there is to utilise a portion of the quartzite mined from our Polish quartzite quarry, thereby creating a new source of value added. A state-of-the-art production facility with a capacity of 32,000 metric tons per

The Holding segment of the PCC Group includes not only the Research and Development unit but also, for example, the data centre of PCC subsidiary 3Services Factory S.A. in Katowice.

Iceland project team update meeting: Dr. Peter Wenzel (centre), Director Corporate Development PCC SE, Dr. Sabine König and Jörg Dembek.

year is scheduled to be built in northern Iceland by 2017/2018. Contracts, for example with future customers, with our Icelandic electricity supplier, and with other vendors have now been signed, while a law ratified by the Icelandic parliament has also secured us certain tax concessions. The project go-ahead is still subject to financing approval by KfW IPEX-Bank. A further project being managed within the Holding segment involves the construction of a plant for the production of high-purity dimethyl ether (DME) in Russia, which we are pursuing within the framework of a joint venture. DME is used primarily in the cosmetics industry as an odourless and environmentally compatible propellant, e.g. for hairsprays, and also for the manufacture of structural polyurethane foam.

Holding segment	**2013**	2012
Segment sales	**€ 6.8 m**	€ 29.5 m
EBITDA (at segment level)	**€ 13.7 m**	€ 32.6 m
Number of employees (annual average)	**632**	634

Structure of the PCC Group

The PCC Group comprises more than 80 subsidiaries and affiliates at 33 sites in 16 countries. The main entities of the individual segments are shown on this double page (status as of December 31, 2013). A detailed list of the various shareholdings can be found under Note (33) to the consolidated financial statements at the back of this report.

Polyols segment

Polyols business subunit
of PCC Rokita SA
Brzeg Dolny (Poland)

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

PCC Prodex GmbH
Essen (Germany)
(since 2014)

Surfactants segment

PCC Exol SA
Brzeg Dolny (Poland)

PCC Chemax, Inc.
Piedmont, SC (USA)

Tensis Sp. z o.o.
Brzeg Dolny (Poland)

Chlorine segment

Chlorine business subunit
of PCC Rokita SA
Brzeg Dolny (Poland)

MCAA SE
Brzeg Dolny (Poland)

PCC P4 Sp. z o.o.
Brzeg Dolny (Poland)

Speciality Chemicals segment

Phosphorus and Naphthalene
Derivatives business subunit
of PCC Rokita SA
Brzeg Dolny (Poland)

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

PCC Silicium S.A.
Zagórze (Poland)

Trading companies

Petro Carbo Chem GmbH
(from May 2014:
PCC Trade & Services GmbH)
Duisburg (Germany)

NOVOBALT terminal

ZAO Novobalt Terminal
Kaliningrad (Russia)

PCC MORAVA-CHEM s.r.o.
Český Těšín (Czech Republic)

Consumer Products segment	Energy segment	Logistics segment	Holding segment
PCC Consumer Products S.A. Warsaw (Poland)	Energy business subunit of PCC Rokita SA Brzeg Dolny (Poland)	PCC Intermodal S.A. Gdynia (Poland)	PCC IT S.A. (formerly PCC Centrum Teleinformatyki) Brzeg Dolny (Poland)
Fabryka Zapałek "Czechowice" S.A. Czechowice-Dziedzice (Poland)	PCC Energetyka Blachownia Sp. z o.o. Kędzierzyn-Koźle (Poland)	PCC Intermodal GmbH Duisburg (Germany)	3Services Factory S.A. Katowice (Poland)
PCC Consumer Products Kosmet Sp. z o.o. Brzeg Dolny (Poland)	PCC DEG Renewables GmbH Duisburg (Germany)	ZAO PCC Rail Moscow (Russia)	Apakor-Rokita Sp. z o.o. Brzeg Dolny (Poland)
Kosmet Sp. z o.o. Brzeg Dolny (Poland)	GRID BH d.o.o. Sarajevo (Bosnia-Herzegovina)	PCC Autochem Sp. z o.o. Brzeg Dolny (Poland)	Ekologistyka Sp. z o.o. Brzeg Dolny (Poland)
OOO Navigator Grodno (Belarus)	PCC HYDRO DOOEL Skopje Skopje (Macedonia)		LabMatic Sp. z o.o. Brzeg Dolny (Poland)
OOO KosmetNavigator Grodno (Belarus)			
OOO PCC Consumer Products Moscow (Russia)			

Investments

Creating value together: The investments of PCC

PCC resolutely pursued its investment programme in fiscal 2013, thereby further strengthening both its production capabilities and its services portfolio.

Across the Group, we invested a total of around €53.5 million in 2013 (previous year: €45.0 million). 95% was in property, plant and equipment, with the rest going into share acquisitions, capital increases and the purchase of intangible assets.

As in previous years, much of our capital spend in 2013 was in the Chemicals division where our focus is on the ongoing modernisation of our production facilities and the development of new capacities. And we took a particularly large and important stride forward in 2013 with regard to construction of a production plant for MCAA (monochloroacetic acid) at our biggest chemicals site in Brzeg Dolny (Poland). We also started work on the second and thus final stage of the switchover of our chlor-alkali electrolysis capability to environmentally friendly and energy-efficient membrane technology. In the Consumer Products segment, PCC Consumer Products Kosmet Sp. z o.o. began work on the expansion of its production facilities in Brzeg Dolny. In the Logistics division, PCC invested in the expansion of handling capacities at the container terminals in Kutno (Central Poland) and Brzeg Dolny. And our Renewable Energies business unit achieved a number of investment successes as it drove forward its small hydropower plant projects in the Republic of Macedonia. One power plant was connected to the grid last year, with good prospects for three further facilities – currently under construction – also being completed and hooked up in 2014.

2014 should likewise see progress in the construction of our MCAA plant and in the technology switchover of the chlorine production system, with the new facility scheduled to be commissioned in 2015. Further progress is also expected in the construction of a plant in Russia

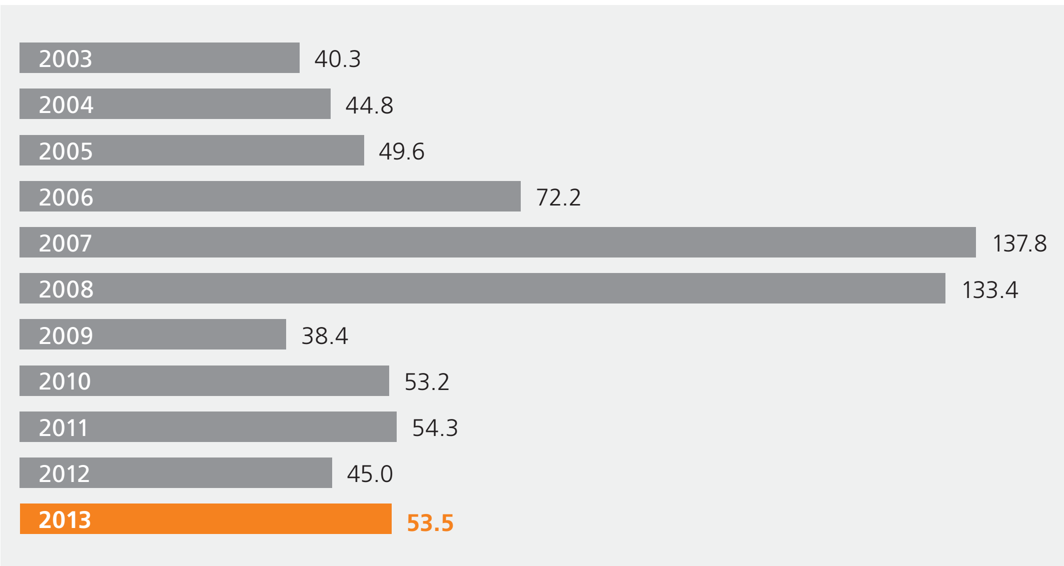
At our Kutno terminal (Central Poland), we plan to double our handling capacity to 200,000 TEU through an expansion project scheduled to end in 2015.

Our investment focus is on the Chemicals division where, for example, we have made significant progress since 2013 in the construction of our MCAA plant.

for the manufacture of high-purity dimethyl ether (DME). Meanwhile, in the Logistics division, completion of the second investment phase at the Kutno terminal, and further expansion of the terminal in Brzeg Dolny, are both planned for 2014.

There were various other investments completed in 2014. In February, PCC Exol SA concluded a long-term lease agreement with a company in the Philippines involving utilisation of the chemical plants located there for the manufacture of fatty alcohols, important as feedstock for surfactant production. PCC Exol SA has thus secured access to strategically important raw materials and, through compliance with sustainability criteria, will be able to address additional customer groups.

Capital expenditures of the PCC Group in €m



At the beginning of April 2014, PCC SE purchased a commercial site including office buildings and a production facility in Essen, Germany. A newly established entity, PCC Prodex GmbH (a wholly owned subsidiary of PCC Prodex Sp. z o.o., Warsaw), has acquired assets at this location as part of the transaction. The objective is to manufacture and market polyurethane systems there as an extension of the strategy of PCC Prodex Sp. z o.o. to increasingly globalise its business. The Essen site will serve customers in German-speaking countries and also the markets of the Benelux region. PCC SE intends to utilise this investment in order to relieve itself of lease obligations and transfer certain operations to the new location.

Construction of a production plant for high-purity monochloroacetic acid

PCC is building a manufacturing facility for high-purity monochloroacetic acid (MCAA) on the factory site of PCC Rokita SA in Brzeg Dolny. The plant is scheduled for commissioning around mid 2015 and will have an annual capacity of about 42,000 metric tons.

Clearance in preparation of the site began in early 2013. Following extensive soil investigations and establishment of the construction site facilities, earthworks began with, in particular, removal of the topsoil. This was replaced in summer 2013 by new, compacted material. The pile foundations were then put in place and, in November 2013, work on installing the infill foundations began.

At the moment, the project is in the transitional phase from detail engineering to construction. The civil engineering works involving the foundations, water piping, sewerage systems, electrical earthing connections, roads and pavements have largely been completed. The project has thus moved into the structural steelwork phase. As of April 2014, the equipment baseframes and pipe bridges were being installed. The main tendering processes for selecting the suppliers of machinery and process equipment have also been concluded.

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

The commissioning of our MCAA plant is planned for 2015, by which time it will offer an annual capacity of 42,000 metric tons of high-purity monochloroacetic acid.

Complete changeover of chlorine production to environmentally friendly membrane technology

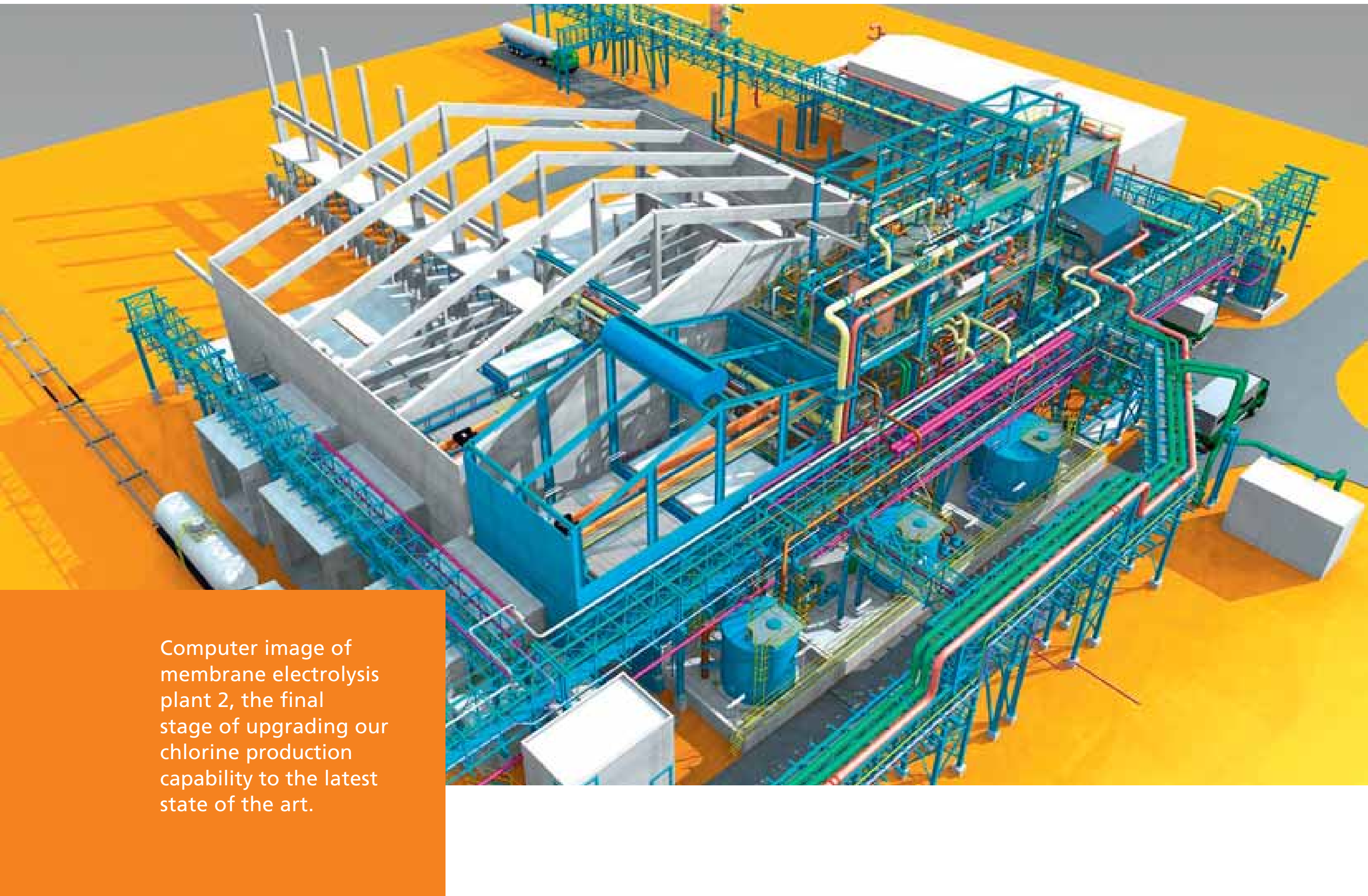
Since 2013, significant progress has been made in the construction work on membrane electrolysis plant 2, a project that will complete the switchover of our chlorine production system from the conventional amalgam process to environmentally friendly and energy-efficient membrane electrolysis technology. The plant is to be commissioned in two stages during the period from March to September 2015. The first stage in this upgrade project in the form of membrane electrolysis plant 1 successfully began production back in 2010. This resulted in a significant increase in capacity, accompanied by a substantial decrease in energy consumption. Completion of the technology changeover will bring a number of additional advantages:

- Capacity will be increased by about 10 % to an annual output of 133,000 metric tons of chlorine and 150,000 metric tons of caustic soda. Incorporating additional cell elements in the membrane electrolysers will produce a further rise in capacity, to 151,000 mt/y of chlorine and 170,000 mt/y of caustic soda.

- Both energy consumption and CO_2 emissions will be substantially further reduced.

- Mercury will have been completely eliminated from the chlorine production process.

The EU authorities have issued a general regulation requiring the full conversion of facilities using the amalgam process to modern membrane technology by 2017. This project enables us to comply with this requirement well ahead of the deadline.



Computer image of membrane electrolysis plant 2, the final stage of upgrading our chlorine production capability to the latest state of the art.

Planning a production plant for dimethyl ether

PCC is planning the construction of a manufacturing facility for high-purity dimethyl ether (DME). Our intention is to handle this project together with the chemicals company JSC Shchekinoazot of Pervomaysky near Shchekino (Russia). The plant is to be built with an annual capacity of 20,000 metric tons on the Shchekinoazot factory site in the Tula region, some 180 kilometres south of Moscow. The modern methanol plant already there ensures a secure feedstock base for the new DME production facility. Commissioning is planned for 2016.

The project company responsible, OOO DME Aerosol, Pervomaysky, is a 50/50 joint venture between PCC SE and JSC Shchekinoazot. In September 2013, OOO DME Aerosol commissioned ThyssenKrupp Uhde Engineering Services GmbH, Bad Soden (Germany), to prepare the extended basic engineering plans. These are due for completion towards the end of the second quarter of 2014. By then, the order for the detail engineering will also have been awarded. Start of construction is expected in 2015.

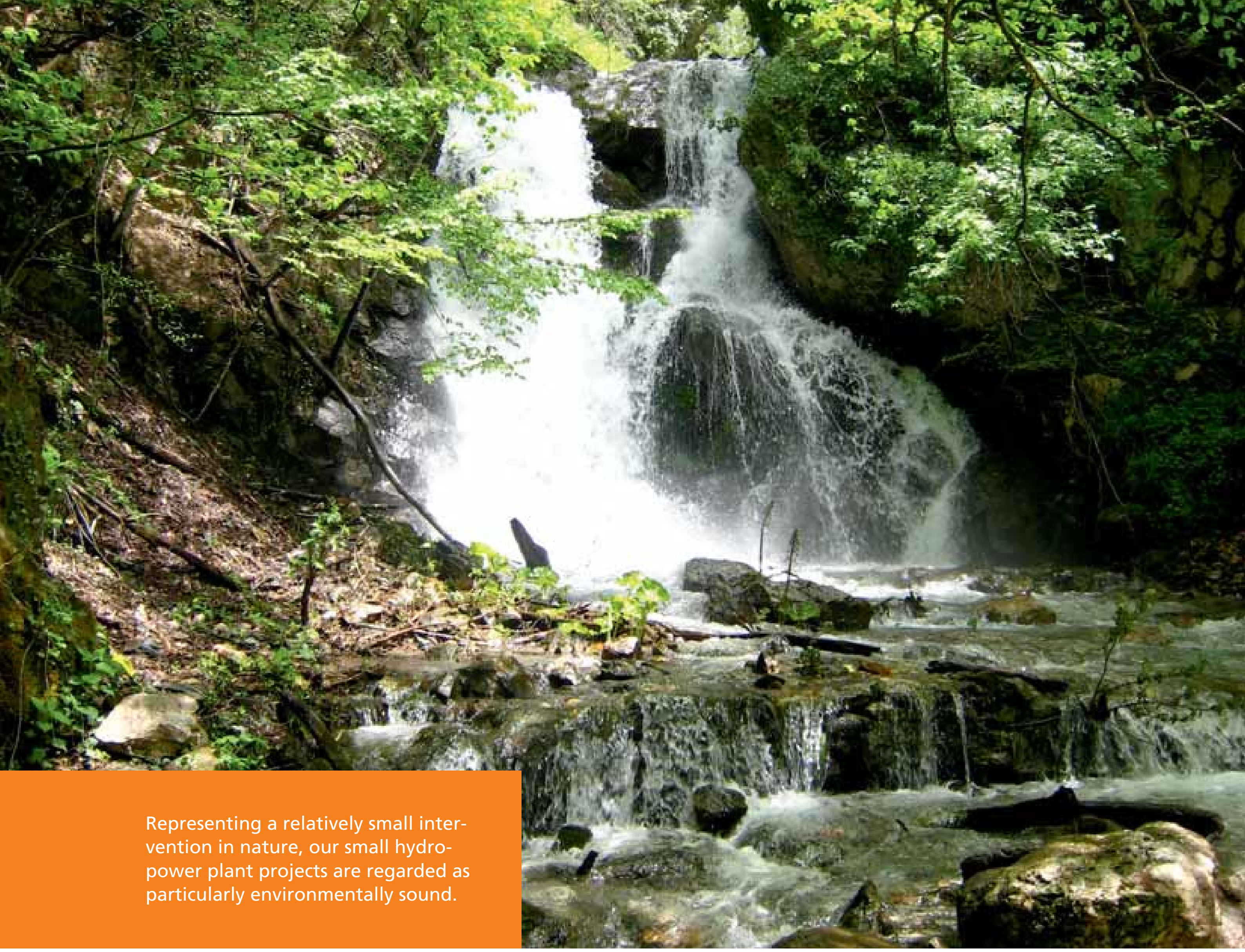
High-purity DME, known as aerosol grade, is primarily used as a propellant in the cosmetics industry, e.g. for hairsprays, and also in the manufacture of structural polyurethane foam (1K PUR foam). We expect demand for DME to remain strong, particularly in the Eastern European market.

Expansion and modernisation of consumer goods production

In fiscal 2013, the Consumer Products segment received PCC investment for the expansion and modernisation of its production facilities. This enabled PCC Consumer Products Kosmet Sp. z o.o. – a leading manufacturer of household and industrial cleaners, laundry detergents and personal care products, with its headquarters at our chemicals site in Brzeg Dolny – to expand production in the Grodno special economic zone of Belarus. As regards the other facilities in Poland, a complete revamp of the production capability, including conversion to new technologies, is planned for completion by the end of 2014. This involves not only expanding existing plants and raising their technological level to the latest state of the art, but also the creation of new facilities, including a new wing for a modern laboratory. We are also building a new production line for cosmetics.

The purpose of these investments is to expand the consumer products business in the emerging markets of Eastern Europe, together with the establishment of new distribution structures in, for example, Kazakhstan, Kyrgyzstan and Uzbekistan. The annual production capacity of PCC Consumer Products Kosmet Sp. z o.o. is also to be significantly increased. PCC is thus responding to the growing demand for household cleaners and cosmetics in these regions.

2013 saw the expansion of our consumer goods production capacity in the Grodno special economic zone (Belarus).



Representing a relatively small intervention in nature, our small hydropower plant projects are regarded as particularly environmentally sound.

Hydroelectric power plant projects in Macedonia

Within our Renewable Energies business unit, our subsidiary PCC HYDRO DOOEL Skopje, headquartered in the Macedonian capital of Skopje, achieved significant progress in 2013 with respect to projects involving the construction of small hydropower plants in Macedonia. The Gradečka hydropower plant completed its trial phase in August last year, with the operating licence having being subsequently issued and the electricity purchase agreement concluded.

Since that time, the power plant has been producing pollutant-free electricity from a renewable energy source for around 900 households. As in much of Central Europe, the winter in Macedonia was exceptionally mild, and while this had a negative effect on production in Gradečka, we were able to make significant construction progress at our other three power plant sites.

Beyond this project business, PCC was also able to live up to its social responsibility as it pursued construction of the power plant in Gradečka. Collaborating with a local drinking water supplier, we financed a connection pipe to the latter's water treatment plant. As the water for the power plant turbine has to be cleaned of sediment anyway, the utility now receives pre-cleaned water of significantly better quality than was previously the case. We also financed a 60 metre long impact wall which protects the main road from underwash and erosion. This and other social projects were co-financed by our joint venture partner DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, a KfW subsidiary, from public funds provided by Germany's Federal Ministry for Economic Cooperation and Development.

The construction progress made at the Brajčino power plant site in 2013 can be regarded as good. Difficult ground conditions in the water catchment area were discovered in good time, and the necessary blasting work was duly carried out so that commissioning may take place around mid 2014.

The terrain conditions encountered in our project in Galičnik were significantly more difficult than originally envisaged, particularly with respect to a 500 metre long steep section of the penstock. Slope angles of up to some 60 degrees and jagged, avalanche-prone rock formations placed extremely high demands on the construction work. However, in this project too, the construction progress made under the conditions encountered can be regarded as good. We anticipate that this small hydropower plant will likewise be commissioned around the middle of 2014.

The project at the Patiška site enjoys special status in the power plant portfolio of PCC HYDRO DOOEL Skopje, as construction was significantly delayed due to the influence of local political interests. Continuation of the project did not come until September 2013. Since then, construction of the turbine house has been completed, with installation of the turbine-generator train taking place in early 2014. This power plant is likewise due to be completed before the end of 2014.

Planning work on the Kriva Reka project – a concession we only acquired in September 2012 – has continued apace. The environmental licence has been duly issued and the development plan was submitted to the Macedonian government in January 2014. This is a basic prerequisite for purchase of the required land. Because of early parliamentary elections in Macedonia, however, we expect delays in the approval process similar to those we have experienced in the past. On the positive side, the Macedonian government has simplified its land acquisition procedures for projects of public interest, and this should have a beneficial influence on the process going forward. Availing ourselves of the expertise and assistance of experienced realtors, we are looking forward to starting construction in 2015.

We have made significant progress in the implementation of our small hydropower plant projects in Macedonia (photo shows the water inlet of the Brajčino power plant currently under construction).

Beyond these current projects, PCC SE is also considering a number of further investments through PCC DEG Renewables GmbH, Duisburg, which manages our operational business in the field of renewable energies. The Republic of Macedonia has announced its intention to award 80 new sites for small hydropower plants by way of its concession tendering process. PCC SE has already identified more than ten sites and assembled further background information relating to these. We intend to bid for several such projects and, if successful, will invest more than € 10 million in the required facilities in order to further expand our hydropower plant portfolio in Macedonia.

In mid April 2013, the UN climate protection authority UNFCCC officially registered the first four small hydropower plants built by PCC in Macedonia as climate-protection projects compliant with the requirements of the Kyoto Protocol.

Expansion of the PCC terminals in Kutno, Brzeg Dolny and Frankfurt (Oder)

In 2013, the largest company in our Logistics division, PCC Intermodal S.A., headquartered in Gdynia (Poland), commenced the second phase in its expansion project involving the Kutno container handling terminal, with further expansion of the terminals in Brzeg Dolny and Frankfurt (Oder) also progressing well. PCC Intermodal S.A. offers combined transport within Poland also on international routes, and is excellently positioned with its portfolio in this fast-growing market. The current investment programme means that we are able to further accelerate the already fast rate of growth of PCC Intermodal S.A., and completion of the expansion and modernisation projects will leave our Polish terminals as the most advanced in the country.

We awarded the order for expanding our container terminal in Kutno, Central Poland, to Bilfinger Infrastructure S.A. in June 2013. In the first quarter of 2014, we also purchased two gantry cranes in order to further optimise the efficiency of the terminal. The expansion work is thus on schedule and we expect completion by spring 2015. Handling capacity is to be doubled

PCC Intermodal S.A. is looking to accelerate growth through expansion of terminals such as the container handling facilities in Brzeg Dolny (left) and Kutno (right).

from the current 100,000 TEU (twenty-foot equivalent, unit of measurement for 20-foot ISO containers) to 200,000 TEU. In addition to the two gantry cranes, four handling appliances known as reach-stackers have been provided for loading and unloading the container trains on the four 700 metre long railway spurs of the Kutno terminal. Also well underway is the expansion of the handling terminal at our chemicals site in Brzeg Dolny. In August 2013 we awarded an order for execution of the expansion work there to a consortium comprising the companies Berger Bau Poland Sp. z o.o. and Berger Bau GmbH. We secured the necessary land usage rights in January 2014.

At our terminal in Frankfurt (Oder), we expect the extension to the railway spurs and installation of a new gantry crane to be completed before the end of 2014. The crane is to be installed in November, enhancing efficiency in container transfer across all four tracks.

Silicon metal production project in Iceland

2013 again saw PCC take great strides in progressing preparations for its silicon metal project in Iceland. The plan is to build a highly modern production plant in the north of the island with a capacity of 32,000 metric tons per year, with completion in 2017/2018.

At the end of March 2013, the Icelandic parliament passed several laws with a large majority enabling the development of the Bakki industrial zone near the town of Húsavík, where the site of our subsidiary PCC BakkiSilicon hf is located. One of the laws relates exclusively to our silicon metal project, specifically allowing both financial support for the initial investment required to prepare the land ready for construction, and long-term tax concessions. The other approval processes currently in train likewise proceeded as planned.

We made similar further advances on the raw materials side. After comprehensive geological investigations, the quartzite quarry of PCC Silicium S.A., Zagórze (Poland), was

The computer image of the silicon metal plant that we plan to build in Iceland shows a facility capable of blending harmoniously into the landscape of the surrounding area.

awarded a so-called JORC certificate by a team of internationally recognised experts. This occurred in the fourth quarter of 2013. The issue of this certificate satisfies one of the major prerequisites for acquiring third-party financing for the silicon metal project. It confirms that our quarry has quartzite of sufficient quality and quantity in order to keep our planned silicon metal plant supplied with the raw material it needs for at least 15 years.

A further major milestone on the way to realising the Iceland project was passed in October 2013 with the signing of a contract with plant builder SMS Siemag AG, Düsseldorf, for the turnkey construction of a corresponding production plant. 2013 likewise saw progress in our negotiations with Iceland's power utility and the local electricity network operator, as well as with potential suppliers of other requisite raw materials (including coal and timber). Contractual negotiations involving prospective customers have also continued, with agreements having been successfully concluded at various negotiating levels.

Nevertheless, all these contracts are subject to the condition precedent of a financing agreement with KfW IPEX-Bank, Frankfurt. The financial package is to be covered by a Hermes export credit insurance policy for the turnkey plant, and a so-called UFK (United Loan) guarantee. The latter is granted by the German federal government in return for undertakings that secure raw material supplies to Germany. This eligibility requirement has already been satisfied in principle by the project on the basis of the planned export of silicon metal from Iceland to Germany and its sale to German customers. We are currently working intensively on preparation of the corresponding application documents for presentation to the Inter-Ministerial Committee of the German Federal Government. This body will then decide on whether or not the guarantee is to be granted, with the decision expected in the course of the second quarter of 2014.

We continued to drive forward our silicon metal project with conclusion of a number of contracts in 2013. Commissioning of the plant is scheduled for 2017/2018, with annual capacity rising to 32,000 metric tons.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Group management report

Organisation of the PCC Group

The PCC Group operates at 33 sites in 16 countries employing around 2,800 people. Our investment portfolio is divided into eight segments. The seven segments Polyols, Surfactants, Chlorine, Speciality Chemicals, Consumer Products, Energy and Logistics carry the operational responsibility. Our international companies and entities control 19 business units allocated to these segments. The eighth segment, Holding, to which not only our holding company PCC SE but also other companies and entities belong, is primarily responsible for providing central, group and corporate services in the fields of finance, business development, IT, environmental protection, site infrastructure management, research and development, and engineering and technology.

The segment structure supersedes the previous divisional structure effective as of January 1, 2013. The new scheme by which our businesses are pooled should assist in the leverage of synergy effects and sharpen the profile of the individual operations. Through this reorganisation, the PCC Group is able to continue rigorously pursuing its strategy of proactive investment portfolio management and ongoing portfolio optimisation. The management of our assets and affiliates together with examination of further acquisitions with the aim of competence-related diversification into new market segments remain at the heart of our Group policy. The underlying objective is to build a basis for sustainable growth and to continuously increase our enterprise value going forward.

Operating segments

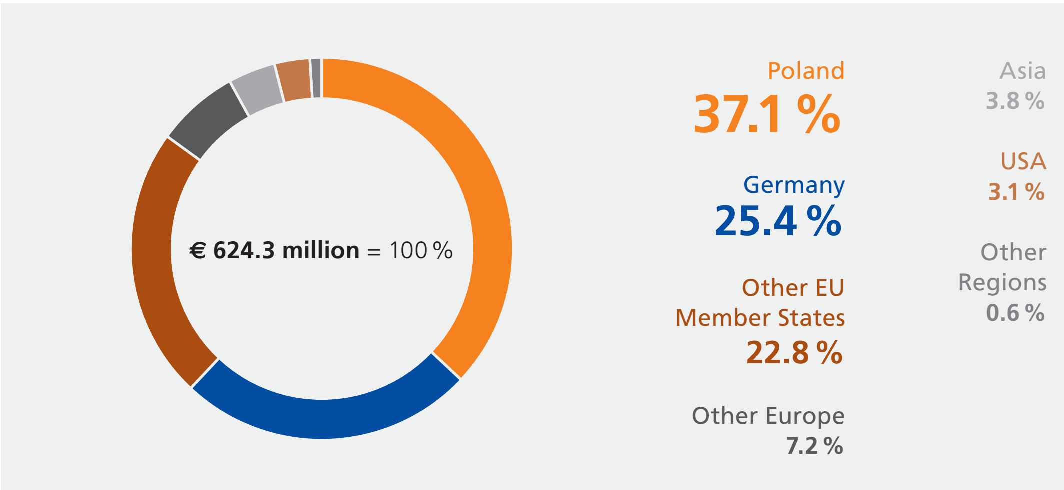
Polyols	Surfactants	Chlorine	Speciality Chemicals	Consumer Products	Energy	Logistics
Business units						
▪ Polyols ▪ Polyurethane Systems	▪ Anionic Surfactants ▪ Non-ionic Surfactants ▪ Betaines	▪ Chlorine ▪ MCAA ▪ Other Chlorine Downstream Products	▪ Phosphorus & Naphthalene Derivatives ▪ Alkylphenols ▪ Chemicals & Commodities Trading ▪ Quartzite	▪ Household & Industrial Cleaners, Detergents and Personal Care Products ▪ Matches & Firelighters	▪ Renewable Energies ▪ Conventional Energies	▪ Intermodal Transport ▪ Road Haulage ▪ Rail Transport

Plant at PCC Rokita SA for the production of propylene oxide (PO), the main feedstock in the manufacture of polyols.

For the purpose of our financial communications, we group our businesses within seven regions: Germany, Poland, Other EU Member States, Other Europe, USA, Asia, and Other Regions. In fiscal 2013 we generated 25 % (previous year: 22 %) of our sales with customers in Germany, and – as in the previous year – 37 % with customers in Poland.

Including PCC SE, the consolidated financial statements of the PCC Group for 2013 cover a scope of 35 entities. Six entities are accounted for by the equity method.

Sales by region 2013 in %

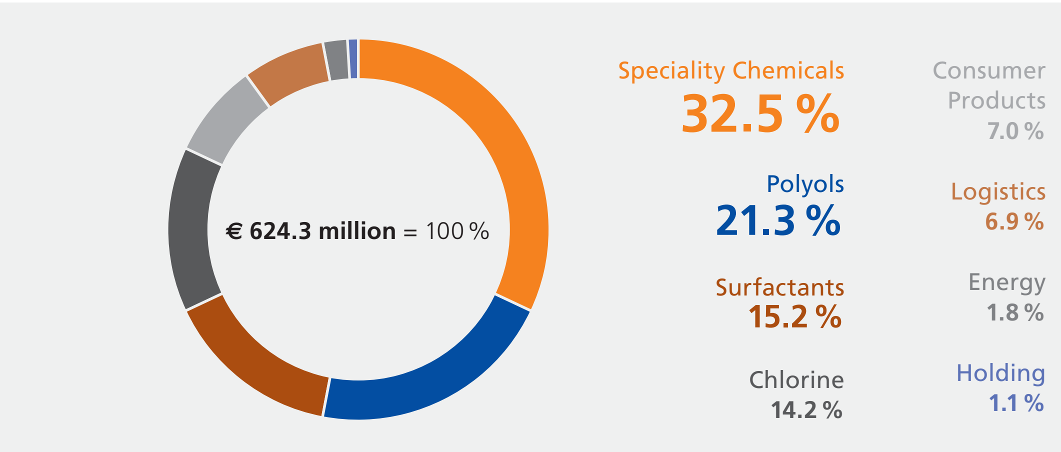


Core business activities

Consolidated Group sales in fiscal 2013 amounted to € 624.3 million. This represents a fall of 7.8 % compared to the corresponding prior-year figure of € 677.3 million, due primarily to the decline in sales of the Chemicals division. The majority of this revenue decrease was attributable to the Chemicals & Commodities Trading business allocated to the Speciality Chemicals segment, and resulted from, among other things, significantly declining commodity prices together with changes in the product mix. In addition, due to declining prices, the Surfactants segment also reported lower sales.

Within the Group, the Chemicals division with its five segments Polyols, Surfactants, Chlorine, Speciality Chemicals, and Consumer Products accounted for 90.2 % of consolidated sales in 2013, this high share remaining virtually unchanged versus prior year. The Logistics segment posted a decline in sales of 6.9 % to € 42.8 million, the revenues generated by the Energy segment fell by € 2.3 million to € 11.6 million, and sales generated within the Holding segment decreased by € 22.7 million to € 6.8 million.

Sales by segment 2013 in %



Business performance by segment

Polyols

The Polyols segment is divided into the business units Polyols and Polyurethane Systems, with products for the mattress, furniture and automotive industry, and also the construction sector. This segment includes the corresponding business subunit of PCC Rokita SA, Brzeg Dolny (Poland), that is to say its Polyols operation, and the company PCC Prodex Sp. z o.o., Warsaw (Poland). The number of employees at the Polyols segment in fiscal 2013 averaged 135 (previous year: 124).

With sales at € 132.8 million in fiscal 2013 (previous year: € 125.7 million), the segment accounted for a share of 21.3 % of total consolidated sales. With polyol plant 4, which was commissioned in 2012, having been in production for a whole year for the first time in 2013, the Polyols segment posted volume increases that more than offset the simultaneous price decline that resulted from the entry of new suppliers in individual sales markets. Overall, therefore, sales revenue generated by this segment increased.

The leading position held by the Polyols segment in some countries and markets of Central and Eastern Europe (CEE) is to be more rigorously expanded through further diversification of its product portfolio. In the Polyurethane Systems business unit, which so far has focused predominantly on its "home market" of Poland, preparations have been put in place to drive broader internationalisation. With the creation of new production facilities abroad, the aim is to serve not only the markets in Germany and the Benelux countries, for example, but also those of India and Turkey.

Surfactants

The Surfactants segment generated sales of € 95.2 million in 2013, representing a decrease of 10.2 % below the revenue figure of € 105.9 million for the previous year. The share of the total sales of the PCC Group therefore amounted to 15.2 % in the year under review. The Surfactants segment comprises the business units Anionic Surfactants, Non-ionic Surfactants, and Betaines. These products are used in the industrial manufacturing of laundry and home care detergents, household cleaners, cosmetics and personal care products, and also paints, inks and coatings. Organised under this segment are the companies PCC Exol SA, Brzeg Dolny; PCC Chemax, Inc., Piedmont (South Carolina, USA); and Tensis Sp. z o.o., Brzeg Dolny (Poland). Averaged over the year, the number of employees at the Surfactants segment was 234 (previous year: 252).

PCC Chemax, Inc., a company involved in the field of surface-active substances, was integrated within PCC Exol SA in the course of fiscal 2013. This constitutes a further decisive step in the consolidation of individual branches of business within the PCC Group, and also virtually completed the segmentation of the Chemicals division, which dominates the Group, into individual product areas. The Surfactants segment also ended fiscal 2013 in profit overall. PCC Exol SA made positive contributions to Group profits, exceeding the prior-year figures at all earnings levels, but nevertheless performing below expectations. The second ethoxylation plant (commissioned in 2011) was still not operating at full capacity, with the situation further exacerbated by declining market prices in the surfactants business. The business also suffered from temporary supply bottlenecks in the case of the important feedstock ethylene oxide (EO), resulting from extended maintenance and repair work being carried out by a major vendor. This likewise temporarily impacted on the Polyols segment. PCC Chemax, Inc. also made a positive contribution to the results of the Surfactants segment, and thus to Group profit, although it was unable to repeat the solid performance achieved in the previous year. As already mentioned, we completed the consolidation of the Surfactants segment in 2013 through the integration of PCC Chemax, Inc. in PCC Exol SA. The equity base of PCC Exol SA was strengthened by PCC SE in the course of this process by way of a capital increase. In December 2013, PCC SE sold a minority share of its interest in PCC Exol SA (corresponding to 8.26 % of the affiliate's general meeting voting rights) to an international investment fund. This constitutes a further extension in 2013 of PCC SE's corporate strategy to create value and then to realise that value at the appropriate time.

Chlorine

Within the Chlorine segment, we generated sales of € 88.5 million, an increase of 24.1 % versus the previous year. This segment is made up of three business units, Chlorine and Other Chlorine Downstream Products, that serve primarily as feedstock providers to other business units within the Group, and MCAA (monochloroacetic acid). Allocated to the Chlorine segment are the corresponding Chlorine business subunit of PCC Rokita SA plus MCAA SE, Brzeg Dolny, and PCC P4 Sp. z o.o. at the same location. In the year under review, the average workforce at the segment numbered 241 employees (previous year: 242).

The Chlorine segment was able to benefit from continuing high prices for caustic soda, significantly increasing its sales revenue compared to the previous year. In 2013, a further important milestone was passed with commencement of the technology changeover at the second and thus the last section of the chlor-alkali electrolysis facility to the environmentally friendly membrane process. We are also pursuing the forward integration of our Chlorine segment with the start of construction of our production plant for MCAA. The MCAA facility is expected to be completed and commissioned by 2015. In the year under review, the Chlorine segment also made a major contribution to Group profit, due in particular to the aforementioned persistently high pricing levels for caustic soda.

Speciality Chemicals

In fiscal 2013, the Speciality Chemicals segment generated sales of € 203.1 million, falling below the prior-year figure by € 46.0 million or 18.5 %. This segment is the highest revenue generator in the Group. It contains the business units Phosphorus & Naphthalene Derivatives, Alkylphenols, and Chemicals & Commodities Trading. The business unit Quartzite also belongs to this segment as of introduction of the new structure on January 1, 2013. Attributable to the Speciality Chemicals segment and its business units are the corresponding business subunits of PCC Rokita SA, that is to say Phosphorus & Naphthalene Derivatives; PCC Synteza S.A., Kędzierzyn-Koźle (Poland); Petro Carbo Chem GmbH, Duisburg (Germany); PCC Morava-Chem s.r.o., Český Těšín (Czech Republic); ZAO Novobalt Terminal, Kaliningrad (Russia); PCC Silicium S.A., Zagórze (Poland); S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea (Romania); and Węglopochodne Sp. z o.o., Kędzierzyn-Koźle (Poland), which is currently in the process of being wound up. The Speciality Chemicals segment employed an average of 374 people in the year under review (previous year: 338).

With the exception of PCC Synteza S.A. and also the port company ZAO Novobalt Terminal, which is a wholly owned subsidiary of Petro Carbo Chem GmbH added to the scope of consolidation in 2013, all the active affiliates consolidated in this segment contributed to the positive results achieved. The Phosphorus & Naphthalene Derivatives business subunit of PCC Rokita SA has been part of our Speciality Chemicals product segment since 2013. Also pooled within this segment are the two trading companies Petro Carbo Chem GmbH and PCC Morava-Chem s.r.o. These affiliates from the Chemicals & Commodities Trading business unit were able to conclude fiscal 2013 in profit. However, the earnings of Petro Carbo Chem GmbH were below the prior-year figure. Among the reasons for this – in addition to a continuing decline in margins in the coke trading business due to a downturn in activity in the steel industry – were losses from trading activities with palm kernel nuts launched in 2012 in collaboration with the African sister company PCC Organic Oils Ghana Ltd., Accra (Ghana). The original purpose of this activity, namely the manufacture of palm kernel oil, an important feedstock in the production of fatty alcohols as a basis for surfactants, is, however, still being pursued within the PCC Group. PCC Organic Oils Ghana Ltd. has, in the meantime, itself begun manufacturing palm kernel oil in Ghana as part of a tolling agreement, with similar projects being planned for Asia. The long-term aim is to ensure the supply of renewable raw materials for, in particular, the Surfactants segment, in keeping with sustainability criteria. Meanwhile, the trading company Petro Carbo Chem GmbH will, like PCC Morava-Chem s.r.o., continue to focus on the market niches in which they have already established a stable market position for themselves. These are to be retained and expanded in the future as a basis for generating further solid contributions to Group profits. That apart, our focus remains on ensuring the ongoing support of the production companies by the trading companies of the PCC Group. This applies both to the procurement of raw materials for the purpose of strengthening security of supply, and to the sale of the ensuing products in selected markets.

By contrast, the business units Phosphorus & Naphthalene Derivatives and Alkylphenols posted losses in 2013. In the case of PCC Synteza S.A., this is essentially due to the general decline in demand for nonylphenol and dodecylphenol, on which this affiliate has been focusing its production since 2010. The expansion of alternative production possibilities in collaboration with PCC Rokita SA was therefore stepped up in 2013. Over the long term, the aim is to place the business activities of PCC Synteza S.A. on a broader footing.

The quartzite quarry operated by PCC Silicium S.A. has also been managed under the Speciality Chemicals segment since fiscal 2013. This affiliate further increased its emphasis on sales to the ferrosilicon industry in 2013, and was able to end the fiscal year in profit. The mining of quartzite for road and railway construction also continued. As expected, the exceptional boom enjoyed by this business due to the massive expansion in infrastructure that took place ahead of the 2012 UEFA European Cup receded significantly after the event. Nevertheless, this affiliate succeeded in ending the fiscal year in profit. The long-term objective remains to see a portion of the mined quartzite used in the manufacture of silicon metal, with PCC SE continuing to drive progress in a corresponding project in Iceland during 2013.

In the case of S.C. Euro-Urethane S.R.L., one of the two Romanian investments held by PCC SE, there was no change compared to the situation in the previous year. Further developments are heavily dependent on how the insolvency receivership of the second Romanian investment of PCC SE, S.C. Oltchim S.A., Râmnicu Vâlcea, progresses, this also being a shareholder of S.C. Euro-Urethane S.R.L. PCC SE holds 32.34 % of the shares in S.C. Oltchim S.A. Following the failure of a privatisation process at the end of 2012, the assets of S.C. Oltchim S.A. were put into administered insolvency under Romanian law in January 2013. PCC SE therefore wrote off the total value of its shares in this company amounting to around € 20 million in its annual financial statements as of December 31, 2012. The insolvency administrator is currently preparing 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, "haircut" negotiations are being held with creditors, which include the Romanian state as the majority shareholder of S.C. Oltchim S.A. and a state-owned Romanian bank, with the aim of reducing the company's debt level. A further privatisation attempt has also been initiated. However, the prospects for the success of this process, in which PCC SE will not be participating, and of the administered insolvency procedure, are currently difficult to assess. It can be assumed that the insolvency administrator will be making every effort to sell assets such as S.C. Euro-Urethane S.R.L., which may eventually benefit PCC SE – something which only time will tell. However, as things stand at the moment and taking into account the difficult overall situation of this company, it is rather unlikely that there will be any increase in value in the shares in S.C. Oltchim S.A.

Consumer Products

In the year under review, the Consumer Products segment generated sales of € 43.6 million, representing a share of consolidated sales amounting to 7.0 %. Compared to 2012, the segment increased its revenues by 21.4 %. It is divided into the business unit Household & Industrial Cleaners, Detergents and Personal Care Products, and the business unit Matches & Firelighters, and is managed by the lead company PCC Consumer Products S.A., Warsaw. On average, this segment employed 593 people in the year under review (previous year: 490).

The PCC Consumer Products S.A. subgroup continued to invest in the modernisation and expansion of production facilities in Poland and Belarus in the course of fiscal 2013. Both business units within the subgroup benefited from these activities, namely PCC Consumer Products Kosmet Sp. z o.o., Brzeg Dolny, including its sites in Belarus, which is active in the production of household cleaners, detergents and personal care products, and the matches factory Fabryka Zapałek "Czechowice" S.A., Czechowice-Dziedzice (Poland). The aim of these investments is to effectively boost and sustain the profitability of the "PCC Consumer Products" subgroup over the long term. In order to strengthen and harmonise the external identity of the subgroup, Kosmet-Rokita Sp. z o.o. was renamed in 2013 as PCC Consumer Products Kosmet Sp. z o.o. Further share acquisitions are expected to follow in 2014. In fiscal 2013, the restructuring process, part of which took place with production still ongoing, initially burdened earnings, however. In addition, entry into the Russian market was more difficult than expected, and there were also delays in the execution of newly concluded orders. Although the "PCC Consumer Products" subgroup again finished the year under review in profit, earnings were below the prior-year level. In addition to further capital expenditures in existing affiliates, we also intend to continue examining possibilities of expanding the product portfolio through additional acquisitions with a view to permanently securing ongoing growth in the "PCC Consumer Products" subgroup.

Energy

The Energy segment encompasses the two business units Renewable Energies and Conventional Energies. In the year under review, this segment generated sales of € 11.6 million, a fall of € 2.3 million compared to the prior-year figure of € 13.8 million. Within this segment, we control the corresponding Energy business subunit of PCC Rokita SA; PCC DEG Renewables GmbH, Duisburg (Germany); GRID BH d.o.o., Sarajevo (Bosnia-Herzegovina); PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle, which operates in the energy supply sector; and PCC Energy Trading GmbH, Duisburg, although this latter company has not actively traded since 2012. Taking the average for the year, the Energy segment had a workforce of 185 employees (previous year: 205).

The decline in sales registered by the segment is essentially the result of PCC Energetyka Blachownia Sp. z o.o., which operates in the field of energy and heat supply, losing a major steam customer which began its own steam generation in the course of 2012. Nevertheless, PCC Energetyka Blachownia Sp. z o.o. was again the main revenue generator in the Energy segment in 2013. However, it was superseded as the main earnings generator by the Energy business subunit of PCC Rokita SA which, among other things, has its own power plant for providing a secure supply of energy to the company's manufacturing complex. This business subunit has been managed under the Conventional Energies business unit since 2013.

The activities of PCC DEG Renewables GmbH, which is active in the field of regenerative energies and in which the KfW subsidiary DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, has a 40 % stake, were still in their development phase in fiscal 2013, albeit with major advances having been made. Although the affiliate GRID BH d.o.o. has seen only one of the four planned hydropower plants go into service, there are now positive signs of a successful conclusion to the lengthy approval processes relating to the other three sites. In the Republic of Macedonia, construction work began in 2013 on planned small hydropower plants at a total of four sites. One power plant was connected to the grid in 2013 and the others are scheduled for commissioning in the course of 2014. A fifth power plant is at the planning stage, as is participation in tendering processes for further sites. We are also involved in hydroelectric and wind power projects in Bulgaria. However, there has been another postponement to the start of construction here beyond the end of 2013/start of 2014, due among other things to a lack of the necessary approvals.

PCC SE has not ruled out the possibility of only developing some of the planned projects 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 Logistics segment generated sales in 2013 of € 42.8 million, 6.9 % less than the prior-year figure of € 46.0 million. The segment is divided into three business units: Intermodal Transport, Road Haulage and Rail Transport. This segment comprises the companies PCC Intermodal S.A., Gdynia (Poland); its German subsidiary PCC Intermodal GmbH, Duisburg; ZAO PCC Rail, Moscow (Russia); and PCC Autochem Sp. z o.o., Brzeg Dolny. The average number of employees attributable to the segment during 2013 was 326 (previous year: 312).

The Logistics segment continues to be dominated by PCC Intermodal S.A., the portfolio of which encompasses combined transport services both within Poland and on international routes. The affiliate succeeded in significantly improving its earnings situation in the year under review, and, after losses in the previous year, reported a small profit as of December 31, 2013. Aside from cost savings, successes on the selling side also contributed to this positive development. Over the long term, the intermodal transport market both in Poland and on the international plane can be regarded as a growth area, with the PCC Group planning to further expand its activities in this domain. Important steps were taken in this direction in 2013 with the start of the second construction phase of the container handling terminal in Kutno, Poland, and expansion of the terminals in Brzeg Dolny and Frankfurt (Oder). As has been the case in the past, the liquid funds required for these investments are largely provided in the form of loans from PCC SE to PCC Intermodal S.A.

Fiscal 2013 also saw the wagon fleet of ZAO PCC Rail, Moscow, further increase through additional loans from PCC SE and also funds remaining from the long-term loan agreement concluded in 2012 between this affiliate and DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH. The fleet now comprises around 600 wholly owned rail wagons, complemented by leased wagons. However, the transport business of ZAO PCC Rail posted a loss in 2013. The causes for this development lay in the weakness of the Russian ruble and a decrease in the state-regulated transport tariffs in response to the slowdown in economic activity in Russia. The ruble remains weak – due not least to the crisis between Russia and Ukraine. The transport tariffs are still inadequate. However, over the long term, railway transport is destined to remain the most important form of goods carriage in Russia. The activities of ZAO PCC Rail are therefore bound to gain further in importance, with good prospects of returning to profitability in the future.

The road haulage company PCC Autochem Sp. z o.o., which completes the Logistics segment, again posted a positive business performance in 2013. Capacity utilisation of its tanker fleet with some 60 vehicles further increased, 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 profits in the year under review.

Holding

In addition to the Group holding company PCC SE, the following affiliates are managed under this segment: PCC IT S.A. (formerly PCC Centrum Teleinformatyki S.A.), Apakor-Rokita Sp. z o.o., LabMatic Sp. z o.o. and Ekologistyka Sp. z o.o., all domiciled in Brzeg Dolny, and 3Services Factory S.A., Katowice (Poland).

The activities of all the affiliates named, augmented by the Headquarters business subunit of PCC Rokita SA, essentially provide cross-company and Group-internal services and have been pooled under the Holding segment since the segmentation process completed in 2013. 3Services Factory S.A., the activities of which include operation of a data centre, is allocated to the Projects business unit in the Holding segment. The data centre underwent its second phase of expansion in 2013. Compared to the previous year, 3Services Factory S.A. was able to substantially increase both sales and earnings in 2013, with year-end results encouragingly at the break-even point. Improvements in both sales and earnings were also posted by PCC IT S.A. in 2013, the affiliate once again finishing the fiscal year in profit. The total sales of the Holding segment amounted to € 6.8 million in the year under review, representing a decrease of € 22.7 million compared to the previous year. The cause of the decline lies in the reallocation of revenues generated by sales of surplus energy from the chlorine production process which, in the past, were transacted by the Headquarters business subunit and which, effective 2013, are now attributed to the Chlorine segment.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of this segment amounted to € 13.7 million in the year under review, representing a decline of € 18.9 million compared to the prior year. However, the segment earnings of the previous year included a gain on disposal amounting to around € 50.4 million arising from the Group-internal sale of PCC Exol SA by PCC Rokita SA to the Group holding company PCC SE. This income was eliminated on consolidation. The year under review also saw the sale of a minority shareholding in the Group subsidiary PCC Exol SA to an international investment fund, generating a positive contribution to earnings. After adjustments for these items, the Holding segment therefore increased its profitability. The average number of employees at the segment in 2013 amounted to 632 (previous year: 634).

Business development and financial performance

Overall, the PCC Group finished fiscal 2013 with an operating profit – expressed as earnings before interest, tax, depreciation and amortisation (EBITDA) – of € 47.5 million, an increase of € 9.5 million above the prior-year figure (€ 38.0 million). 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 € 629 million, an increase of € 4.9 million or 0.8 %. Other operating income includes foreign exchange rate gains of € 7.2 million (previous year: € 11.0 million). Similarly, included in other operating expenses are foreign exchange rate losses which, in 2013, amounted to € 8.4 million (previous year: € 11.8 million).

As in 2012, gross profit generated by the PCC Group once again grew in the year under review, coming in at € 142.1 million, an increase of € 8.1 million or 6.0 % above the prior-year figure. Although sales decreased due to lower prices and volume, lower raw material prices had a beneficial effect on the material input side. Particular significance attaches to energy as a factor of production. The decrease in price for power plant coal led to improved purchasing conditions and a corresponding growth in margins. Aside from the increase in gross profit, a positive influence was exerted on the EBITDA figure by a rise in other operating income from € 22.8 million to € 40.9 million. Included in this figure is the sale of a minority interest in the Group affiliate PCC Exol SA to an international investment fund.

The high level of capital expenditures made within the PCC Group in recent years resulted in a further increase in amortisation of intangible assets and depreciation of property, plant and equipment, to a total of € 19.0 million (previous year: € 18.8 million). Net interest expense, due primarily to bank loans and bonds, rose by € 0.8 million to € 22.2 million. This is the result of an increase in PCC SE bearer bonds in circulation and from the issuance of new bonds by PCC Rokita SA.

Compared to the previous year, earnings before taxes (EBT) improved from € – 19.7 million to € 10.4 million. Included in the financial result in the previous year was a 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. The EBT result for 2013 was also positively influenced by an increase in earnings from associates consolidated at equity.

The interest expense total results from the mezzanine financing of PCC SE, liabilities from bearer bonds, and also bank liabilities. The mezzanine financing was completely redeemed in 2013, leading to a reduction in the correspondingly high interest burden. Bank liabilities decreased in the year under review from € 90.4 million to € 89.5 million.

Liabilities from bearer bonds increased by € 68.2 million in 2013, from € 185.1 million to € 253.3 million.

A total of three bonds were redeemed in full on maturity in 2013: bond ISIN DE000A1H3H36 on April 1 in the amount of € 10.4 million, and also bonds ISIN DE000A0LRV96 in the amount of € 9.1 million on July 1, and ISIN DE000A1MA912 in the amount of € 9.3 million on December 1. Together with the quarterly repayments totalling € 1.6 million for the two bonds ISIN DE000A1EWB67 and ISIN DE000A1EWRT6, the total amount repaid in 2013 was € 30.4 million. At the same time, six new bonds were issued in 2013 – as of February 1, April 1, July 1 and December 1 – with different interest rates (4.75 % to 7.25 % p.a.) and varying terms and maturity dates within the period December 1, 2014 to October 1, 2018. The volume issued as of the end of the year amounted to around € 91 million. The funds mentioned were used for further investments in existing affiliates and current projects and also, in part, for refinancing the liabilities maturing in 2013. In addition to the euro bonds issued by PCC SE, bonds in Polish złoty have also been issued within the PCC Group by PCC Rokita SA and PCC Consumer Products Kosmet Sp. z o.o. in Poland. At year-end 2013, these had a value of PLN 100.5 million (around € 24.2 million).

Due to the events described above, total Group liabilities increased by around 9.9 %, from € 387.6 million to € 425.9 million. Within this total, there was a decrease in trade accounts payable, from € 67.6 million to € 63.0 million, accompanied by a decrease in other liabilities from € 21.3 million to € 18.5 million.

Total provisions increased from € 16.2 million to € 18.8 million. The special reserve for emission allowances received free of charge declined by € 1.0 million to € 3.4 million.

Taken together, these developments resulted in an increase in the balance sheet total from € 514.4 million to € 557.3 million. At the same time, equity rose slightly from € 105.4 million to € 109.1 million.

On the assets side of the consolidated balance sheet, further investments in property, plant and equipment in the Chlorine and Logistics segments contributed to a substantial rise in fixed assets from € 301.8 million to € 331.7 million, attributable to the PCC Group's ongoing capital expenditure programme. Year on year, there was also an increase in the current assets of the Group, from € 206.2 million to € 219.5 million. This was predominantly due to the increase in other assets, and related primarily to receivables from the transacted sale of shares in the Group subsidiary PCC Exol SA to an international investment fund. The reduction in inventories and in trade accounts receivable mirrored the decline in sales of the PCC Group.

At € 41.7 million, cash and cash equivalents within the Group decreased in comparison to the figure of € 45.1 million for the previous year, albeit with an increase in gross cash flow of € 2.4 million to € 15.8 million.

With equity remaining virtually flat, the increase in the balance sheet total mentioned led to a decline in the equity ratio from 20.5 % to 19.6 %. With all mezzanine financing having been redeemed as of December 31, 2013, 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 19.6 %.

The PCC Group's net debt rose in fiscal 2013 from € 252.5 million to € 301.4 million. Thanks to a disproportionate improvement in earnings, the ratio between net debt and EBITDA improved. The net gearing ratio decreased from 6.6 to 6.3 in 2013. The PCC Group's target is to reduce this figure over the medium term to below 5.0. However, as a further increase in net debt is planned for 2014 and 2015 due to the above-mentioned capital expenditure projects, this is unlikely to occur before 2016.

Overall, it can be said that fiscal 2013 proceeded to plan with the PCC Group achieving a significant improvement in both EBITDA and EBT compared to the 2012 earnings figures adjusted for the Oltchim effect. Without the sale of a minority interest in PCC Exol SA, however, earnings would have been below the prior-year level. Nevertheless, this transaction constitutes a purposeful continuation of the strategy adopted by PCC SE to create value and then to realise that value as opportunities arise. This strategy is also to be pursued going forward.

Risks to future development

Aside from the general economic risks that prevail, there also exist political risks in the form of the Russia-Ukraine conflict, which lie outside our control. There are currently no noticeable negative effects on our activities arising from this conflict, either in terms of the operational business of the affiliates of the PCC Group or in relation to PCC Group projects in this region. However, this situation could change in the event that the EU imposes economic sanctions on Russia. At the time of preparation of this Management Report, this eventuality appears to be unlikely.

The PCC Group's operational businesses are exposed to price change and default risks. The latter should be eliminated as far as possible through the conclusion of commercial credit insurance policies. Price change risks are minimised through the conclusion of back-to-back transactions, through price formulae and/or through the use of price 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 our financial planning, we continue to anticipate regular liquidity inflows arising in the future from the issuance of corporate bonds. However, increasing obstacles within the SME bonds market could possibly – at least temporarily – lead to liquidity bottlenecks. This risk is to be countered through the acquisition of alternative financing sources, including at the institutional level. We are also working on the partial replacement of the liquidity loans granted to our affiliated companies by bank loans.

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], and those of 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 adjustments, 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

The bond issued in September 2008 by PCC SE with a coupon of 7.25 % p.a. and a placed volume of around € 7.2 million (ISIN DE000A0WL5E5), and another issued in October 2012 with a coupon of 5.0 % p.a. and a placed volume of € 9.9 million (ISIN DE000A1PGS40) were both redeemed in full on maturity as of April 1, 2014.

For the purpose of partially refinancing bonds falling due in the future and for further investments in existing affiliated companies and new projects, PCC SE also issued a new bond as of April 1, 2014 (ISIN DE000A11P9V6) with a coupon of 4.75 % p.a. and a volume of up to € 10.0 million, due to mature on April 1, 2016.

PCC SE intends to float a minority interest in PCC Rokita SA by way of an initial public offering (IPO) on the Warsaw Stock Exchange GPW in either May or June 2014, accompanied by a capital increase. The corresponding stock exchange prospectus was filed by PCC Rokita SA with the Polish financial supervision authority KNF at the end of February 2014.

Also at the end of February 2014, our subsidiary PCC Exol SA concluded a long-term lease agreement with a Philippine company. This involves usage of chemical facilities for the manufacture of fatty alcohols, an important feedstock for surfactant production. PCC Exol SA has thus secured access to strategically important raw materials and, through compliance with sustainability criteria, will be able to address additional customer groups.

At the beginning of April 2014, PCC SE purchased a commercial site including office buildings and a production facility in Essen, Germany. The newly established entity, PCC Prodex GmbH (a wholly owned subsidiary of PCC Prodex Sp. z o.o.), has acquired assets at this site as part of this transaction. The objective is to manufacture and market polyurethane systems there as an extension of the strategy of PCC Prodex Sp. z o.o. to increasingly globalise its business. The Essen site will serve customers in German-speaking countries and also the markets of the Benelux region. Individual companies at the Duisburg site will utilise this investment in order to free themselves from lease obligations and transfer certain operations to this new location.

Likewise at the beginning of April, the Group company PCC HYDRO DOOEL Skopje, Skopje (Macedonia), completed two further small hydropower plants in Macedonia. As a result, the portfolio in this country increased to three operational hydroelectric power stations.

Outlook for 2014

The focus of the PCC Group in 2014 will again be on strengthening its existing investment portfolio through capital expenditures aligned to generating further growth in the core activities of the Group and to securing its enduring competitiveness. Moreover, the strategy of proactive investment portfolio management accompanied by ongoing optimisation of that portfolio can be expected to gain further momentum in 2014 and the years to follow, the long-term objective remaining to continuously increase in enterprise value.

Based on the positive business performance of, in particular, PCC Rokita SA and also the majority of the other affiliated companies of PCC SE in the year under review, significantly higher dividend payments to PCC SE are expected for 2014 than was the case in 2013. Once again, the biggest contribution will come from PCC Rokita SA. We also anticipate generating further income from the sale of shares in affiliated companies through the planned flotation of PCC Rokita SA, for example. With sales revenue expected to grow, the revenue-based licence fees chargeable should also increase. Despite the further rising interest burden, therefore, 2014 should result in the generation of a positive Group profit.

The current budget for the period between 2014 and 2016, which was prepared in the fourth quarter of 2013 for the operating business of the Group companies and affiliates, was generally based at the time on relatively uncertain economic prospects, and must therefore be regarded as rather conservative. The budget foresees an increase in sales of around 7 % for fiscal 2014, accompanied by an operating profit figure (EBITDA) for the PCC Group similar to that of 2013. Due to the increasing burden arising from depreciation, amortisation and interest charges, the budget shows Group earnings before taxes (EBT) for 2014 as still positive, but slightly below the level of 2013. However, this does not take into account the planned flotation of PCC Rokita SA and any further sales of shareholdings (including shares in the Icelandic project company PCC BakkiSilicon hf to Icelandic co-investors). The income from these disposals may result in the holding company PCC SE and also the PCC Group as a whole finishing fiscal 2014 with an EBT slightly above the prior-year level.

We see the Group continuing to operate as in 2013, with a similar level of capacity utilisation in the Chemicals division. Our trading business with chemical commodities should also exceed the level achieved in 2013 with respect to both sales and earnings, due to slightly accelerating demand combined with – at least in part – rising prices. The outlook for the Logistics division is similar, although the transport business of ZAO PCC Rail is likely to once again end fiscal 2014 with a loss due to Russia's continuing economic weakness. In the case of our intermodal transport business, however, we anticipate positive business performance, exceeding the level of the preceding year based on the current order situation and the moderate economic growth expected for Europe.

The Consumer Products segment, which encompasses the activities of the "PCC Consumer Products" subgroup, should benefit in 2014 from the capital expenditures now completed, with both revenues and earnings increasing versus the prior year. This segment is to be further expanded in the years to come. The long-term objective is to float this subgroup on the Warsaw Stock Exchange GPW. Similar plans remain in place for the IT and telecommunications services of the PCC Group, which were augmented in 2011 through inclusion of the 3Services Factory S.A. data centre. In the case of this latter affiliate, 2012 saw commencement of a second phase of development that was completed at the beginning of 2014. 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.

The main revenue and earnings generators in fiscal 2014 will be the PCC Group's Chemicals division, followed at some distance by the Logistics segment. The Surfactants and Consumer Products segments in particular are expected to increase their sales in the low double-digit percentage range. We anticipate that the Chlorine segment will continue to be impacted by further declining prices with respect to the by-product caustic soda, and we therefore anticipate a decline in sales there in the low double-digit percentage range. Overall, our budget for the five segments of the Chemicals division foresees an increase in revenues of 6 %. In the Logistics segment, we expect sales to grow to € 50 million. The Energy segment, on the other hand, will continue to be essentially characterised by project development, at least during 2014, which means it will be of less importance for Group profits. In the course of 2014, however, further fully productive small hydropower plants in South-East Europe will, if current plans are fulfilled, provide additional positive support to our earnings trend. Sales in this segment are expected to be flat in 2014. The Renewable Energies business unit should be able to generate a relatively strong increase in sales as a result of the completed operational small hydropower plants, albeit from a low base in absolute terms. In the Conventional Energies business unit, however, we anticipate further declining sales.

Even assuming positive or at least stable macroeconomic developments in the coming years, significant increases in earnings are not currently expected until fiscal 2016. This will represent the first year in which the MCAA plant currently under construction will have been operating for a full twelve months. Moreover, major investments in PCC Intermodal S.A. at its various combination transport terminals will also have been completed. Positive effects on the earnings development of PCC SE are expected in the form of increasing dividend payments in the following years. At the same time, the level of debt and also the gearing ratio of the PCC Group are expected to increase further, at least in 2014, due to various capital expenditure projects and, in particular, implementation of the Iceland project. The aim of the PCC Group is to reduce its gearing ratio over the medium term to less than 5.0.

As already mentioned, the strategy of proactive investment portfolio management is to continue through 2014 and beyond. Sustainable growth and a continuous increase in the value of the PCC Group will remain at the focus of our endeavours.

Duisburg, May 6, 2014
PCC SE

Ulrike Warnecke
Managing Director

Dr. rer. oec. (BY) Alfred Pelzer
Managing Director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Consolidated financial statements

Auditor’s report

We have audited the consolidated financial statements prepared by PCC SE, Duisburg, Germany – comprising the balance sheet, the income statement, the notes to the consolidated financial statements, the cash flow statement and the statement of movements in group equity – and the group management report for the financial year from January 01 to December 31, 2013. 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 consolidated financial statements, the determination of the entities to be included in 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 01 to December 31, 2013 comply with 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, May 12, 2014

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Häger	Krichel
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Consolidated income statement

Figures in € k	(Note)	Jan. 1 – Dec. 31, 2013	Jan. 1 – Dec. 31, 2012
Sales	(4)	**624,293**	**677,301**
Change in inventories		**123**	374
Other internal costs capitalised	(5)	**2,058**	935
Other operating income	(6)	**40,881**	22,771
Purchased goods and services	(7)	**484,357**	544,576
Personnel expenses	(8)	**50,853**	45,558
Other operating expenses	(10)	**84,614**	73,207
EBITDA (Earnings before interest, taxes, depreciation and amortisation)		**47,531**	**38,041**
Depreciation and amortisation	(9)	**18,977**	18,766
EBIT (Earnings before interest and taxes)		**28,555**	**19,274**
Result from associated companies	(11)	**2,152**	385
Income from other investments	(11)	**21**	18
Other interest and similar income		**1,813**	1,962
Amortisation and impairment of financial fixed assets and marketable securities	(11)	**–123**	19,880
Interest and similar expenses	(12)	**22,233**	21,442
EBT (Earnings before taxes)		**10,431**	**–19,682**
Taxes on income	(13)	**154**	1,608
Net profit/loss for the year		**10,277**	**–21,291**
Result attributable to PCC Group		**9,235**	–20,045
Result attributable to minority interests		**1,042**	–1,246

Consolidated balance sheet

Assets Figures in € k	(Note)	Dec. 31, 2013	Dec. 31, 2012
Fixed assets		**331,698**	**301,778**
Intangible assets	(14)	**20,030**	22,806
Tangible assets		**288,430**	259,962
Financial assets		**23,238**	19,010
Current assets		**219,447**	**206,157**
Inventories	(15)	**49,942**	53,062
Trade accounts receivable	(16)	**75,369**	73,461
Accounts receivable from affiliated companies	(17)	**11,596**	18,337
Accounts receivable from enterprises in which participating interests are held	(18)	**9,871**	57
Other assets	(19)	**30,971**	15,689
Marketable securities		**0**	478
Cash and cash equivalents		**41,697**	45,074
Prepaid expenses and deferred charges	(20)	**3,736**	**2,915**
Deferred taxes	(27)	**2,448**	**3,504**
Total assets		**557,329**	**514,354**

Equity and liabilities Figures in € k	(Note)	Dec. 31, 2013	Dec. 31, 2012
Equity	(21)	**109,066**	**105,392**
Subscribed capital		**5,000**	5,000
Capital reserve		**56**	56
Equity differences due to currency translation		**−9,063**	−8,671
Consolidated retained earnings		**77,822**	77,159
Accumulated other capital		**11,076**	11,009
Minority interests		**24,174**	20,839
Special reserve for emission allowances received free of charge	(22)	**3,419**	**4,468**
Provisions	(23)	**18,823**	**16,182**
Provisions for pensions and similar obligations		**302**	489
Other provisions		**18,521**	15,693
Liabilities	(24)	**425,873**	**387,637**
Mezzanine capital		**0**	22,000
Liabilities from bearer bonds	(25)	**253,343**	185,133
Bank liabilities		**89,465**	90,420
Advance payments for orders received		**27**	24
Trade accounts payable		**63,001**	67,557
Accounts payable to affiliated companies		**1,494**	1,211
Accounts payable to companies in which participations are held		**17**	4
Other liabilities	(26)	**18,524**	21,287
Deferred income		**149**	**676**
Total equity and liabilities		**557,329**	**514,354**

Consolidated cash flow statement

Figures in €k	(Note)	Jan. 1 – Dec. 31, 2013	Jan. 1 – Dec. 31, 2012
Profit for the year		**10,277**	**–21,291**
Depreciation, amortisation and impairment of tangible and intangible fixed assets		**18,977**	18,766
Amortisation and impairment of financial fixed assets		**264**	20,201
Change in provisions		**2,775**	–3,174
Increase (+), decrease (–) in allowances for receivables and other assets		**420**	–206
Gains (–), losses (+) from disposal of fixed assets		**–16,813**	–998
Other non-cash gains (–), expenses (+)		**–119**	80
Gross cash flow		**15,780**	**13,378**
Increase (–), decrease (+) in inventories		**1,652**	–2,690
Increase (–), decrease (+) in trade accounts receivable		**–5,564**	–12,135
Increase (–), decrease (+) in receivables from affiliated companies		**6,685**	–8,512
Increase (–), decrease (+) in other assets		**–25,001**	6,601
Increase (+), decrease (–) in trade accounts payable		**–1,713**	18,723
Increase (+), decrease (–) in payables to affiliated companies		**304**	129
Increase (+), decrease (–) in other liabilities		**–2,299**	60
Cash flow from operating activities		**–10,156**	**15,554**
Inflows from disposal of intangible fixed assets		**150**	1,070
Inflows from disposal of tangible fixed assets		**3,100**	2,738
Inflows from disposal of financial fixed assets		**16,612**	973
Inflows from disposal of consolidated companies and other operations		**83**	–212
Capital expenditures for acquisitions of consolidated companies and other operations		**–4,361**	–255
Capital expenditures for purchases of intangible fixed assets		**–573**	–2,669
Capital expenditures for purchases of tangible fixed assets		**–46,823**	–31,750
Capital expenditures for purchases of financial fixed assets		**–4,411**	–8,222
Cash flow from investing activities		**–36,222**	**–38,326**
Proceeds from capital contributions		**0**	0
Dividends paid to shareholder and owner		**–1,200**	–2,050
Inflows (+), outflows (–) from issuance/redemption of mezzanine capital notes		**–22,000**	–26,000
Inflows (+), outflows (–) from issuance/redemption of profit participation certificates		**68**	309
Inflows (+), outflows (–) from issuance/redemption of bearer bonds		**68,539**	51,733
Inflows (+), outflows (–) from assumption/amortisation of other financial liabilities		**1,967**	8,896
Cash flow from financing activities		**44,945**	**32,888**
Changes in cash due to cash transactions		**–1,433**	10,115
Changes in cash due to foreign exchange rates		**1,952**	–10,222
Changes in cash due to revaluation		**3,271**	7,274
Financial funds at beginning of period		**37,908**	37,908
Financial funds at end of period	(30)	**41,697**	**45,074**

Consolidated statement of movements in Group equity

Figures in €k	Subscribed capital	Capital reserve	Equity differences due to currency translation	Consolidated retained earnings	Accumulated other capital	**Equity per consolidated balance sheet**	Minority interests	**Group equity**
As of Dec. 31, 2012	5,000	56	−8,671	77,159	11,009	84,552	20,839	105,392
Profit as of Dec. 31, 2013				9,235		9,235	1,042	10,277
Additions to capital from the issuance of profit participation certificates					68	68		68
Dividends paid to shareholder and owner				−1,200		−1,200	−127	−1,327
Changes in consolidation scope			−26	−454		−481	413	−67
Consolidation adjustments			30	−6,918		−6,888	1,917	−4,971
Foreign currency translation differences			−395			−395	88	−306
As of Dec. 31, 2013	**5,000**	**56**	**−9,063**	**77,822**	**11,076**	**84,892**	**24,174**	**109,066**

Consolidated statement of changes in fixed assets

		Historical cost						
Figures in €k	(Note)	Jan. 1, 2013	Changes in consolidation scope	Additions	Disposals	Reclassifications	Foreign currency translation	**Dec. 31, 2013**
Intangible assets		**30,592**	**2**	**1,124**	**210**	**–1,261**	**–395**	**29,851**
Intellectual property and similar rights		9,247	2	–12	210	216	–122	9,119
Goodwill	(14)	11,068	0	551	0	0	–75	11,544
Advance payments		10,277	0	586	0	–1,477	–199	9,187
Tangible assets		**424,090**	**5,382**	**46,823**	**8,253**	**1,261**	**–9,321**	**459,982**
Land, land rights and buildings		66,779	–217	–3,802	620	5,338	–1,367	66,110
Technical plant and machinery		203,435	3,332	8,249	4,567	10,350	–5,281	215,518
Other plant, operating and office equipment		114,894	480	877	1,718	6,063	–2,150	118,445
Advance payments and construction in progress		38,981	1,788	41,499	1,348	–20,489	–523	59,909
Financial assets		**42,073**	**763**	**4,395**	**339**	**0**	**–497**	**46,395**
Shares in affiliated companies		15,131	–1,737	137	0	0	–469	13,061
Loans to affiliated companies		1,916	0	3,239	0	0	0	5,154
Shares in associated companies	(2)	9,153	2,471	530	0	0	0	12,154
Other investments		11	0	0	0	0	0	11
Loans to enterprises in which participating interests are held		0	0	0	0	0	0	0
Non-current securities		14,334	0	0	0	0	–7	14,327
Other loans		1,529	29	490	339	0	–21	1,687
Advance payments		0	0	0	0	0	0	0
Fixed assets		**496,755**	**6,147**	**52,342**	**8,803**	**0**	**–10,213**	**536,228**

Accumulated depreciation and amortisation							Net book value		
Jan. 1, 2013	Changes in consolidation scope	Additions	Disposals	Reclassifications	Foreign currency translation	**Dec. 31, 2013**	Dec. 31, 2012	Changes in at-equity valuation	**Dec. 31, 2013**
7,786	**1**	**2,209**	**90**	**0**	**–85**	**9,821**	**22,806**	**0**	**20,030**
4,090	1	739	90	0	–44	4,697	5,156	0	4,423
3,696	0	1,469	0	0	–41	5,124	7,372	0	6,420
0	0	0	0	0	0	0	10,277	0	9,187
164,128	**–210**	**16,649**	**5,664**	**0**	**–3,352**	**171,551**	**259,962**	**0**	**288,430**
18,080	8	1,303	441	75	–337	18,687	48,699	0	47,423
100,405	920	10,638	3,594	–128	–2,179	106,063	103,030	0	109,455
44,369	149	4,543	1,629	53	–812	46,672	70,525	0	71,774
1,274	–1,287	165	0	0	–23	129	37,708	0	59,779
24,760	**–1**	**264**	**0**	**0**	**–168**	**24,854**	**19,010**	**1,697**	**23,238**
9,186	–1	–126	0	0	–144	8,915	5,944	0	4,146
0	0	0	0	0	0	0	1,916	0	5,154
321	0	387	0	0	0	707	10,529	1,697	13,144
0	0	0	0	0	0	0	11	0	11
0	0	0	0	0	0	0	0	0	0
14,328	0	3	0	0	–7	14,325	6	0	2
925	0	0	0	0	–18	907	604	0	780
0	0	0	0	0	0	0	0	0	0
196,675	**–210**	**19,121**	**5,753**	**0**	**–3,605**	**206,227**	**301,778**	**1,697**	**331,698**

Notes to the consolidated financial statements for fiscal 2013

General principles and methods

The consolidated annual financial statements and also the Group management report of PCC Societas Europaea (PCC SE), Duisburg, Germany, as of December 31, 2013 have been prepared in accordance with the provisions of the German Commercial Code [Handelsgesetzbuch, HGB] and 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, 2013, 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 2012 (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 euro (€ 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 PCC Group has around 2,800 employees working at 33 sites in 16 countries around the world. Our portfolio of affiliated companies is divided into eight segments. The seven segments Polyols, Surfactants, Chlorine, Speciality Chemicals, Consumer Products, Energy and Logistics carry the operational responsibility. Our international companies and entities control 19 business units allocated to these segments. The eighth segment, Holding, to which not only our holding company PCC SE but also other companies and entities belong, is primarily responsible for providing central, Group and corporate services in the fields of finance, business development, IT, environmental protection, site infrastructure management, research and development, and engineering and technology.

Operating segments

Polyols	Surfactants	Chlorine	Speciality Chemicals	Consumer Products	Energy	Logistics

Business units

Polyols	Surfactants	Chlorine	Speciality Chemicals	Consumer Products	Energy	Logistics
▪ Polyols ▪ Polyurethane Systems	▪ Anionic Surfactants ▪ Non-ionic Surfactants ▪ Betaines	▪ Chlorine ▪ MCAA ▪ Other Chlorine Downstream Products	▪ Phosphorus & Naphthalene Derivatives ▪ Alkylphenols ▪ Chemicals & Commodities Trading ▪ Quartzite	▪ Household & Industrial Cleaners, Detergents and Personal Care Products ▪ Matches & Firelighters	▪ Renewable Energies ▪ Conventional Energies	▪ Intermodal Transport ▪ Road Haulage ▪ Rail Transport

The segment structure supersedes the previous divisional structure effective as of January 1, 2013. The new scheme by which our businesses are pooled should assist in the leverage of synergy effects and sharpen the profile of the individual operations. Through this reorganisation, the PCC Group is able to continue rigorously pursuing its strategy of proactive investment portfolio management and ongoing portfolio optimisation. The management of our assets and affiliates together with examination of further acquisitions with the aim of competence-related diversification into new market segments remain at the heart of our Group policy. The underlying objective is to build a basis for sustainable growth and to continuously increase our enterprise value going forward. Comparative prior-year figures have been adjusted accordingly.

The subsidiaries included in the full consolidation are as follows:

Fully consolidated subsidiaries	Segment	Country	Participating interest in %
PCC Prodex Sp. z o.o., Warsaw	Polyols	Poland	100.00
PCC Rokita SA, Brzeg Dolny	Polyols, Chlorine, Speciality Chemicals, Energy, Holding	Poland	100.00
PCC Chemax, Inc., Piedmont, SC	Surfactants	USA	80.05
PCC Exol SA, Brzeg Dolny	Surfactants	Poland	80.05
Tensis Sp. z o.o., Brzeg Dolny	Surfactants	Poland	100.00
MCAA SE, Brzeg Dolny	Chlorine	Poland	100.00
PCC P4 Sp. z o.o., Brzeg Dolny	Chlorine	Poland	100.00
PCC MORAVA-CHEM s.r.o., Český Těšín	Speciality Chemicals	Czech Republic	100.00
PCC Silicium S.A., Zagórze	Speciality Chemicals	Poland	99.95
PCC Synteza S.A., Kędzierzyn-Koźle	Speciality Chemicals	Poland	100.00
Petro Carbo Chem GmbH, Duisburg	Speciality Chemicals	Germany	100.00
S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea	Speciality Chemicals	Romania	58.72
Węglopochodne Sp. z o.o., Kędzierzyn-Koźle	Speciality Chemicals	Poland	100.00
ZAO NOVOBALT Terminal, Kaliningrad	Speciality Chemicals	Russia	100.00
Fabryka Zapałek "Czechowice" S.A., Czechowice-Dziedzice	Consumer Products	Poland	85.00
Kosmet Sp. z o.o., Brzeg Dolny	Consumer Products	Poland	100.00
OOO KosmetNavigator, Grodno	Consumer Products	Belarus	91.10
OOO Navigator, Grodno	Consumer Products	Belarus	75.00
PCC Consumer Products Kosmet Sp. z o.o., Brzeg Dolny	Consumer Products	Poland	100.00
PCC Consumer Products S.A., Warsaw	Consumer Products	Poland	100.00
OOO PCC Consumer Products, Moscow	Consumer Products	Russia	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	62.31
PCC Intermodal S.A., Gdynia	Logistics	Poland	62.31
ZAO PCC Rail, Moscow	Logistics	Russia	100.00
3Services Factory S.A., Katowice	Holding	Poland	73.70
Apakor-Rokita Sp. z o.o., Brzeg Dolny	Holding	Poland	99.57
Ekologistyka Sp. z o.o., Brzeg Dolny	Holding	Poland	100.00
LabMatic Sp. z o.o., Brzeg Dolny	Holding	Poland	99.74
PCC IT S.A. (formerly PCC Centrum Teleinformatyki), Brzeg Dolny	Holding	Poland	100.00

The scope of consolidation underwent no material change in 2013 compared to the situation prevailing in the previous year. Four entities were consolidated for the first time. One entity was merged within the Group. The sum translated into euro of the total assets of the newly consolidated entities represents around 1.2 % 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 have been no changes versus prior year:

Associated companies	Segment	Country	Participating interest in %
3S S.A. (formerly TKP S.A.), Katowice	Holding	Poland	46.33
Górnicze Zakłady Dolomitowe S.A., Siewierz	Holding	Poland	10.89
Inwestycyjna Grupa Budowlano-Surowcowa S.A., Katowice	Holding	Poland	33.00
Kopalnia Piasku Kotlarnia S.A., Kotlarnia	Holding	Poland	10.89
Przedsiębiorstwo Robót Zmechanizowanych Budostal-8 S.A., Kraków	Holding	Poland	8.72
PUH Włodzimierz S.A., Katowice	Holding	Poland	14.03

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 determining the net assets, financial position, results of operations and cash flows of the Group:

Non-consolidated companies	Segment	Country	Participating interest in %
PCC Rokita Polyurethanes Sp. z o.o., Brzeg Dolny	Polyols	Poland	100.00
SOO PCC Prodex Bel, Smilavichy	Polyols	Belarus	51.00
PCC EXOL Kýmya Sanayý Ve Týcaret Lýmýted Ţýrketý, Istanbul	Surfactants	Turkey	80.05
ZAO Exol, Nizhny Novgorod	Surfactants	Russia	50.00
PCC Chlor-Alkali Sp. z o.o., Brzeg Dolny	Chlorine	Poland	100.00
OOO DME Aerosol, Pervomaysky	Speciality Chemicals	Russia	50.00
PCC Organic Oils Ghana Limited, Accra	Speciality Chemicals	Ghana	75.10
PCC Slovakia s.r.o., Košice	Speciality Chemicals	Slovakia	100.00
TzOW Petro Carbo Chem, Lviv	Speciality Chemicals	Ukraine	92.32
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. i.L., 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
4VOD Sp. z o.o., Kraków	Holding	Poland	22.19
Agencja Rozwoju Lokalnego S.A., Jaworzno	Holding	Poland	6.96
BiznesPark Rokita Sp. z o.o. i.L., Brzeg Dolny	Holding	Poland	100.00
Chemia-Profex Sp. z o.o., Brzeg Dolny	Holding	Poland	100.00
Chemia-Serwis Sp. z o.o., Brzeg Dolny	Holding	Poland	100.00
ChemiPark Technologiczny Sp. z o.o., Brzeg Dolny	Holding	Poland	100.00
Chemi-Plan S.A., Brzeg Dolny	Holding	Poland	100.00
CWB Partner Sp. z o.o., Brzeg Dolny	Holding	Poland	100.00
FABUD Wytwórnia Konstrukcji Betonowych S.A., Siemanowice	Holding	Poland	2.16
GEKON S.A. i.L., Brzeg Dolny	Holding	Poland	100.00
Interaktywny Dom Sp. z o.o., Gliwice	Holding	Poland	21.60
LabAnalityka Sp. z o.o., Brzeg Dolny	Holding	Poland	100.00
Maktel Sp. z o.o., Katowice	Holding	Poland	46.33
Netwizor Sp. z o.o., Warsaw	Holding	Poland	22.19
OPENMAX Sp. z o.o., Bielsko-Biała	Holding	Poland	30.62
PCC BakkiSilicon hf, Húsavík	Holding	Iceland	95.00
Polyolt Holding Limited, Nicosia	Holding	Cyprus	100.00
SGT S.A., Gliwice	Holding	Poland	21.60
SSH Sp. z o.o., Gliwice	Holding	Poland	30.62
TEC artec valves GmbH & Co. KG i.L., Oranienburg	Holding	Germany	68.85
Technochem Sp. z o.o., Brzeg Dolny	Holding	Poland	85.80
TRANSGAZ S.A., Rybnik	Holding	Poland	9.64

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

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

Fully consolidated subsidiaries	Domestic	Foreign
Jan. 1, 2012	**5**	**25**
Additions	1	2
Disposals/Mergers	2	0
Jan. 1, 2013	**4**	**27**
Additions	0	4
Disposals/Mergers	0	1
Consolidated companies as of Dec. 31, 2013	**4**	**30**

There were four additions to the scope of consolidation in fiscal 2013 as follows:

- ZAO Novobalt Terminal, Kaliningrad (Russia)
- OOO Navigator, Grodno (Belarus)
- OOO KosmetNavigator, Grodno (Belarus)
- OOO PCC Consumer Products, Moscow (Russia)

The first shares in the two Belarus affiliates were purchased in 2012, with control having been acquired over these entities as of January 1, 2013. Both companies have been consolidated using the purchase method (revaluation method) based on their local currency. We do not classify Belarus as falling under the criteria of a hyperinflationary economy. The inflation rate, which moved in parallel to EUR/BYR exchange rate, averaged around 16.5 % in the course of 2013. Nevertheless, as a result of application of the revaluation method in measuring the assets and liabilities for their first-time consolidation, the 2013 consolidated financial statements show the fair values as of December 31, 2013.

Chemi-Progress Sp. z o.o., Brzeg Dolny (Poland), was merged in 2013 with its direct parent PCC Rokita SA, Brzeg Dolny.

There were no material changes with respect to the affiliated, non-consolidated companies in fiscal 2013.

(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 debit or credit differentials arising from this allocation are set off against reserves unless recognised in income.

The revaluation 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 positive 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 entities, 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 book value method. As in the previous year, the companies IGBS S.A., Katowice (Poland), and 3S S.A. (formerly TKP S.A.), Gliwice (Poland), were consolidated at Group level by the at-equity method in fiscal 2013. Realised net earnings for the year were proportionately allocated accordingly using the equity value approach. The dividends already received in 2013 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 3S 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 3S S.A. at year-end 2013 amounted to around € 2.6 million (previous year: € 2.6 million), stated as goodwill. Due to a capital increase at 3S S.A. implemented in 2013 through which PCC SE increased its shareholding to over 46 %, the debit differential also grew, resulting in higher amortisation amounts in the years to come. Attributed to IGBS S.A. is an unchanged credit differential amounting to € 891k. The following table shows the change in equity values of the above-mentioned consolidated entities.

Figures in € k	**Dec. 31, 2013**	Dec. 31, 2012
Equity value at beginning of period	**10,463**	10,001
Additions/Disposals	**817**	77
Dividends	**–67**	0
Amortisation of consolidation differences	**–387**	–321
Proportionate net profit/loss	**2,539**	706
Changes in consolidation scope	**0**	0
Equity value at end of period	**13,364**	**10,463**

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 euro 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 thereafter carried forward. The resultant currency translation differences are recognised in equity as currency translation adjustment items under equity differences due to currency translation, or under 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:

	Closing rate		Average rate	
Currency exchange rate for 1 EUR	**Dec. 31, 2013**	Dec. 31, 2012	**2013**	2012
Czech koruna (CZK)	**27.4270**	25.1510	**25.9800**	25.1490
Polish złoty (PLN)	**4.1543**	4.0740	**4.1975**	4.1847
US dollar (USD)	**1.3791**	1.3194	**1.3281**	1.2848
Romanian leu (RON)	**4.4710**	4.4445	**4.4190**	4.4530
Russian ruble (RUB)	**45.3246**	40.3295	**42.3370**	39.9262
Belarusian ruble (BYR)	**13,146.52**	–	**11,827.68**	–
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.

Receivables and other assets are disclosed at their nominal/face value and individually value-adjusted. Identifiable credit or default risks are reflected by appropriate individual allowances for doubtful receivables. Accounts receivable in foreign currencies are measured at the exchange rate prevailing at the time of transaction. Accounts receivable in foreign currencies with a term of less than one year recognised in the financial statements of the subsidiaries are translated 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 adjustments 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 one 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 as 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.

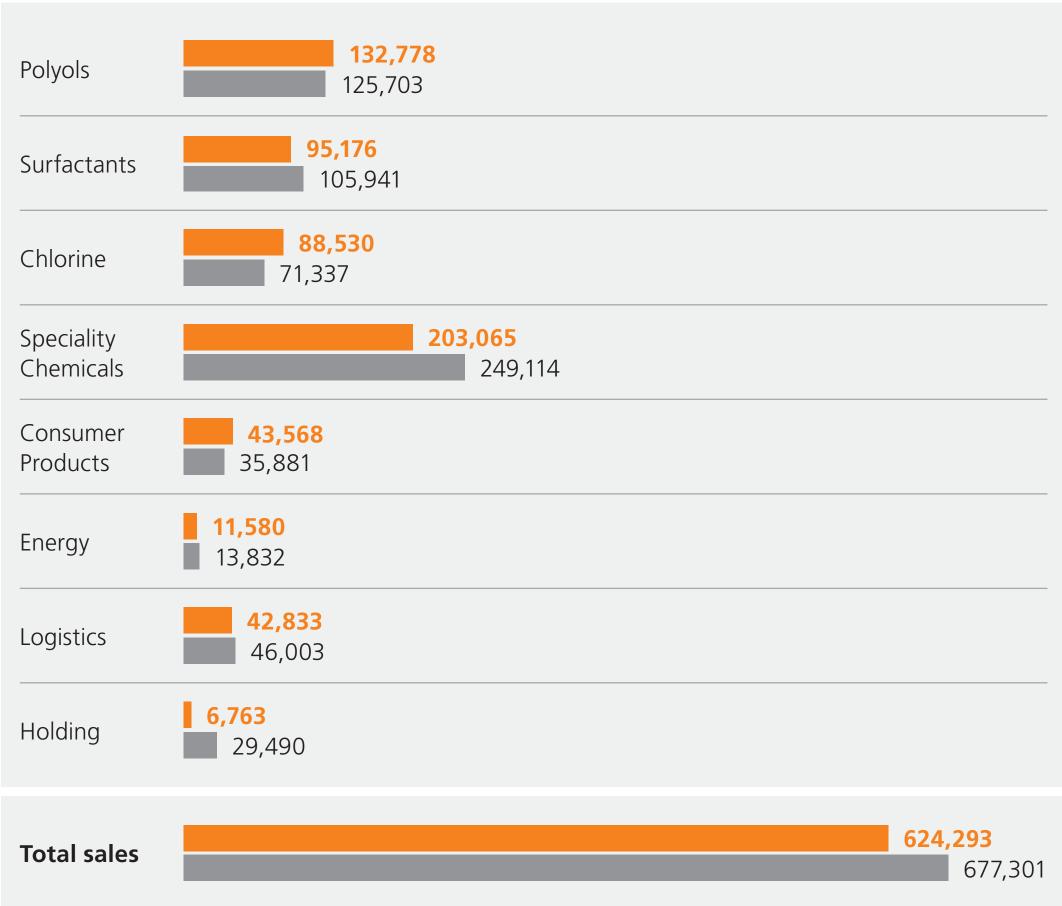
Notes to the individual items of the consolidated income statement

(4) Sales

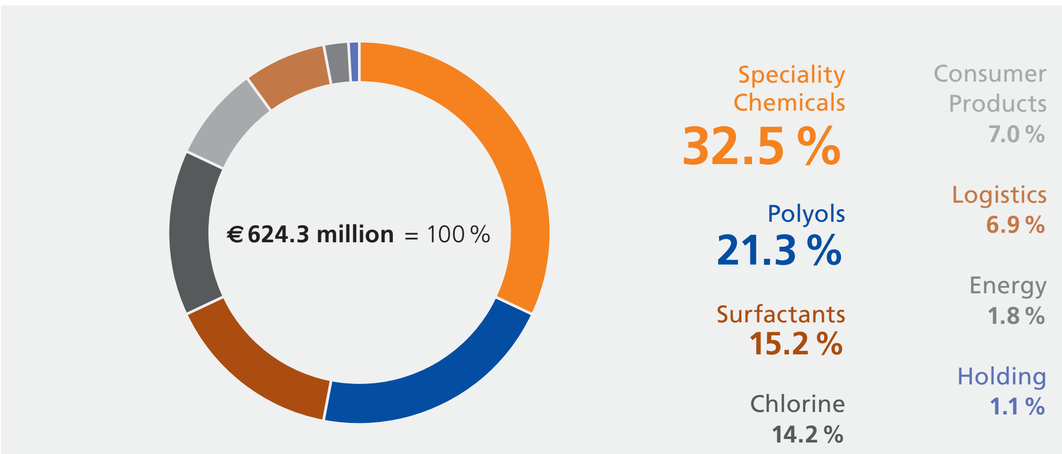
The sales generated by the individual Group segments in fiscal 2013 were as follows:

Sales by segment in €k

2013 2012



Sales by segment 2013 in %

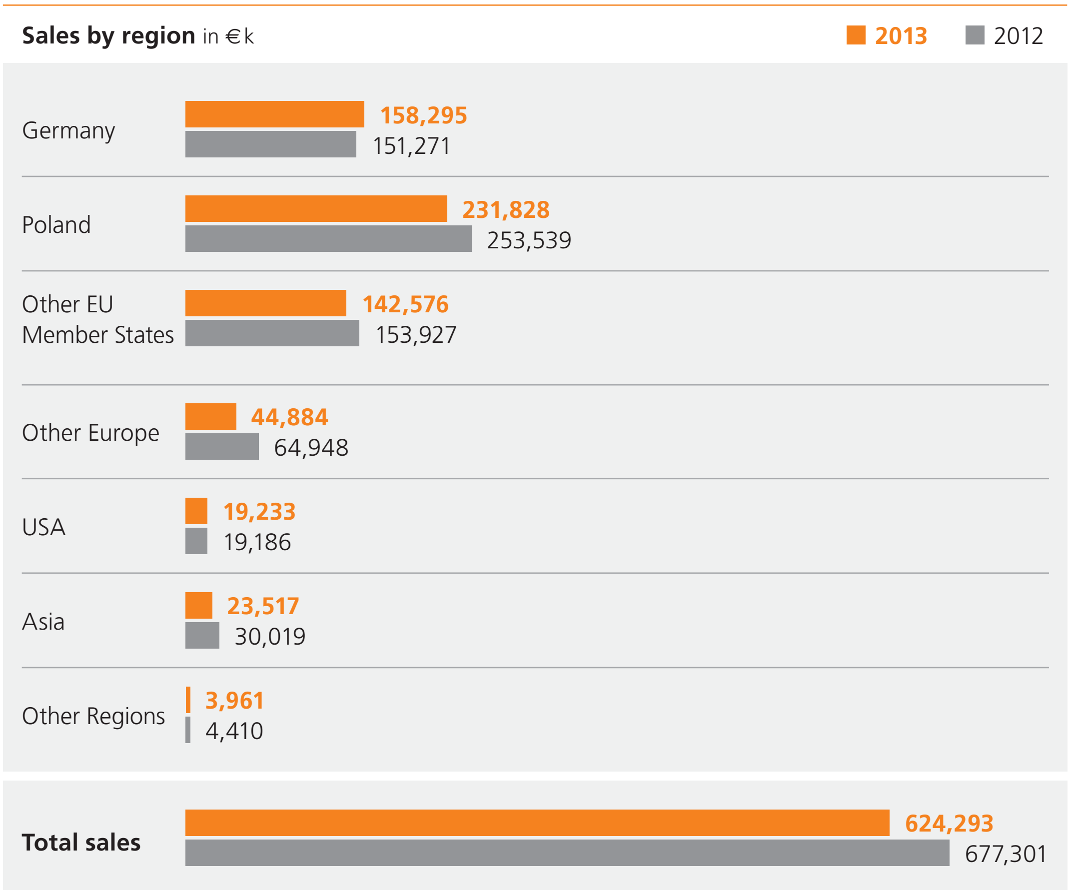


At around € 624.3 million, consolidated sales in 2013 were 7.8 % below the prior-year figure. The decrease in sales was largely due to results of the commodities trading business allocated to the biggest revenue-generating segment, Speciality Chemicals, and resulted from, among other things, significantly declining commodity prices together with changes in the product mix. In addition, due to declining prices, the Surfactants segment also reported lower sales. With its polyol plant 4, which was commissioned in 2012, in production for a whole year for the first time in 2013, the Polyols segment posted volume increases which more than offset the concurrent price decline that resulted from the entry of new suppliers in individual sales markets. Overall, therefore, sales revenue generated by this segment rose. The Chlorine segment was able to benefit from continuing high prices for the by-product caustic soda, significantly increasing its sales revenue compared to the previous year.

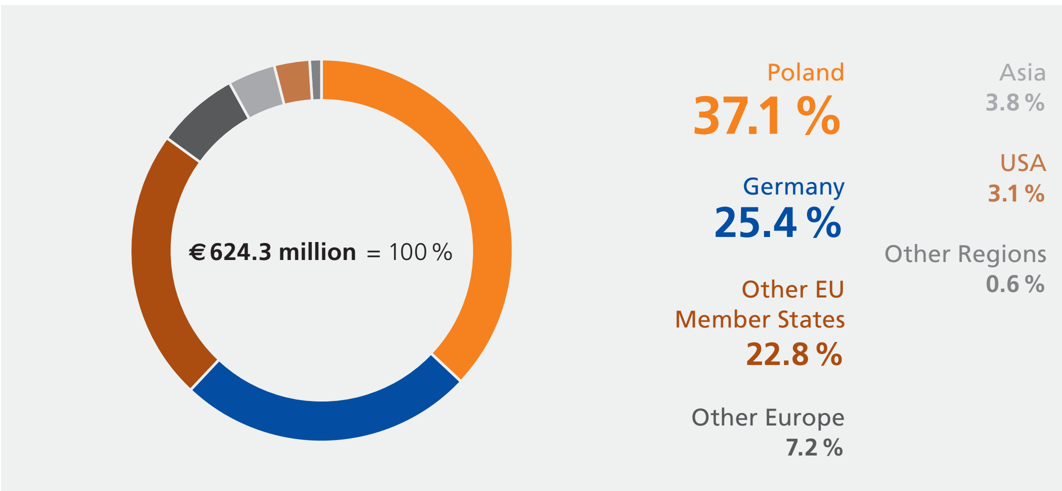
Within the Group, the Chemicals division – with its five segments Polyols, Surfactants, Chlorine, Speciality Chemicals, and Consumer Products – accounted for 90.2 % of consolidated sales in 2013, this high share thus remaining virtually unchanged versus prior year. The Logistics segment posted a decline in sales of 6.9 % to € 42.8 million; the revenues generated by the Energy segment fell by € 2.3 million to € 11.6 million; and sales realised within the Holding segment decreased by € 22.7 million to € 6.8 million.

For the purpose of our financial communications, we group our businesses within seven regions: Germany, Poland, Other EU Member States, Other Europe, USA, Asia and Other Regions. In fiscal 2013 we generated 25 % of our sales with customers in Germany, while 37 % was attributable to customers in Poland. The geographical sales breakdown is indicated in the following graphic:

Sales by region in € k



Sales by region 2013 in %



The PCC Group generates more than 85 % of its sales with customers in the Member States of the European Union, with the focus on Poland and Germany.

(5) Other internal costs capitalised

The total of other internal costs capitalised essentially derives from manufacturing costs in respect of work or assets capitalised at other consolidated companies as of December 31, 2013. Any inter-company profits are eliminated to the extent that they are material.

(6) Other operating income

Other operating income in fiscal 2013 breaks down as follows:

Figures in € k	Dec. 31, 2013	Dec. 31, 2012
Gains from disposal of assets	**16,961**	1,940
Foreign exchange rate gains	**6,111**	10,465
Insurance reimbursements	**1,542**	893
Income from the reversal of value allowances on doubtful receivables	**1,429**	1,883
Foreign exchange rate gains on current receivables and liabilities	**1,095**	512
Rent and similar income	**904**	366
Income from costs recharged	**253**	348
Income from reversal of provisions	**204**	679
Sundry other operating income	**12,382**	5,685
Total other operating income	**40,881**	**22,771**

Gains from foreign exchange rate differences should be seen in conjunction with losses arising from foreign exchange rate differences as disclosed under other operating expenses. Netting these two items reveals a negative impact on earnings for 2013 amounting to € –1.2 million (previous year: € + 834 k). Gains from foreign exchange rate differences on accounts receivable and payable with a term of less than one year are disclosed as a separate item. Compared to the previous year, the figure concerned almost halved. In absolute terms, income from foreign exchange rate differences decreased from € 11.0 million to € 7.2 million.

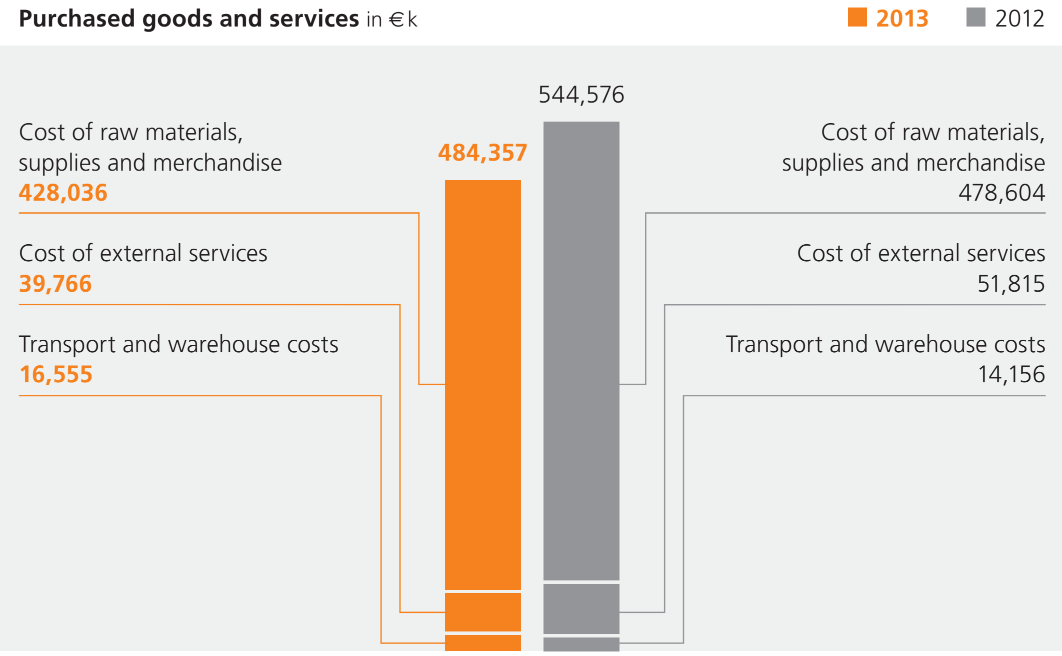
Overall, other operating income underwent a significant increase compared to 2012, rising by € 18.1 million to € 40.8 million. This is largely due to the sale of a minority interest in PCC Exol SA (corresponding to 8.26 % of the affiliate's general meeting voting rights) to an international investment fund.

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

(7) Purchased goods and services

The cost of goods and services purchased in 2013 breaks down as follows:

Purchased goods and services in €k



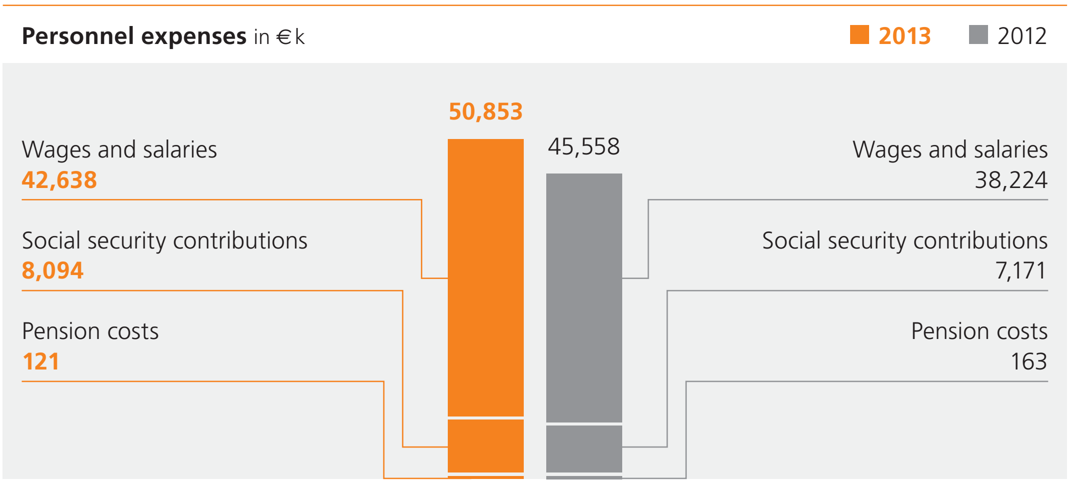
The cost of purchased goods and services decreased compared to the previous year by € 60.2 million or 11.1 % to € 484.4 million. The decline in sales in the segments of the Chemicals division and lower raw material prices and energy costs led to this decrease.

Despite the decrease in sales, gross profit rose compared to the previous year, by 6.0 % to € 142.1 million. This was due to the cost of purchased goods and services declining by a larger percentage than the decrease in sales, coupled with a continuation of the strategy pursued in 2012 whereby we concentrated in the Chemicals segments more on selling products with high margins. Optimised usage of raw materials and resources in the production process and adaptation of our product mix were at the focus of our efforts. With its polyol plant 4, which was commissioned in 2012, in production for a whole year for the first time in 2013, the Polyols segment posted volume increases.

The decrease in the cost of external services is due in the first instance to falling energy costs in the production process, predominantly attributable to lower prices for power plant coal.

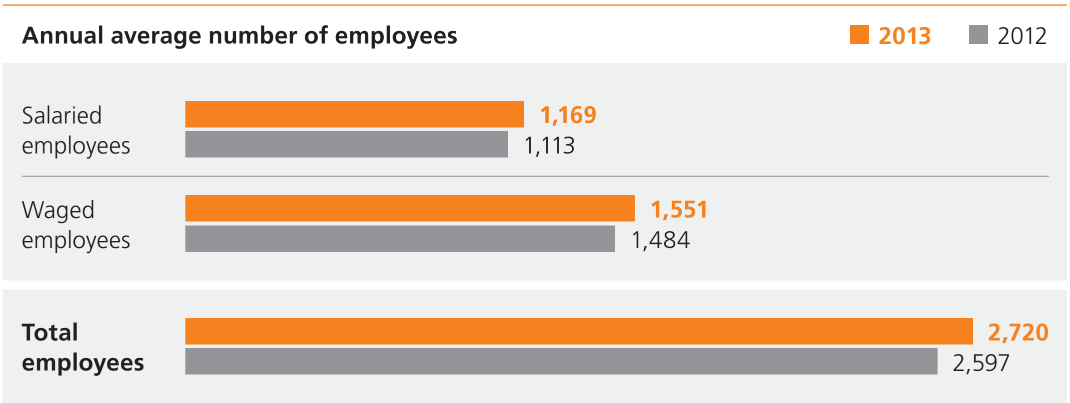
(8) Personnel expenses

The personnel expenses for fiscal 2013 are comprised as follows:



Compared to the previous year, personnel expenses increased by € 5.3 million to € 50.9 million. This rise is due primarily to a higher annualised number of employees resulting from newly consolidated entities in the segments Consumer Products and Speciality Chemicals. At 2,720, the annual average for 2013 showed 123 more employees than the prior-year figure. As of December 31, 2013, the PCC Group had a workforce of 2,869 employees.

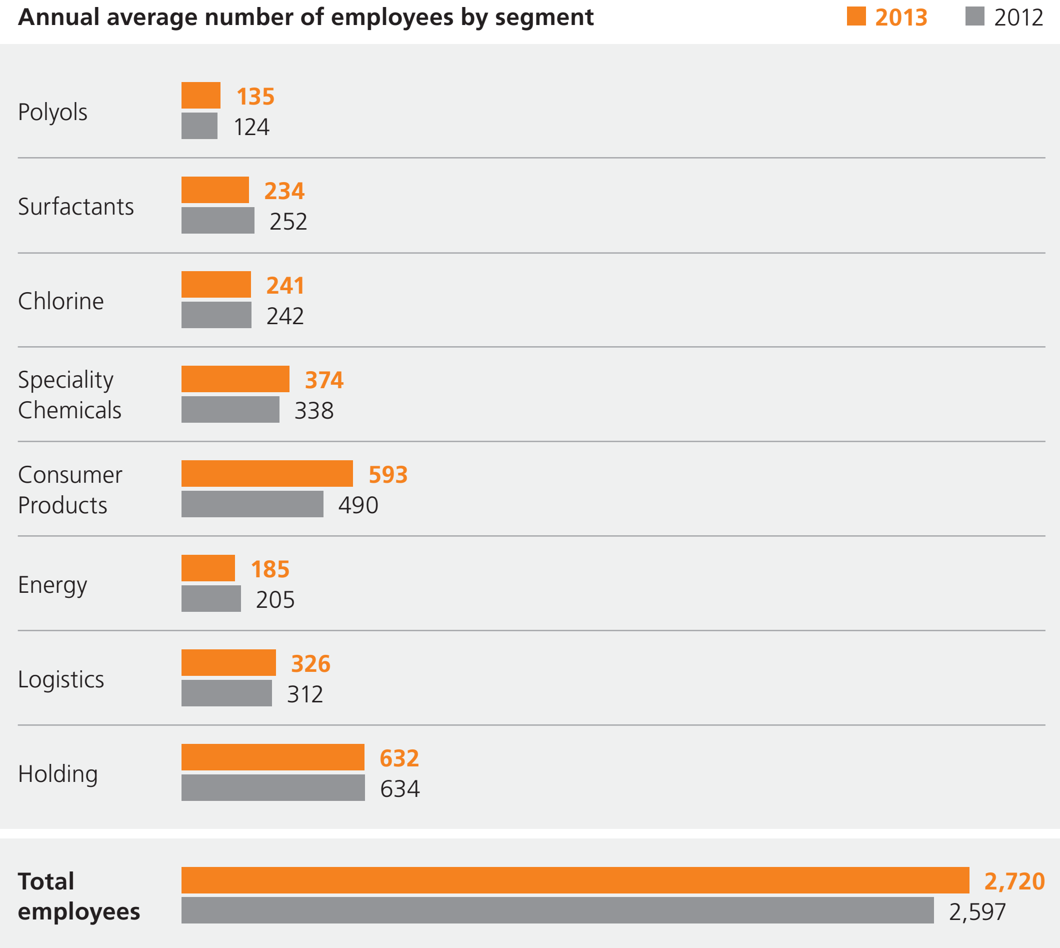
The following graph shows the changes that took place with respect to average employee numbers in the PCC Group in 2013:



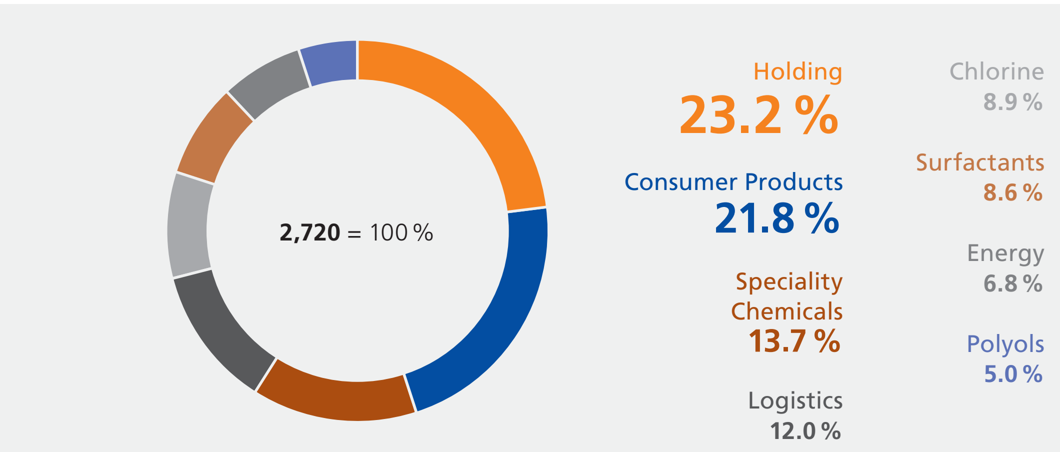
The following breakdown of employees by segment clearly shows that the increase in average annual headcount is essentially due to developments in the segments Consumer Products and Speciality Chemicals. As already mentioned, further acquisitions and the increase in production capacities in the "Consumer Products" operation in Belarus were consolidated in 2013, thus contributing in full to an increase in the annual average. The rise in the Logistics segment is due primarily to PCC Intermodal S.A., Gdynia (Poland), which saw its headcount increase as a result of expansion in its container terminal network.

The average employee numbers by segment for fiscal 2013 are as follows:

Annual average number of employees by segment

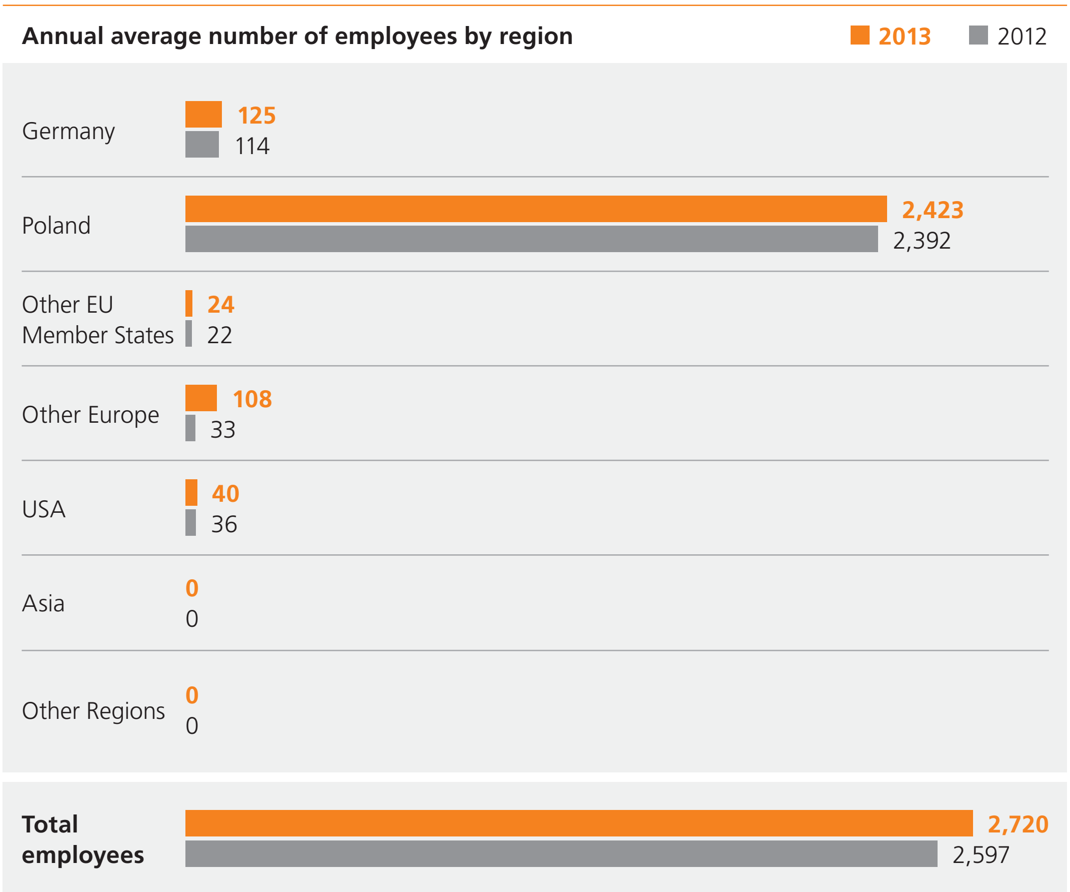


Employees by segment 2013 in %

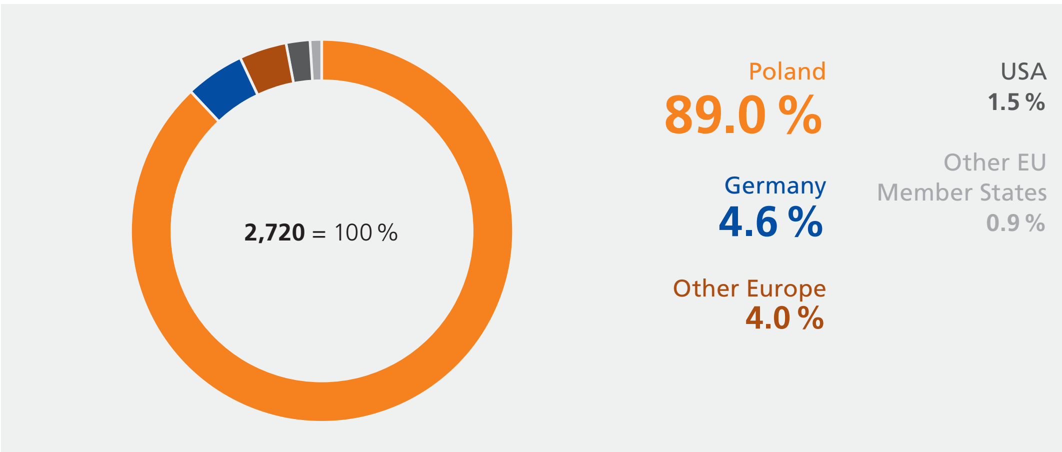


Broken down by geographic region, annual average employee numbers developed as follows:

Annual average number of employees by region



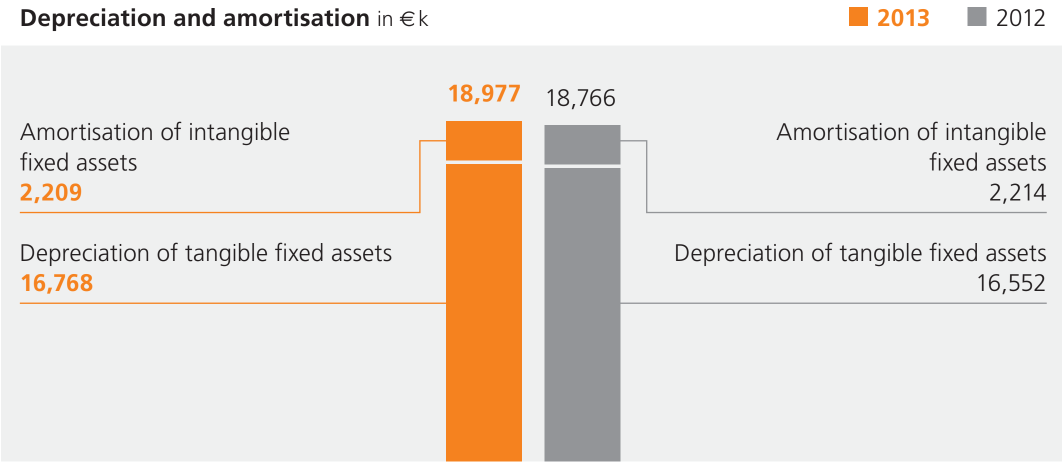
Employees by region 2013 in %



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

Depreciation and amortisation of intangible and tangible fixed assets for fiscal 2013 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 was attributable to the "PCC Rokita" subgroup, the business subunits of which have now been divided between the segments Polyols, Chlorine, Speciality Chemicals, Energy and Holding. A further factor was the asset-intensive business model of ZAO PCC Rail, Moscow.

Included under the amortisation of intangible fixed assets heading is around € 1.5 million (previous year: € 1.2 million) in amortisation of goodwill arising from capital consolidation. For further details in this regard, please refer to Note (14).

Included in the figure of € 16,649k for depreciation of tangible fixed assets shown in the statement of changes in fixed assets is a countervailing amount of € – 119k in respect of write-ups.

(10) Other operating expenses

The other operating expenses incurred in fiscal 2013 were as follows:

Figures in € k	Dec. 31, 2013	Dec. 31, 2012
Freight costs	**12,402**	9,508
Maintenance and repairs	**9,241**	7,154
Foreign exchange rate losses	**7,415**	11,220
Other taxes	**5,066**	4,941
Legal and consultancy costs	**4,495**	5,398
Travel and hospitality costs	**3,812**	3,472
Selling costs	**3,778**	3,478
Insurance costs	**3,385**	2,651
General business expenses	**3,327**	3,276
Increase in value allowances on receivables	**3,253**	2,228
Rent and similar expenses	**3,176**	3,024
Other employee benefit costs	**2,052**	2,056
Additions to other provisions	**1,946**	359
Foreign exchange rate losses on current receivables and liabilities	**1,030**	590
Losses on disposal of tangible fixed assets	**86**	733
Sundry other operating expenses	**20,148**	13,118
Total other operating expenses and other taxes	**84,614**	**73,207**

Included under other operating expenses for fiscal 2013 was € 8.4 million in losses arising from foreign exchange rate differences. This item should be seen in conjunction with income from foreign exchange rate differences detailed in Note (6). In particular, the Polish subsidiaries within the PCC Group generate income and expenses that are denominated predominantly in a currency other than the euro, i.e. in a functional currency that is not the Group's.

Freight costs in the amount of € 12.4 million (30.4 % more than in the previous year) constituted the biggest single expense category, with the rise attributable to increased expenditures for outward freight resulting from the Chemicals segments increasing their production volumes.

The other taxes heading contains all operating tax expenses. Domestic and foreign taxes on income, and also deferred taxes, are separately disclosed in the tax result and explained under Note (13). At € 5.1 million, the figure for the year under review is slightly above the prior-year amount of € 4.9 million.

Compared to the previous year, maintenance and repair costs increased by €2.1 million, or 29 %, to €9.2 million. The largest single item in this regard was attributable to the asset-intensive business of the Chemicals segments and of the "PCC Rokita" subgroup which, due to the high level of capacity utilisation of their facilities, also saw expenditures under this heading rise. In the Logistics segment, the introduction of a number of new container terminal facilities resulted in a decrease in this expense heading.

Selling costs, most of which result from the sale of bearer bonds by PCC SE, increased compared to the previous year by 8.6 %.

Sundry other operating expenses rose by €7.2 million year on year, 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, 2013	Dec. 31, 2012
Income from associated companies	**2,152**	385
Income from other participating interests	**21**	18
Total income from participations	**2,173**	**404**
Write-downs of financial assets	**–150**	5,856
Write-downs of non-current securities	**27**	14,024
Income from financial loans	**0**	0
Total other financial items	**2,296**	**–19,477**

In the year under review, income from the associates consolidated at equity was significantly higher than in the previous year. In 2012, the PCC Group incurred write-downs on financial assets and non-current securities totalling €19.9 million. These related 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. In 2013, this heading also included some minor year-end adjustments. These factors resulted in a positive overall total under other financial items.

Income from associated companies contains not only the earnings contributions of companies consolidated at equity in the amount of € 2.5 million (previous year: € 0.7 million) but also, as in fiscal 2012, a deducted write-down. In 2013, this amounted to € 0.4 million (previous year: € 0.3 million) and resulted from the amortisation of the debit differential recognised on first-time consolidation. The rise is attributable to an addition to the value of the participating interest resulting from a capital increase at 3S S.A.

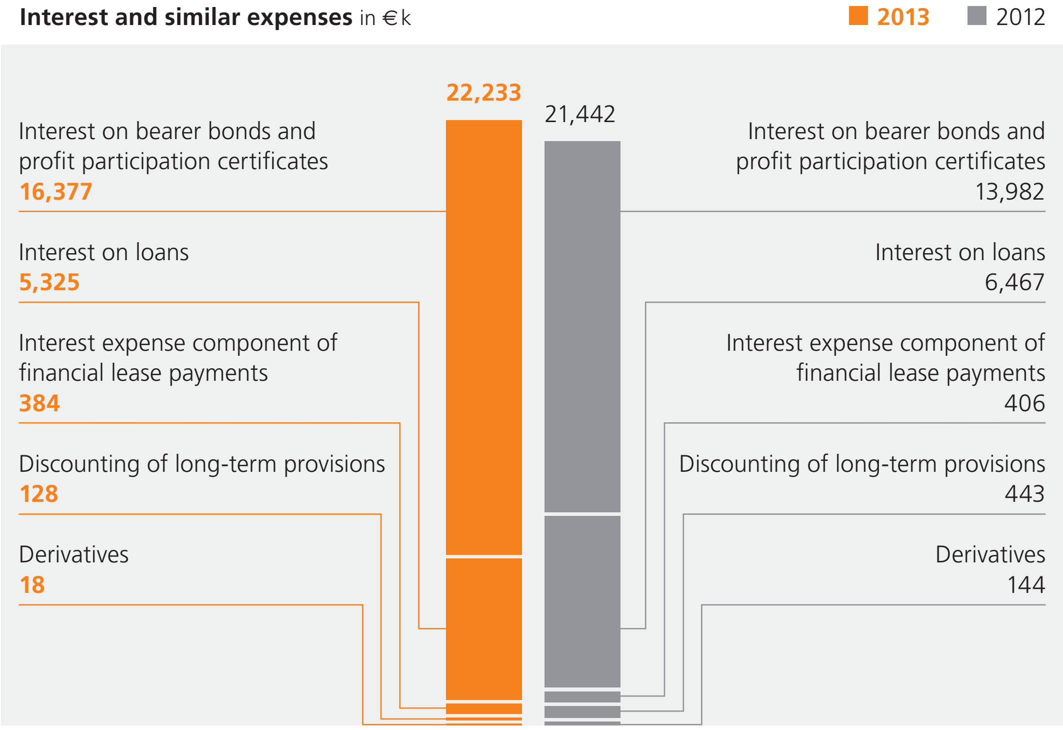
The result from associated companies and income from other participating interests breaks down as follows:

Figures in € k	Dec. 31, 2013	Dec. 31, 2012
IGBS S.A.	**1,585**	131
3S S.A. (formerly TKP S.A.)	**953**	575
Amortisation of consolidated debit differential	**–387**	–321
Income from associated companies	**2,152**	**385**
BiznesPark Rokita Sp. z o.o.	**31**	0
LabAnalytika Sp. z o.o.	**–10**	10
Euro-Line GmbH	**0**	6
CWB Partner Sp. z o.o.	**0**	2
Income from participating interests	**21**	**18**
Total income from participations	**2,173**	**404**

(12) Interest and similar expenses

This item comprises interest on loans, interest arising from the issuance of bearer bonds and profit participation certificates, and expenses arising from derivative financial instruments. The breakdown for fiscal 2013 reads as follows:

Interest and similar expenses in € k



Liabilities to banks as of the balance sheet date decreased slightly versus the prior year-end. However, the disproportionate decline in loan interest expense is due to the refinancing of investment loans taken out with local banks through bonds issued by PCC Rokita SA.

As in previous years, the largest interest expense item remains interest on bearer bonds and profit 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 2013, this figure amounted to around € 384k (previous year: € 406k).

(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 adjustments are likewise recognised under this heading. In 2013, these amounted to around €382k (previous year: income of €71k) and are disclosed as part of the deferred taxes balance. They relate primarily to the elimination of intercompany profits.

The breakdown of taxes on income by origin for fiscal 2013 reads as follows:

Figures in €k	Dec. 31, 2013	Dec. 31, 2012
Current taxes on income, domestic	**174**	337
Current taxes on income, foreign	**1,840**	1,826
Deferred taxes	**–1,860**	–555
Total taxes on income	**154**	**1,608**

Notes to the individual items of the consolidated balance sheet

(14) Goodwill

Affiliates included in the scope of consolidation of the PCC Group on or after January 1, 2010 are consolidated using the purchase method (revaluation method). Any remaining excess of costs of acquisition over net assets acquired (debit differential) 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 was 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.

In 2013, PCC Exol SA implemented a capital increase in which PCC SE exclusively participated. As a result of the first-time consolidation of the new shares, a non-apportionable debit differential arose which was capitalised as goodwill. This will be subject to scheduled straight-line amortisation over a period of eight years to reflect the fact that PCC SE is pursuing a long-term strategy in the Surfactants segment and anticipates significant increases in demand and in production capacities over the next few years in particular.

The debit differential recognised on the first-time consolidation of ZAO Novobalt Terminal resulted from earlier profits made by the company when it was an affiliated but non-consolidated entity. The differential was added to the Group's profit and loss carry-forwards as part of the first-time consolidation process. The entity is thus being treated as if it had been part of the scope of consolidation from the time of its establishment.

The following statement also shows the goodwill included from the individual financial statements of PCC Chemax, Inc. and the "PCC Rokita" subgroup as of December 31, 2013. The goodwill of PCC Prodex Sp. z o.o. was likewise transferred to the "PCC Rokita" subgroup following the organisational integration of the entity within the "PCC Rokita" subgroup.

Figures in €k	Dec. 31, 2013	Dec. 31, 2012
PCC Intermodal S.A.	**2,298**	2,554
PCC Silicium S.A.	**2,091**	2,614
"PCC Rokita" subgroup	**887**	51
PCC Chemax, Inc.	**690**	822
PCC Exol SA	**455**	0
PCC Prodex Sp. z o.o.	**0**	1,330
Goodwill	**6,420**	**7,372**

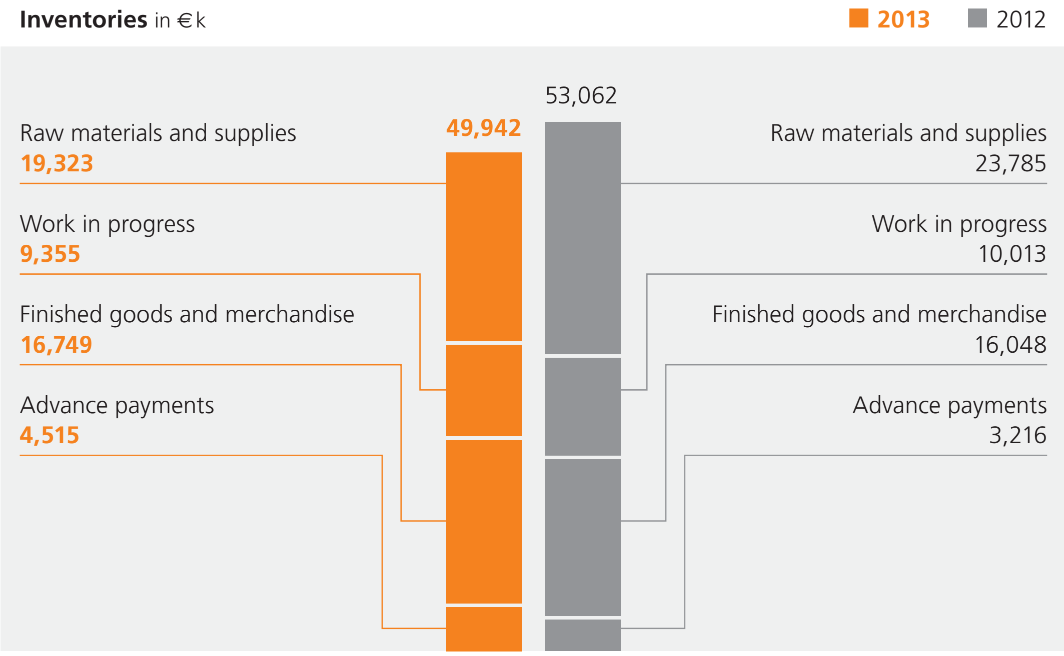
The scheduled goodwill amortisation charges applied in fiscal 2013 were as follows:

Figures in €k	Dec. 31, 2013	Dec. 31, 2012
PCC Silicium S.A.	**523**	523
"PCC Rokita" subgroup	**493**	86
PCC Intermodal S.A.	**287**	284
PCC Chemax, Inc.	**101**	104
PCC Exol SA	**65**	0
PCC Prodex Sp. z o.o.	**0**	443
Goodwill amortisation	**1,469**	**1,440**

(15) Inventories

The breakdown of inventories as of December 31, 2013 is as follows:

Inventories in €k



Compared to 2012, inventories decreased by around 5.9 % to € 49.9 million. This development is linked to the 7.8 % decline in sales. Also included under inventories are emission certificates with a value of around € 3.4 million (previous year: € 4.5 million) assigned to the production processes of subsidiaries within the Chemicals division of the Group. 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, 2013 reads as follows:

Figures in € k	Dec. 31, 2013	Dec. 31, 2012
Trade accounts receivable	**79,376**	80,081
Individual allowances for bad debts	**–4,007**	–6,621
Total trade accounts receivable	**75,369**	**73,461**

Trade accounts receivable as of December 31, 2013 all have a remaining term of up to one year. The total increased by around 2.6 % compared to the previous year. While the decline in receivables was disproportionately less marked in segments with a significant fall in revenues, receivables in the segments with constant or higher sales underwent a disproportionately large increase.

(17) Accounts receivable from affiliated companies

Accounts receivable from affiliated companies as of December 31, 2013 all have a remaining term of up to one year. They comprise accounts receivable from affiliated, non-consolidated companies and primarily take the form of loans receivable from project companies in the renewable energies sector which are still in the developmental stage.

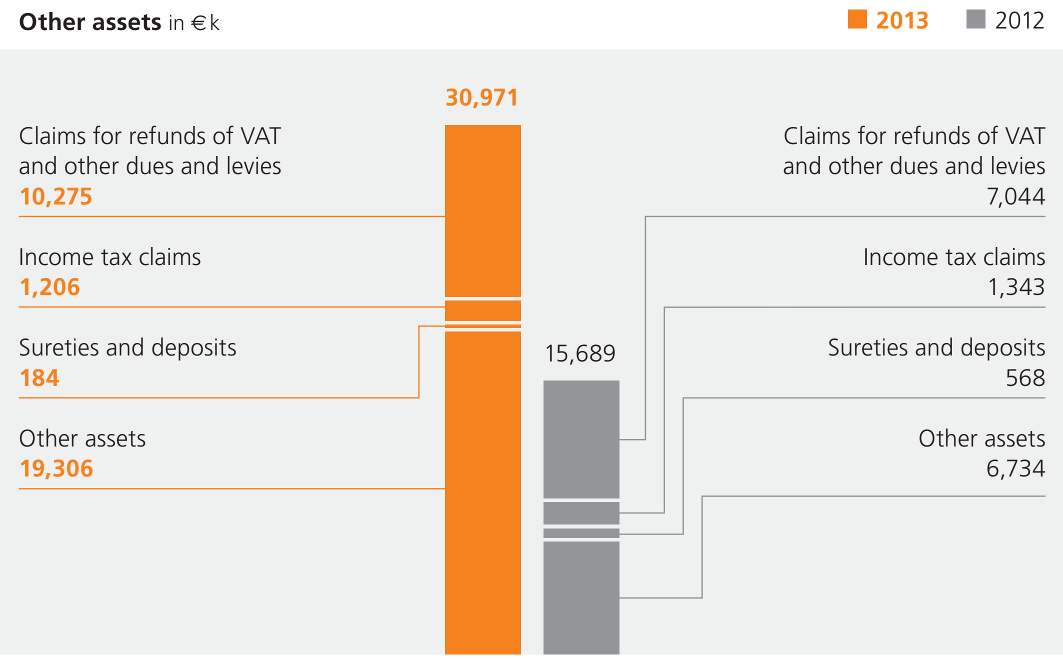
(18) Accounts receivable from enterprises in which participating interests are held

Accounts receivable from enterprises in which participating interests are held amounted to €9,871k as of December 31, 2013. In the year under review, some accounts receivable were reclassified from receivables from affiliated companies to receivables from enterprises in which participating interests are held.

(19) Other assets

The items under the other assets heading as of December 31, 2013 are as follows:

Other assets in €k



Other assets increased as compared to the previous year. The sundry other assets item in particular made a major contribution to this rise, due to an account receivable as of the balance sheet date arising from the sale of the minority interest in PCC Exol SA.

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 €316k (previous year: €82k). 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

In the previous year, prepaid expenses and deferred charges included a debt discount ("disagio") amounting to € 16k.

(21) Equity

The subscribed capital of PCC SE as of December 31, 2013 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, 2013 are as follows:

Figures in € k	Dec. 31, 2013	Dec. 31, 2012
Revenue reserves, valuation reserves and allocated differentials arising out of consolidation adjustments	**71,929**	75,661
Profit/loss brought forward	**–3,342**	21,543
Share of profit for the year attributable to the Group	**9,235**	–20,045
Total consolidated retained earnings	**77,822**	**77,159**

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 result for the previous year attributable to the PCC Group, amounting to € –20.0 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. At € –9.1 million for 2013, this item showed a further slight decline (previous year: € –8.7 million).

In fiscal 2013, the sole shareholder of PCC SE was paid out of retained earnings a dividend in the amount of € 1.2 million (previous year: € 2.05 million).

Recognised within consolidated accumulated other capital is capital from profit participation certificates, which rose from € 11.0 million in 2012 to € 11.1 million in the year under review. This item includes additions to retained earnings as of December 31, 2013, arising from the issuance of a subordinated profit participation certificate by PCC SE in the amount of € 68k, 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 €80k (previous year: €79k) 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.

Participating interests 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, 2013 amounted to €24.2 million, representing an increase of around €3.3 million compared to year-end 2012.

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

The largest production company in the Group’s Chemicals division, PCC Rokita SA, has been issued with emission allowances free of charge. 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 for fiscal 2013 was around €3.4 million (previous year: €4.5 million).

(23) Provisions

The change in provisions during fiscal 2013 was as follows:

Figures in €k	Jan. 1, 2013	Currency effects	Released	Other changes	Dec. 31, 2013
Provisions for pensions and similar obligations	489	–9	203	26	**302**
Provisions for taxes on income	0	0	0	0	**0**
Other provisions	15,693	–258	881	3,966	**18,521**
Provisions	**16,182**	**–267**	**1,084**	**3,992**	**18,823**

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, 2013, the amount attributable to this item was €109k (previous year: €447k). The share due to changes in the scope of consolidation as of December 31, 2013, amounted to €134k (previous year: €–3k), this being attributable to the newly consolidated affiliates in the segments Consumer Products and Speciality Chemicals. The largest item under other provisions is that of sundry other provisions and accruals. These include provisions relating to the recultivation obligations of Polish companies.

Provisions for pensions and similar obligations are entirely due to obligations of consolidated companies abroad (in Poland). An average interest rate of 4.2 % (previous year: 4.6 %) 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 1.2 % and 4.4 % 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 2,378 employees (previous year: 2,308 employees) 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, 2013 break down as follows:

Figures in € k	Dec. 31, 2013	Dec. 31, 2012
Accruals for personnel expenses	**2,973**	2,334
Accrued expenses for payment obligations	**1,445**	413
Provisions for obligations to customers	**1,289**	756
Provisions for anticipated losses	**1,263**	1,679
Accruals for audit and other consulting costs	**274**	239
Accruals for order commitments	**24**	4
Accrued costs for restructuring programme	**10**	35
Accruals for litigation risk	**1**	1
Sundry other accruals	**11,243**	10,231
Total other provisions/accruals	**18,521**	**15,693**

There was a further reduction in provisions for anticipated losses compared to the previous year. This item contains derivative financial instruments with a negative value as of year-end, transacted to hedge foreign currency and interest rate risks. Likewise disclosed under this heading are provisions for risks arising from standard commercial guarantees that may possibly be claimed against in future periods in relation to the winding-up of subsidiaries or Group companies already divested.

Within sundry other provisions and accruals is a site recultivation obligation of a subsidiary of the “PCC Rokita” subgroup amounting to € 7.1 million as of December 31, 2013 (previous year: € 7.6 million). 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, 2013 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, 2013
Mezzanine capital	0	0	0	**0**
Liabilities from bearer bonds	61,378	191,965	0	**253,343**
Bank liabilities	23,971	54,887	10,607	**89,465**
Advance payments for orders received	27	0	0	**27**
Trade accounts payable	62,946	55	0	**63,001**
Accounts payable to affiliated companies	1,494	0	0	**1,494**
Accounts payable to enterprises in which participating interests are held	17	0	0	**17**
Other liabilities	18,338	187	0	**18,524**
Total liabilities	**168,171**	**247,095**	**10,607**	**425,873**

All mezzanine financing was completely redeemed in the course of the year under review. This means that PCC SE has repaid its mezzanine capital, which originally amounted to € 66.0 million, in full and on schedule. The repayment of the financial instruments bearing interest between 7.27 % and 7.9 % p.a. was partially financed from existing liquid funds and partially from funds generated by the issuance of bonds. As the bonds have a lower interest rate than those rates applicable to the mezzanine capital, an improvement in the financial result has ensued.

Liabilities to banks decreased slightly year on year from € 90.4 million to € 89.5 million, with more than 73 % having medium terms between one and five or more years.

In 2013, loans disclosed under bank liabilities were secured in their entirety, with around € 49.5 million (previous year: € 57.6 million) covered by mortgages or similar liens, and with € 34.9 million (previous year: € 34.5 million) secured by assignment of claims. An amount of € 3.8 million (previous year: € 4.9 million) was 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, PCC Exol SA and PCC Consumer Products Kosmet Sp. z o.o. Bonds of the PCC Group are issued in euro and Polish złoty (PLN). PCC SE bonds carry a coupon between 4.75 % and 7.25 % p.a.; those issued in PLN carry coupons of 6.8 % to 9.0 % p.a. The following chart provides a tabular analysis of the bonds involved:

Figures in €k	Dec. 31, 2013	Dec. 31, 2012
Bonds in EUR (ISIN)	229,173	**168,141**
DE000A1EKZN7	**34,968**	34,968
DE000A1PGS32	**29,995**	23,715
DE000A1R1AN5	**29,768**	0
DE000A1H3MS7	**26,665**	26,665
DE000A1K0U02	**21,903**	21,503
DE000A1TM979	**15,414**	0
DE000A1RE798	**14,999**	0
DE000A1PGNR8	**12,968**	12,688
DE000A1PGS40	**9,906**	6,415
DE000A1R1AM	**9,048**	0
DE000A0WL5E5	**7,224**	7,224
DE000A1YCSY4	**6,778**	0
DE000A1YCSX6	**4,677**	0
DE000A1EWB67	**4,054**	5,405
DE000A1EWRT6	**807**	1,076
DE000A1H3H36	**0**	10,037
DE000A1MA912	**0**	9,280
DE000A0LRV96	**0**	9,165
Bonds in PLN (ISIN)	100,411	**69,325**
PLPCCRK00027	**25,000**	25,000
PLPCCRK00043	**25,000**	0
PLPCCRK00050	**25,000**	0
PLPCCRK00035	**20,000**	20,000
Private placement without ISIN	**3,000**	0
Private placement without ISIN	**1,246**	1,325
Private placement without ISIN	**1,164**	0
PLPCCRK00019	**0**	15,000
Private placement without ISIN	**0**	8,000

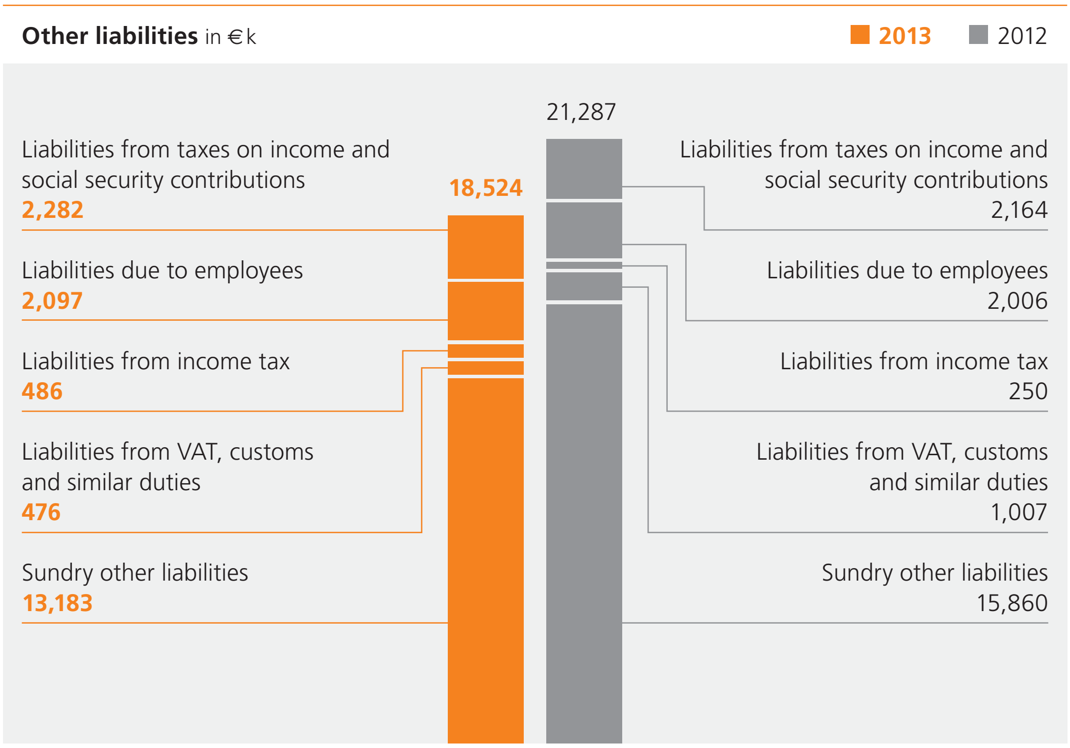
The bonds issued in PLN with a face value of PLN 100.4 million had a value of € 24.2 million as of the balance sheet date (previous year: € 16.7 million).

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

Figures in €k	Total	Due in 2013	Due in 2014	Due in 2015	Due in 2016	Due in 2017	Due after 2017
Dec. 31, 2013	253,343	**–**	**67,470**	**73,051**	**54,844**	**35,786**	**22,192**
Dec. 31, 2012	185,133	35,748	56,665	54,697	38,023	–	–

(26) Other liabilities

The items aggregated under other liabilities as of December 31, 2013 are as follows:



Compared to the previous year, the value of other liabilities decreased in 2013 by € 2.8 million to € 18.5 million. This was due in the first instance to a decrease in sundry other liabilities resulting from proceeds in respect of bearer bonds, the issuance of which had not yet been completed 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 as follows:

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 2013, this produced a surplus on the asset side of € 2.4 million (previous year: € 3.5 million).

Figures in € k	Deferred tax assets	Deferred tax liabilities
Intangible assets	3	0
Tangible fixed assets	178	5,347
Financial fixed assets and investments	0	0
Inventories	87	0
Receivables	234	61
Securities	1	0
Other assets	6	0
Provisions for pensions	45	0
Other provisions and accruals	461	0
Liabilities	371	274
Other liabilities	56	38
Losses carried forward	2,262	0
Other deferred taxes	4,721	257
Total deferred taxes	**8,424**	**5,977**

Deferred taxes arising from consolidation adjustments amounted to around € 383k in 2013 (previous year: € 88k), due primarily to eliminated intercompany profits.

The largest item within the deferred tax assets total relates 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 € 3.8 million (previous year: € 3.6 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	2,928	–71
FX options		
Buy	–	–
Sell	–	–
Cross-currency interest rate swaps	–	–
Interest rate swaps	–	–
Other derivatives	–	–

(29) Contingent liabilities and other financial commitments

The contingent liabilities as of December 31, 2013 were as follows:

Figures in €k	Dec. 31, 2013	Dec. 31, 2012
Liabilities arising from warranties	**155**	2,757
Liabilities arising from guarantee agreements	**0**	0
Bills and notes discounted	**0**	0
Other contingent liabilities	**0**	0
Total contingent liabilities	**155**	**2,757**

The liabilities arising from warranties are exclusively attributable to the Group parent PCC SE and companies with which no affiliation exists. In our estimation, claims against such warranties are unlikely at the present time.

The other financial commitments as of December 31, 2013 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, 2013
Financial commitments for rent and leasing	3,678	3,472	253	**7,402**
Other commitments (including pending contracts)	29	0	0	**29**
Total other financial commitments	**3,707**	**3,472**	**253**	**7,432**

There were no other financial commitments in 2013 to entities not included in the consolidated financial statements.

Notes of 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.

Included under capital expenditures for acquisitions of consolidated companies and other operations for fiscal 2013 are three newly consolidated affiliates in Belarus and Russia attributable to the Consumer Products segment. ZAO Novobalt Terminal, on the other hand, has not been included as a cash-relevant addition, as its inclusion was merely the result of extending the scope of consolidation.

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 and Human Resources, Organisation and Public Relations, Trading and Consumer Products
- Dr. rer. oec. (BY) Alfred Pelzer, Chemicals Production, Logistics and Sales

The Managing Directors received remunerations totalling € 660k in fiscal 2013 (previous year: € 436k).

Administrative Board:

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

The Administrative Board received remunerations amounting to € 132k in fiscal 2013 (previous year: € 132k).

Annual General Meeting:

The Annual General Meeting of PCC SE took place on June 24, 2013. The consolidated financial statements and the Group management report for 2012 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 2013.

(32) Miscellaneous

The PCC Group and the individual German companies were audited by Warth & Klein Grant Thornton AG, Düsseldorf, and their respective financial statements were given an unqualified opinion. The fee for audit services in respect of these companies and the Group amounted to € 79.3k. The fee for other services performed in the course of fiscal 2013 was € 1.0k.

Duisburg, May 6, 2014
PCC SE

Ulrike Warnecke
Managing Director

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

(33) Schedule of shareholdings

Name and head office of company	Segment	Currency	Exchange rate as of Dec. 31, 2013: 1 euro =	PCC SE participating interest in % Direct	Indirect	Total
Parent company						
PCC SE, Duisburg	Holding	EUR	1.0000			
Fully consolidated companies						
PCC Prodex Sp. z o.o., Warsaw	Polyols	PLN	4.1543		100.00	**100.00**
PCC Rokita SA, Brzeg Dolny	Polyols, Chlorine, Speciality Chemicals, Energy, Holding	PLN	4.1543	100.00		**100.00**
PCC Chemax, Inc., Piedmont, SC	Surfactants	USD	1.3791		80.05	**80.05**
PCC Exol SA, Brzeg Dolny	Surfactants	PLN	4.1543	80.05		**80.05**
Tensis Sp. z o.o., Brzeg Dolny	Surfactants	PLN	4.1543		100.00	**100.00**
MCAA SE, Brzeg Dolny	Chlorine	PLN	4.1543	100.00		**100.00**
PCC P4 Sp. z o.o., Brzeg Dolny	Chlorine	PLN	4.1543		100.00	**100.00**
PCC MORAVA-CHEM s.r.o., Český Těšín	Speciality Chemicals	CZK	27.4270	98.00	2.00	**100.00**
PCC Silicium S.A., Zagórze	Speciality Chemicals	PLN	4.1543	99.95		**99.95**
PCC Synteza S.A., Kędzierzyn-Koźle	Speciality Chemicals	PLN	4.1543	100.00		**100.00**
Petro Carbo Chem GmbH, Duisburg	Speciality Chemicals	EUR	1.0000	100.00		**100.00**
S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea	Speciality Chemicals	RON	4.4710	58.72		**58.72**
Węglopochodne Sp. z o.o., Kędzierzyn-Koźle	Speciality Chemicals	PLN	4.1543	100.00		**100.00**
ZAO NOVOBALT Terminal, Kaliningrad	Speciality Chemicals	RUB	45.3246		100.00	**100.00**
Fabryka Zapałek "Czechowice" S.A., Czechowice-Dziedzice	Consumer Products	PLN	4.1543		85.00	**85.00**
Kosmet Sp. z o.o., Brzeg Dolny	Consumer Products	PLN	4.1543		100.00	**100.00**
OOO KosmetNavigator, Grodno	Consumer Products	BYR	13,146.52		91.10	**91.10**
OOO Navigator, Grodno	Consumer Products	BYR	13,146.52		75.00	**75.00**
PCC Consumer Products Kosmet Sp. z o.o., Brzeg Dolny	Consumer Products	PLN	4.1543		100.00	**100.00**
PCC Consumer Products S.A., Warsaw	Consumer Products	PLN	4.1543	100.00		**100.00**
OOO PCC Consumer Products, Moscow	Consumer Products	RUB	45.3246		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	4.1543	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	4.1543	51.30	48.70	**100.00**
PCC Intermodal GmbH, Duisburg	Logistics	EUR	1.0000		62.31	**62.31**
PCC Intermodal S.A., Gdynia	Logistics	PLN	4.1543	62.31		**62.31**
ZAO PCC Rail, Moscow	Logistics	RUB	45.3246	100.00		**100.00**
3Services Factory S.A., Katowice	Holding	PLN	4.1543	51.00	22.70	**73.70**
Apakor-Rokita Sp. z o.o., Brzeg Dolny	Holding	PLN	4.1543		99.57	**99.57**
Ekologistyka Sp. z o.o., Brzeg Dolny	Holding	PLN	4.1543		100.00	**100.00**
LabMatic Sp. z o.o., Brzeg Dolny	Holding	PLN	4.1543		99.74	**99.74**
PCC IT S.A. (formerly PCC Centrum Teleinformatyki), Brzeg Dolny	Holding	PLN	4.1543	100.00		**100.00**

Name and head office of company	Segment	Currency	Exchange rate as of Dec. 31, 2013: 1 euro =	PCC SE participating interest in % Direct	Indirect	Total
Associated companies						
3S S.A. (formerly TKP S.A.), Katowice	Holding	PLN	4.1543	46.33		**46.33**
Górnicze Zakłady Dolomitowe S.A., Siewierz	Holding	PLN	4.1543		10.89	**10.89**
Inwestycyjna Grupa Budowlano-Surowcowa S.A., Katowice	Holding	PLN	4.1543	33.00		**33.00**
Kopalnia Piasku Kotlarnia S.A., Kotlarnia	Holding	PLN	4.1543		10.89	**10.89**
Przedsiębiorstwo Robót Zmechanizowanych Budostal-8 S.A., Kraków	Holding	PLN	4.1543		8.72	**8.72**
PUH Włodzimierz S.A., Katowice	Holding	PLN	4.1543		14.03	**14.03**

Name and head office of company	Segment	Currency	Exchange rate as of Dec. 31, 2013: 1 euro =	PCC SE participating interest in % Direct	Indirect	Total	Equity in local currency '000	Net result in local currency '000
Non-consolidated companies								
PCC Rokita Polyurethanes Sp. z o.o., Brzeg Dolny	Polyols	PLN	4.1543		100.00	**100.00**	31.7	−5.8
SOO PCC Prodex Bel, Smilavichy	Polyols	BYR	13,146.52		51.00	**51.00**	−1,390,000.0	−1,310,000.0
PCC EXOL Kýmya Sanayý Ve Týcaret Lýmýted Ţýrketý, Istanbul	Surfactants	TRY	2.9344		80.05	**80.05**	6.8	−5.3
ZAO Exol, Nizhny Novgorod	Surfactants	RUB	45.3246	50.00		**50.00**	−539.4	−602.5
PCC Chlor-Alkali Sp. z o.o., Brzeg Dolny	Chlorine	PLN	4.1543		100.00	**100.00**	20.4	−6.0
OOO DME Aerosol, Pervomaysky	Speciality Chemicals	RUB	45.3246	50.00		**50.00**	1,743.0	−788.0
PCC Organic Oils Ghana Ltd., Accra	Speciality Chemicals	GHS	3.27012	75.10		**75.10**	n.a.	n.a.
PCC Slovakia s.r.o., Košice	Speciality Chemicals	EUR	1.0000		100.00	**100.00**	187.3	107.1
TzOW Petro Carbo Chem, Lviv	Speciality Chemicals	UAH	11.0415	92.32		**92.32**	6,497.8	40.4
Novi Energii OOD, Sofia	Energy	BGN	1.9558		36.00	**36.00**	−1,125.0	−198.0
PCC Energia EOOD, Sofia	Energy	BGN	1.9558	100.00		**100.00**	−445.0	−66.0
PCC Envolt Sp. z o.o., Brzeg Dolny	Energy	PLN	4.1543	100.00		**100.00**	230.5	−9.5
PCC HYDRO DOOEL Skopje, Skopje	Energy	MKD	61.5113		60.00	**60.00**	−99,611.0	−22,401.0
PCC Izvorsko EOOD, Sofia	Energy	BGN	1.9558		60.00	**60.00**	−1,306.0	−41.0
PCC NEW HYDRO DOOEL Skopje, Skopje	Energy	MKD	61.5113	100.00		**100.00**	−5,167.7	−4,675.3
PCC Power Gubin S.A. i.L., Warsaw	Energy	PLN	4.1543	100.00		**100.00**	2,527.1	−2.6

Continued

Name and head office of company	Segment	Currency	Exchange rate as of Dec. 31, 2013: 1 euro =	PCC SE participating interest in % Direct	Indirect	Total	Equity in local currency '000	Net result in local currency '000
Non-consolidated companies								
PCC Power Sp. z o.o., Brzeg Dolny	Energy	PLN	4.1543	100.00		100.00	–56.0	–25.3
PCC Utilities S.A., Brzeg Dolny	Energy	PLN	4.1543	100.00		100.00	–221.2	–61.4
4VOD Sp. z o.o., Kraków	Holding	PLN	4.1543		22.19	22.19	n.a.	n.a.
Agencja Rozwoju Lokalnego S.A., Jaworzno	Holding	PLN	4.1543	6.96		6.96	n.a.	n.a.
BiznesPark Rokita Sp. z o.o. i.L., Brzeg Dolny	Holding	PLN	4.1543		100.00	100.00	1,716.2	248.8
Chemia-Profex Sp. z o.o., Brzeg Dolny	Holding	PLN	4.1543		100.00	100.00	2.5	–2.5
Chemia-Serwis Sp. z o.o., Brzeg Dolny	Holding	PLN	4.1543		100.00	100.00	4.3	–0.7
ChemiPark Technologiczny Sp. z o.o., Brzeg Dolny	Holding	PLN	4.1543		100.00	100.00	4,250.6	1,005.3
Chemi-Plan S.A., Brzeg Dolny	Holding	PLN	4.1543		100.00	100.00	70.2	–11.3
CWB Partner Sp. z o.o., Brzeg Dolny	Holding	PLN	4.1543		100.00	100.00	125.7	–102.7
FABUD Wytwórnia Konstrukcji Betonowych S.A., Siemanowice	Holding	PLN	4.1543		2.16	2.16	31,872.4	–2,819.6
GEKON S.A. i.L., Brzeg Dolny	Holding	PLN	4.1543		100.00	100.00	0.0	0.0
Interaktywny Dom Sp. z o.o., Gliwice	Holding	PLN	4.1543		21.60	21.60	29.0	18.4
LabAnalityka Sp. z o.o., Brzeg Dolny	Holding	PLN	4.1543		100.00	100.00	213.5	–285.3
Maktel Sp. z o.o., Katowice	Holding	PLN	4.1543		46.33	46.33	n.a.	n.a.
Netwizor Sp. z o.o., Warsaw	Holding	PLN	4.1543		22.19	22.19	n.a.	n.a.
OPENMAX Sp. z o.o., Bielsko-Biała	Holding	PLN	4.1543		30.62	30.62	611.8	52.5
PCC BakkiSilicon hf, Húsavík	Holding	EUR	1.0000	95.00		95.00	–87.8	–61.9
Polyolt Holding Limited, Nicosia	Holding	EUR	1.0000	100.00		100.00	n.a.	n.a.
SGT S.A., Gliwice	Holding	PLN	4.1543		21.60	21.60	951.5	1,470.5
SSH Sp. z o.o., Gliwice	Holding	PLN	4.1543		30.62	30.62	4,564.8	13.0
TEC artec valves GmbH & Co. KG i.L., Oranienburg	Holding	EUR	1.0000	68.85		68.85	n.a.	n.a.
Technochem Sp. z o.o., Brzeg Dolny	Holding	PLN	4.1543		85.80	85.80	5.1	–1.7
TRANSGAZ S.A., Rybnik	Holding	PLN	4.1543	9.64		9.64	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.

Betaines
Amphoteric surfactants used in cosmetic products such as hair shampoos to optimise the skin compatibility of the anionic surfactants responsible for the cleaning effect of such products.

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 transport
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, personal care products, cosmetics, 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.

Segment
Introduced on January 1, 2013 as a basic management unit of PCC (conversion to segment structure as a refinement of the former divisional structure). The Group is divided into eight segments: Polyols, Surfactants, Chlorine, Speciality Chemicals, Consumer Products, Energy, Logistics, and Holding.

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. Term used primarily in the finance sphere.

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.

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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 gazette (Bundesanzeiger). In such cases, the version appearing in the Federal gazette is authoritative.

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