Investments with Potential

2014

PCC Group
Annual Report

PCC at a glance

per IFRS		2014	2013
Consolidated statement of income			
Sales	€ m	**647.3**	624.3
Gross profit	€ m	**149.6**	141.9
EBITDA*	€ m	**54.7**	55.7
EBIT*	€ m	**32.7**	34.5
EBT*	€ m	**7.8**	12.9
Net profit	€ m	**6.2**	12.1
Consolidated statement of financial position			
Total assets	€ m	**761.1**	603.1
Non-current assets	€ m	**529.6**	389.3
Current assets	€ m	**231.5**	213.7
Equity	€ m	**193.4**	126.5
Non-current provisions and liabilities	€ m	**351.4**	295.6
Current provisions and liabilities	€ m	**216.3**	181.0
Key Group indicators			
Equity ratio*	%	**25.4**	21.0
ROCE*	%	**6.1**	7.8
Gross cash flow	€ m	**13.0**	28.6
Capital expenditures	€ m	**98.8**	53.5
Employees at home and abroad (as of Dec. 31)		**2,890**	2,752
Consolidated sales by segment			
Polyols segment	€ m	**147.0**	132.8
Surfactants segment	€ m	**98.8**	95.2
Chlorine segment	€ m	**67.8**	88.5
Speciality Chemicals segment	€ m	**222.1**	203.1
Consumer Products segment	€ m	**42.5**	43.6
Energy segment	€ m	**10.9**	11.6
Logistics segment	€ m	**50.8**	42.8
Holding segment	€ m	**7.4**	6.8
Total sales	€ m	**647.3**	624.3
Consolidated sales by region			
Germany	€ m	**167.7**	158.3
Poland	€ m	**227.8**	231.8
Other EU Member States	€ m	**130.3**	142.6
Rest of Europe	€ m	**71.2**	44.9
USA	€ m	**18.9**	19.2
Asia	€ m	**26.9**	23.5
Other Regions (total)	€ m	**4.6**	4.0
Total sales	€ m	**647.3**	624.3

Rounding differences possible.
* For explanation and definition, see page 7.

Investments with Potential

PCC Group
Annual Report 2014

The segments of the PCC Group

Polyols

Polyols form the basis of polyurethane (PU) foam materials that serve a fascinating range of applications in a large number of different industries: from our iPoltec® foam technology for high-comfort mattresses to PU foam systems for the effective thermal insulation of buildings.

Polyols segment	2014	2013
Total sales	**€ 147.0 m**	€ 132.8 m
EBITDA	**€ 12.6 m**	€ 3.8 m
Capital expenditures	**€ 2.2 m**	€ 0.8 m
Employees	**146**	145

Surfactants

Because of their multiple effects in foaming, wetting, emulsifying and cleaning, surfactants are primary ingredients in many products. In toothpastes and liquid soaps they generate the foaming and cleaning action, while in dishwashing and household detergents, they dislodge dirt and grease from hard surfaces.

Surfactants segment	2014	2013
Total sales	**€ 98.8 m**	€ 95.2 m
EBITDA	**€ 6.6 m**	€ 8.3 m
Capital expenditures	**€ 2.8 m**	€ 10.9 m
Employees	**241**	237

Consumer Products

The fast-moving consumer goods produced by the PCC Group include household and industrial cleaners, laundry detergents and personal care products – under Polish brands such as “ROKO” and “Roko Eco”. Likewise allocated to this segment is the production of matches and firelighters.

Consumer Products segment	2014	2013
Total sales	**€ 42.5 m**	€ 43.6 m
EBITDA	**€ 1.1 m**	€ 2.0 m
Capital expenditures	**€ 4.6 m**	€ 3.9 m
Employees	**617**	594

Energy

The Energy segment manages power plant operations involving both conventional and renewable energy. Latterly, we have been able to commission four small, environmentally friendly hydropower plants in the Republic of Macedonia to complement the one in Bosnia-Herzegovina.

Energy segment	2014	2013
Total sales	**€ 10.9 m**	€ 11.6 m
EBITDA	**€ 5.4 m**	€ 4.3 m
Capital expenditures	**€ 2.6 m**	€ 2.7 m
Employees	**176**	178

Chlorine

Chlorine is essential to our everyday lives. As a disinfectant in swimming pools, it protects bathers against germs. And in water treatment and the petrochemical industry, chlorine – which we manufacture nowadays using an environmentally compatible process – and its downstream products perform vital functions.

Chlorine segment	**2014**	2013
Total sales	**€ 67.8 m**	€ 88.5 m
EBITDA	**€ 8.1 m**	€ 16.1 m
Capital expenditures	**€ 51.3 m**	€ 26.9 m
Employees	**245**	238

Speciality Chemicals

The products sold by this, the biggest PCC segment in revenue terms, extend from phosphorus-based flame retardants plus plasticisers and stabilisers, to additives and superplasticisers that facilitate the application of fresh concrete. Our traditional commodities trading activities also currently fall under this segment.

Speciality Chemicals segment	**2014**	2013
Total sales	**€ 222.1 m**	€ 203.1 m
EBITDA	**€ 3.9 m**	€ 1.9 m
Capital expenditures	**€ 2.7 m**	€ 3.7 m
Employees	**380**	367

Logistics

PCC is one of the leading providers of container transport services in Poland. Our logistics network extends from Eastern Europe to the Benelux countries and we also operate several wholly owned terminals. Our tanker fleet specialises in the road transport of liquid chemicals and operates throughout Europe.

Logistics segment	**2014**	2013
Total sales	**€ 50.8 m**	€ 42.8 m
EBITDA	**€ 3.9 m**	€ 2.4 m
Capital expenditures	**€ 19.1 m**	€ 10.2 m
Employees	**332**	328

Holding

This segment manages projects in their development phase like the advanced production plant for silicon metal planned for Iceland. Such activities reduce the administrative burden on the operating segments. The Holding segment also provides corporate services to the Group companies in fields such as finance and IT.

Holding segment	**2014**	2013
Total sales	**€ 7.4 m**	€ 6.8 m
EBITDA	**€ 13.1 m**	€ 16.8 m
Capital expenditures	**€ 13.5 m**	€–5.5 m
Employees	**753**	665

Rounding differences possible.

In a word

All investments that enjoy long-term success have one thing in common: they are based on sound market knowledge and extensive experience. Such expertise is essential for identifying and exploiting potential. As a value-led management holding company, we – the PCC Group – therefore concentrate our activities exclusively in those areas in which we are able to leverage our decades of know-how accumulation. This approach enables us to continuously develop investment activities with potential, creating new and sustainable value and therefore serving to permanently increase the enterprise value of our company to the benefit of our investors.

The modern sulphonation plant operated by PCC Exol SA in Brzeg Dolny, Poland, has the capacity to produce 30,000 metric tons of anionic surfactants per year. Shown in the photo is the tank farm.

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647.3

million euros in consolidated sales in 2014.

2014 saw PCC SE continue its development as an international group of companies. There was a significant increase in the number of employees at PCC in the year under review – rising to almost 2,900 people at home and abroad. Working together, these generated total sales of €647.3 million, representing an increase of €23.0 million or 3.7% compared to the previous year. The EBITDA figure for fiscal 2014 was €54.7 million, remaining at the same level as in the prior year.

Development of selected Group indicators

Key financials and data of the PCC Group per IFRS		**2014**	2013	Absolute change	Change in %
Sales	**€m**	**647.3**	**624.3**	**23.0**	**3.7 %**
Polyols segment	€m	147.0	132.8	14.3	10.7 %
Surfactants segment	€m	98.8	95.2	3.6	3.8 %
Chlorine segment	€m	67.8	88.5	–20.7	–23.4 %
Speciality Chemicals segment	€m	222.1	203.1	19.0	9.4 %
Consumer Products segment	€m	42.5	43.6	–1.1	–2.4 %
Energy segment	€m	10.9	11.6	–0.7	–6.1 %
Logistics segment	€m	50.8	42.8	8.0	18.7 %
Holding segment	€m	7.4	6.8	0.6	9.3 %
Gross profit	**€m**	**149.6**	**141.9**	**7.6**	**5.4 %**
EBITDA [1]	€m	54.7	55.7	–1.0	–1.8 %
EBIT [2]	€m	32.7	34.5	–1.8	–5.1 %
EBT [3]	€m	7.8	12.9	–5.1	–39.5 %
Net profit	€m	6.2	12.1	–5.9	–48.8 %
Gross cash flow [4]	€m	13.0	28.6	–15.6	–54.4 %
ROCE [5]	%	6.1	7.8	–1.7 [10]	–
Net debt [6]	€m	346.7	313.8	32.9	10.5 %
Net debt/EBITDA		6.3	5.6	0.7	12.4 %
Group equity	**€m**	**193.4**	**126.5**	**66.9**	**52.9 %**
Equity ratio [7]	%	25.4	21.0	4.4 [10]	–
Return on equity [8]	%	3.9	9.9	–6.0 [10]	–
Capital expenditures	**€m**	**98.8**	**53.5**	**45.3**	**84.7 %**
Employees [9]		**2,890**	**2,752**	**138**	**5.0 %**
Germany		133	123	10	8.1 %
International		2,757	2,629	128	4.9 %

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 expenses
5 ROCE (Return on Capital Employed = EBIT ÷ [Average equity + Average interest-bearing borrowings])
6 Net debt = Interest-bearing borrowings – Liquid funds – Other current securities
7 Equity ratio = Equity capital ÷ Total assets
8 Return on equity = Net profit ÷ Average equity
9 As of December 31
10 Change in percentage points

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 2014 Annual Report of the PCC Group. In the year under review, we were able to increase the sales and gross profit of the Group, despite in some cases quite difficult conditions. We continued to benefit from our diversified activities and our extensive product portfolio. The investments of past years are now beginning to bear fruit. Consequently, we feel we are progressing in the right direction towards sustainable and continuous growth in both revenues and operating profit.

Adoption of International Financial Reporting Standards (IFRS)

Moreover, effective as of fiscal 2014, the PCC Group has changed its accounting principles with the adoption of International Financial Reporting Standards. This enables us to achieve even greater transparency while also better meeting the requirements of the capital markets.

The figures according to IFRS for fiscal 2014 deviate slightly from those communicated to date, based on Germany's Commercial Code (HGB). Operating profit (EBITDA) has actually increased slightly to € 54.7 million (€ 51.4 million according to HGB). Earnings before taxes (EBT), on the other hand, have decreased as a result of the change, to € 7.8 million versus € 11.8 million according to HGB rules. This is primarily due to higher depreciation and amortisation following the revaluation of our non-current assets and investments, as realised on first-time adoption of IFRS.

Sales in the reporting year rose to € 647.3 million, representing a plus of € 23 million or 3.7 % compared to the previous year's revenues. 2014 also saw completion of the scheduled sale of 16.8 % of our shares in the Icelandic project company PCC BakkiSilicon hf to our Icelandic co-investors, with a correspondingly positive effect on earnings.

Waldemar Preussner, Chairman of the Administrative Board of PCC SE

As in previous years, the Chemicals division was once again by far our main revenue and profit generator in 2014. Together, the segments Polyols, Surfactants, Chlorine, Speciality Chemicals and Consumer Products realised sales of € 578.2 million, albeit with mixed developments across the businesses in the individual segments. Overall, the strategic decision to realign our production to increasingly high-grade speciality products is proving successful. Construction of the plant for ultra-pure monochloroacetic acid (MCAA), with which we intend to extend our value chain in the Chlorine segment, proceeded to schedule in the course of 2014. The switch in our chlorine production activities from the traditional amalgam process to more environmentally friendly and energy-efficient membrane technology was completed as planned by April 2015. We have thus implemented this change almost three years earlier than required by EU regulation.

PCC's Logistics division put in a strong performance in fiscal 2014, particularly in the intermodal transport sector. Improving the operating rate of our goods transport routes and also an increasing number of container handling operations meant that the division was able to post a highly positive result to end the year above budget. Following completion and expansion of our intermodal terminals, we expect this division to further increase its margin contribution effective as from fiscal 2015.

Within the Energy division, our conventional business activities involving the power plant operated by PCC Rokita SA and cogenerator PCC Energetyka Blachownia Sp. z o.o. remains

»The investments of past years are now beginning to bear fruit. Consequently, we feel we are progressing in the right direction towards sustainable and continuous growth in both revenues and operating profit.«

Waldemar Preussner
Chairman of the Administrative Board of PCC SE

our strongest business area. The Renewable Energies unit has, however, gained significantly in importance as a result of the commissioning in 2014 of three further small hydropower plants in the Republic of Macedonia.

The Holding segment also recorded a positive result for 2014. The main contributors here were the flotation of PCC Rokita SA and the aforementioned scheduled sale of a minority stake in the Icelandic project company PCC BakkiSilicon hf. Further plans and preparations for the construction of an advanced silicon metal production facility under the management of PCC BakkiSilicon continued to proceed to schedule. All the necessary contracts have now been signed and the financing has been fully secured.

Expectations for 2015

As in previous years, optimisation of our portfolio and continued improvement in our strategic management will remain at the focus of our activities. In this current fiscal year, therefore, we are aiming to generate sustainable growth and a steady increase in both our enterprise value and our operating profit. The investments initiated in past years that are now taking operational effect are expected to deliver their first contributions this year. We therefore expect 2015 to produce a suitably positive earnings result.

A word of thanks

As is the case every year, I would like to extend my particular thanks to you, our employees. It is a constant source of pride and delight to see how, with your commitment, motivation and creativity, you provide the foundation on which PCC is able to build for a profitable future. My Administrative Board colleagues, the Group management and I recognise that these promising prospects are very much due to your immense dedication. And we continue to rely on this as the basis for our business development going forward.

I would also like to express my gratitude to our several thousand investors. As our financial backers, your confidence in and commitment to us are naturally also key to our success. By subscribing to our bonds and profit participation certificates, many of you have long supported our progress. Indeed, a large number of you have accompanied us on our journey since our first issuance in 1998. Your confidence in us means we bear a great responsibility of which we are constantly aware. You can be sure, therefore, that we will continue to do everything we can in order to live up to your faith in us as your partner, both now and into the future.

I trust that PCC SE will continue to enjoy your support in our endeavour to drive our development as a strong, value-led European corporation.

Duisburg, June 2015

Waldemar Preussner
Chairman of the Administrative Board of PCC SE

› Investments in the modernisation and expansion of our chemical production facilities remain central to our growth strategy.


T-1809


pcc

Corporate bodies

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

Administrative Board and Managing Directors of PCC SE

The Administrative Board of PCC SE 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

Corporate bodies

Administrative Board and Managing Directors of PCC SE

Waldemar Preussner

Chairman of the Administrative Board of PCC SE

Waldemar Preussner (56) is the founder of the PCC Group. At the beginning of the 1990s, the experienced commodities trading manager took the chance of setting up his own business. His objective was to make the most of the opportunities arising from the opening markets of Eastern Europe, markets that he already knew very well. Hence, in October 1993, he established the nucleus of today's PCC Group: Petro Carbo Chem Rohstoffhandelsgesellschaft mbH (today PCC Trade & Services GmbH) headquartered in Duisburg-Homberg, very close to the Group's current head office. 1998 saw the carve-out of the holding company PCC AG, and in 2007 its corporate form was changed to that of a European corporation (Societas Europaea), becoming today's 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.

Ulrike Warnecke

Managing Director of PCC SE

Ulrike Warnecke (53) has held directorships within PCC since the company was established in 1993. As Managing Director of the Group holding company PCC SE, she is primarily responsible for Finance, Human Resources and Public Relations. On the operational side, Ulrike Warnecke heads up our biggest Group segment, Speciality Chemicals, with special responsibility for its traditional trading activities, together with another Group segment, Consumer Products, which we are expanding through the introduction of new production facilities in Poland and other countries in Eastern Europe. She is the Managing Director of our most important trading company, the founding entity PCC Trade & Services GmbH, and a member of the supervisory board of PCC Consumer Products S.A.

Dr. rer. oec. (BY) Alfred Pelzer

Vice Chairman of the Administrative Board and Managing Director of PCC SE

Dr. rer. oec. (BY) Alfred Pelzer (55) has been in managerial positions within the company since 1995, i.e. just after its establishment. In 2007 he was appointed Vice Chairman of the Administrative Board of the Group holding company PCC SE. Dr. Pelzer is also a Managing Director of PCC SE, in which function he is primarily responsible for the operational areas of chemical production, logistics, sales and distribution within the Group. He holds a number of supervisory board mandates within the PCC organisation: in the Chemicals division, e.g. at PCC Rokita SA (Chairman), PCC Exol SA and PCC Synteza S.A. (Chairman), and also in the Logistics division, at the Polish company PCC Intermodal S.A. (Chairman).

Reinhard Quint

Member of the Administrative Board of PCC SE

Reinhard Quint (72) has been supporting PCC in an advisory, non-executive role since 2002. He was initially on the Supervisory Board of the holding company PCC AG and, since the transformation of the Group in 2007 into a European corporation, 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 in Essen, and Member of the Corporate Development Council of Duisburger Hafen AG. An internationally experienced manager, Reinhard Quint was previously and for many years Chairman of ThyssenKrupp Services AG (today known as ThyssenKrupp Materials International GmbH).

The Direktinvest unit of PCC SE

PCC corporate bonds – providing flexible finance for our growth since 1998

The Group holding company PCC SE finances itself through a combination of equity funds and borrowings, whereby our most important financing instrument is the issuance of corporate bonds (bearer debentures). These enable us to respond quickly to newly emerging markets or investment opportunities, allowing us to flexibly finance business purchases and also the organic growth of our Group without resorting to the banks. Consequently, the issuance of bonds – primarily to a wide circle of private investors, but also and increasingly to institutional investors – will remain a central component of our financing strategy going forward. We endeavour to widen our funding platform in tandem with this approach through specific project-related and loan-based financing packages, and also through partial flotations of Group entities.

In line with our conservative business philosophy, we only utilise the funds received from our security issuances up to the limit required to drive the development of the PCC Group as a strong European corporation. The relatively small issuance volumes, ranging up to € 40 million, are sufficient to provide us with the flexibility we need in order to cover our financing requirement. In addition, spreading our liabilities over a higher number of relatively small issuances prevents the occurrence of sudden financial burdens and ensures a smoother process of fund generation and debt repayment.

PCC SE bonds as of December 31, 2014

PCC. Direktinvest

ISIN	Fixed coupon p.a.	Start of tenor	End of tenor	Listing	Nominal value in €k as of Dec. 31, 2014
DE000A1RE798	5.00 %	Apr. 1, 2013	Apr. 1, 2015[1]	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	10,000
DE000A1K0U02	7.25 %	Oct. 1, 2011	Dec. 1, 2015	Frankfurt	21,903
DE000A11P9V6	4.75 %	Apr. 1, 2014	Apr. 1, 2016	Frankfurt	7,311
DE000A1PGNR8	7.25 %	Jun. 1, 2012	Jul. 1, 2016	Frankfurt	13,078
DE000A12T7C5	4.25 %	Oct. 1, 2014	Oct. 1, 2016	Frankfurt	8,913
DE000A1PGS32	7.25 %	Oct. 1, 2012	Dec. 1, 2016	Frankfurt	29,995
DE000A1EWB67	6.50 %	Oct. 1, 2010	2012 – 2016[2]	–	2,702
DE000A1EWRT6	6.50 %	Feb. 15, 2011	2012 – 2016[2]	–	538
DE000A13R7R4	4.00 %	Dec. 1, 2014	Jan. 1, 2017	Frankfurt	2,862
DE000A1R1AN5	7.25 %	Feb. 1, 2013	Oct. 1, 2017	Frankfurt	29,768
DE000A1TM979	7.00 %	Jul. 1, 2013	Apr. 1, 2018	Frankfurt	15,654
DE000A1YCSY4	7.00 %	Dec. 1, 2013	Oct. 1, 2018	Frankfurt	19,996
DE000A13R5K3	6.50 %	Oct. 15, 2014	Jan. 1, 2019	Frankfurt	13,639
DE000A11QFD1	6.75 %	May 15, 2014	Apr. 1, 2019	Frankfurt	8,909
DE000A13R7S2	6.25 %	Dec. 1, 2014	Oct. 1, 2019	Frankfurt	3,253
DE000A13SH30	6.75 %	Dec. 1, 2014	Oct. 1, 2021	Frankfurt	2,832

1 This bond was redeemed on maturity as of April 1, 2015.

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 %.

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, 2014 – issued 46 corporate bonds and one profit participation certificate. Of these instruments, we have redeemed 28 bonds as of the reporting date, with all interest payments made and debt servicing requirements satisfied to schedule.

PCC SE securities in circulation

As of December 31, 2014, there were a total of 18 bonds and one profit participation certificate in circulation, representing a combined nominal volume of around €244.0 million. Since the reporting date, the 5.00 % bond DE000A1RE798 with a placed volume of €15.0 million was redeemed on maturity as of April 1, 2015. Three new bonds were issued on May 1, 2015. The corporate bonds of PCC SE currently available for subscription can be found on the internet at www.pcc-direktinvest.eu.

PCC SE profit participation certificate as of December 31, 2014

PCC. Direktinvest

ISIN	Basic interest rate p.a.	Start of tenor	End of tenor	Listing	Nominal value in €k as of Dec. 31, 2014
DE000A0MZC31	8.75 %	Oct. 1, 2007	Unlimited [1]	Frankfurt	10,997

PCC SE bond redemptions 2014 [2]

PCC. Direktinvest

ISIN	Fixed coupon p.a.	Start of tenor	End of tenor	Listing	Redemption volume in €k
DE000A0WL5E5	7.25 %	Sep. 1, 2008	Apr. 1, 2014	Frankfurt	7,224
DE000A1PGS40	5.00 %	Oct. 1, 2012	Apr. 1, 2014	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

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

2 The redemption volume of the two redeemable bonds DE000A1EWB67 and DE000A1EWRT6 have not been included in this table. These are being 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 %.

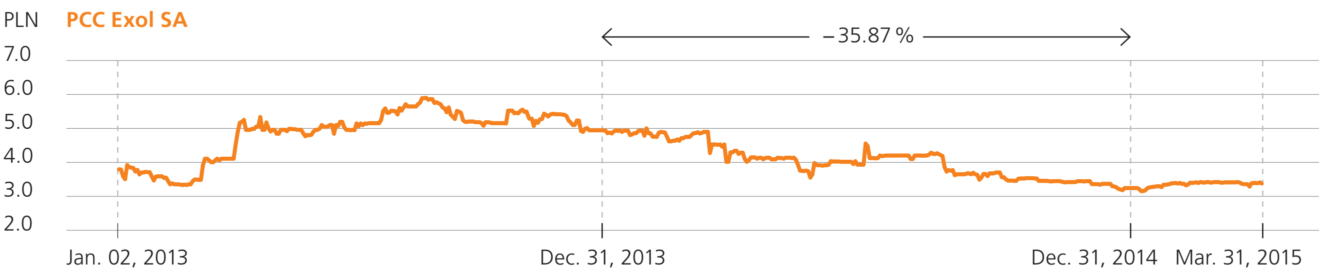
Performance of PCC Group company shares on the Warsaw Stock Exchange

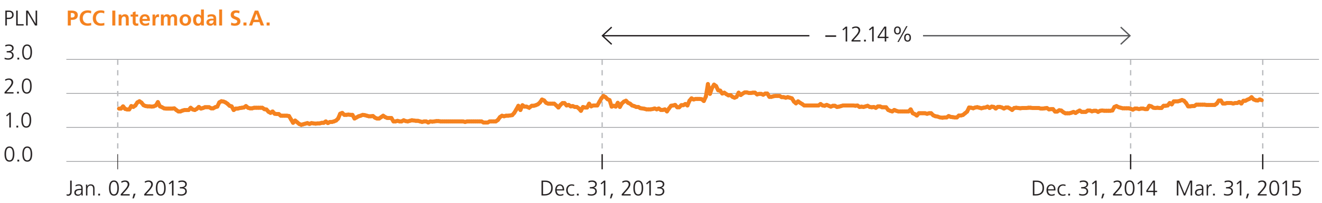
The successful flotation of PCC Rokita SA in June 2014 marked the third portfolio company of the PCC Group to be placed on the Warsaw Stock Exchange (GPW).

With the sale of shares held by PCC SE in PCC Rokita SA (PLPCCRK0076) and the simultaneously implemented capital increase, a total of 15 % of the shareholding was sold to new owners with the IPO. The management of PCC Rokita SA also acquired 0.84 % of the shares, reducing the shareholding of PCC SE to 84.16 % in the course of the year. This leaves PCC SE in its role as strategic investor, enabling it both to strengthen the equity base of PCC Rokita SA and ascertain the market value of the company through the transparency of its share base. The closing price of these shares on December 31, 2014 was PLN 38.10, representing an increase of 15.11 % since the first listing. As of year-end, the market capitalisation of the company, converted into euros, amounted to € 177 million. The share price has continued to increase in the course of the current fiscal year. The closing price on March 31, 2015 was PLN 40.02 per share.

In the case of surfactant manufacturer PCC Exol SA (PLPPCCEX00010), unfavourable conditions on the purchase-side had a negative effect on the share price in the reporting year. At PLN 3.20, the closing price on December 31, 2014 was 35.87 % below that of the previous year-end. Converted into euros, the market capitalisation decreased to € 129 million. There were no changes in share ownership in the course of 2014: holding 80.04 %, PCC SE remains the strategic investor of this portfolio company.

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





The price of shares in PCC Intermodal S.A. (PLPCCIM00014) declined in fiscal 2014 by 12.14 %, closing at PLN 1.52 on December 31, 2014. Converted into euros, the market capitalisation of this company as of December 31, 2014 amounted to around € 28 million. The closing price on March 31, 2015 was PLN 1.82 per share. With a stake of 62.4 %, PCC SE remains the strategic investor of this company.

Investor Relations at PCC SE – transparency and reliable information for our investors

All current and relevant corporate and financial data relating to the PCC Group can be constantly found on the internet under the Direktinvest section of www.pcc.eu, and also on www.pcc-financialdata.eu. The certified annual financial statements of the PCC Group, which we publish each year in the form of an Annual Report, are also available for downloading in PDF form from an online archive. This archive contains all the annual reports since first published for fiscal 2003, and all the quarterly reports regularly published since 2001. The Direktinvest section on www.pcc.eu also contains information relating to new issuances, and bonds currently in circulation.

PCC Investors' Day – Group management in personal discussions with investors

Each year, usually in early summer, PCC SE invites its financial backers to its traditional Investors' Day at the PCC Villa, our Group headquarters in Duisburg-Homberg. On this festive occasion, we offer our investors a series of management presentations and talks affording them the opportunity to acquire first-hand information on the business performance, strategy and future investments of PCC. In recent years, between 1,000 and 1,500 of our investors have regularly availed themselves of this chance to talk personally with the Group management of PCC SE, and particularly with the Chairman of the Administrative Board, Waldemar Preussner, with the Managing Directors Ulrike Warnecke and Dr. Alfred Pelzer, and also with the business and product managers of the German Group companies.

PCC Information Evenings – Germany-wide PCC SE roadshows

In the fourth quarter of each year, we also invite stakeholders to attend our PCC Information Evenings which we hold at various locations around Germany. During these events, members of the senior management present PCC as a company group and PCC SE as a bond issuer, while also making themselves available for one-to-one discussions.

Investors' Day at Group headquarters, the PCC Villa in Duisburg-Homberg: Each year, between 1,000 and 1,500 investors take this opportunity to enter into discussions with the Group management.

Philosophy and strategy

2,890

people employed by PCC in Germany and abroad.*

Sustainable growth is only possible with everyone pulling together. Consequently, the PCC Group puts a great deal of reliance in the know-how and commitment of its employees. Management and co-workers are expected to adopt a value-led approach to their duties and activities. Through dependability and continuity, we create value to justify and strengthen the confidence of our investors in us.

* as of December 31, 2014

The corporate philosophy of PCC

The PCC Group is aligned to sustainable growth. Management and employees of PCC constantly endeavour to increase our net worth through initiative, dynamism and joint commitment, while at the same time promoting our entrepreneurial values. In this endeavour, we are guided by principles such as credibility and reliability. Our actions are characterised by business acumen and an awareness of our responsibilities.

Our principles provide the basis essential for the success and long-term positioning of PCC in markets characterised by ongoing globalisation and increasingly rapid change. We endeavour to occupy lucrative niches in a growing number of sectors and industries, and to generate profits by increasing our effectiveness and continuously optimising our portfolio. Our approach in this regard is governed by clear guidelines as described in the following.

Adopting a conservative, risk-aware approach in analysing profit potential, we resolutely exploit new business and product areas as they arise. We consistently assess the market situation and align our selection and decision-making processes to the likelihood of sustainable growth and stable cash flows. We are firmly focused on generating synergies and achieving economies of scale, pursuing opportunities for horizontal and vertical integration, and also the consolidation of our activities, whenever these become available.

We therefore only enter new areas of activity once we feel we understand the business and its risks. We also hive off operations where opportunities for this appear lucrative or the long-term returns expected are no longer achievable – and also where the released resources can be utilised more efficiently elsewhere.

In order to pursue this strategic alignment, we have set ourselves clear sustainability objectives. These include, for example, further enhancing plant safety and complying with the latest environmental standards in our Group companies, the improvement of our products – including their ecological credentials – through ongoing research and development, ever more efficient programmes for employee training and qualification, and an intensification of open and honest communication with our stakeholder groups. We endeavour to give equal consideration to our customers, employees, investors, suppliers, lenders, and the communities and ecological environment in which we operate. We adopt a holistic approach to sustainability. We do not regard this as a hindrance to creating entrepreneurial value. Rather, we recognise it as a basis for our future-viable and value-led Group strategy.

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 such opportunities – on the one hand because our most important production and sales markets are traditionally in the still rapidly emerging economies of Central, Eastern and South-East Europe, and on the other hand, because we are committed to monitoring 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 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 while effectively meeting our economic, ecological and social responsibilities.

»We only enter new fields of activity where we understand both the business and the risks involved.«

Waldemar Preussner
Chairman of the Administrative Board of PCC SE

The guiding principles of PCC

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.

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.

› Employees of the PCC Group in production and laboratory work: Our people are our biggest assets and decisive for the success of the Group.







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 the 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, especially where 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

Sustainability is firmly anchored in our corporate philosophy, with equal weighting being given to its economic, ecological and social aspects. We do not see any contradiction between these criteria, viewing them instead as integral and as mutually beneficial components of value-enhancing growth.

Our growth strategy and the management of our portfolio of companies and investments are aligned to the continuous creation of new net worth. This understanding of economic sustainability is supported by our ethical standards aligned to sustainable entrepreneurial development. In all their activities, our management and employees are guided by principles such as credibility, reliability and responsibility. Of no less central importance for the PCC Group are environmental protection and sustainability in the ecological sense. All our investment projects are pursued using modern, environmentally friendly and thus energy-efficient and economically sound technologies. For us, conserving the environment takes top priority, side by side with ensuring the health and safety of our employees.

One example of this approach is the complete switchover – culminating in early 2015 – of our chlorine manufacturing technology to the environmentally friendly membrane electrolysis process. This has had the effect of completely eliminating mercury from our chlorine production processes. Energy costs have also been significantly reduced and CO_2 emissions cut by 140,000 metric tons per year. Another example is our silicon metal production plant for Iceland, the construction of which is due to begin around mid-2015. This will be one of the most advanced facilities of its kind worldwide – both from an economic point of view and also in respect of its environmental protection credentials. The energy supplied to the plant will come entirely from renewable geothermal and hydropower sources. Moreover, through the installation of high-tech filters, the facility will operate virtually emission-free. The main pillar of our logistics segment is provided by our intermodal container transport operation in which road and rail transportation are efficiently combined to the benefit of the environment. And in the Energy segment, our new projects focus on power plant designed to harness regenerative energy sources, and particularly the construction and operation of small hydropower facilities which, because of their minimal intervention in nature, can be regarded as particularly environmentally compatible. So far, we have been able to connect five of these power plants to their respective grids, with corresponding CO_2 savings amounting to over 22,000 metric tons per year.

Yet another example of our sustainability strategy can be found in our involvement in West Africa where PCC Organic Oils Ghana Ltd., Accra (Ghana), has started building a position in commodities provision. Its long-term objective is to secure renewable raw materials such as palm kernel oil – which is extracted from kernels gathered by smallholders – for the surfactant production activities of our Group company PCC Exol SA in Poland. Palm kernel oil is an important feedstock in the production of fatty alcohols, which in turn form the basis of certain surfactants.

Our approach to sustainability also requires the development of long-term relationships built on partnership with all our stakeholders – including those of our social environment and residents local to our sites. For example, our major chemi-

»We pursue all our investment projects with modern, environmentally compatible and energy-efficient technologies, thus ensuring that our operations are also economically sound.«

Waldemar Preussner
Chairman of the Administrative Board of PCC SE

-140,000

metric tons of CO_2 per year – this reduction in CO_2 emissions is the result of a complete process switchover to environmentally friendly and energy-efficient membrane technology in our chlorine production operations.

cal plants in Poland, those operated by PCC Rokita SA and PCC Exol SA, are an important factor in the lives of the local population in the small town of Brzeg Dolny located in Lower Silesia. PCC is one of the biggest employers of the region; we supply Brzeg Dolny with water, treat its municipal sewage and provide district heating services.

However, our social involvement goes even further than that. PCC SE and its subsidiaries are patrons of several children's homes, and also act as sponsors for local and regional sport and cultural events. We are the name sponsor of the PCC Stadium in Duisburg-Homberg close to our Group headquarters, and in Tanzania, PCC SE supports the Amani Aids Orphans' Home in Mbigili (AOHM), sponsoring the construction of a house and also providing study scholarships.

Various awards, in particular for our two major Polish production companies, serve to reinforce our focus on adopting a holistic approach to sustainability. In recent years, for example, PCC Rokita SA has received a number of accolades such as "Lower Silesia's Best Exporter 2014". Like PCC Exol SA, it was also nominated in 2014 for the title "Pearl of the Polish Economy".

Environmental protection and sustainable development are of central importance for the entire Group (photo shows the polyol tank farm at PCC Rokita).

Within the PCC Group, we specifically nurture awareness of the importance of sustainable development in the ecological and social sense, for example through the participation of our chemicals companies in the global Responsible Care® initiative. Moreover, our subsidiary PCC Exol also joined the Global Compact initiative of the United Nations in 2014. The company has thus committed to compliance with ten principles of sustainable development. Likewise in 2014, PCC Exol implemented the Code of Ethics for employees and similar precepts applicable to suppliers, the anti-corruption directive and, in addition, a number of regulations governing environmental protection, process safety and respect for human rights.

2014 saw various sustainability rankings recognise PCC Exol's engagement as a company increasingly focused on corporate social responsibility (CSR) as part of its management ethos: the international collaborative sustainability platform EcoVadis, for instance, awarded it a silver medal for its CSR reporting. As a participant in the international Carbon Disclosure Project (CDP), PCC Exol is likewise actively combating climate change. In the CDP Evaluation Report of 2014, the chemicals company received a score of 81 points (2013: 18 points). And, as a further example: in the third quarter of 2014, PCC Exol became the very first Polish company to implement the GMP (Good Manufacturing Practice) standard issued by the European Federation for Cosmetic Ingredients. This certification gives the company a significant competitive edge as it confirms to cosmetics manufacturers around the world that PCC Exol reliably adheres to the highest standards in each phase of production. Today, CSR and the development of a sustainable approach to chemicals production are central components of our corporate strategy, not least because many of our customers increasingly see sustainability as a core element in their own long-term development strategy.

In the following, we would like to familiarise you a little more with the core elements of our sustainability strategy: risk management as the foundation of our activities, our sustainability guidelines and our quality standards.

Risk assessment and risk control

The corporate risk management system implemented within PCC SE is of key importance for the sustainable development of the PCC Group. Structured as a multi-stage procedure, this serves to establish exposure levels and optimisation potential, at the same time promoting entrepreneurship within the Group. As part of this process, the Risk Management team 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 necessary further training in all aspects of relevance.

Award for PCC Rokita SA: In 2014, the PCC Group's biggest chemicals company was named "Lower Silesia's Best Exporter". And both PCC Rokita SA and PCC Exol SA were nominated for the title "Pearl of the Polish Economy".

Environmental risk control

While conscious of the constant need to monitor and analyse business risks, PCC SE applies the same watching brief to all areas and activities that may give rise to impairment of the environment and the inefficient utilisation of resources. These areas include:

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

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

The sustainability guidelines of PCC

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 global Responsible Care® initiative which promotes the efforts of the chemicals industry in continuously improving occupational and public health and safety and environmental protection, irrespective of the legal requirements. PCC has adopted a corporate culture in which continuous improvement, sustainable competitiveness and outperformance are reconciled with recognised ethical standards. PCC accepts ethical responsibility for ensuring the adoption and pursuit of sustainable, ecologically sound, economically efficient and fair business practice. Our Group-wide 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.

Quality standards at the chemical companies of the PCC Group

The certified management systems of the two major production sites of the PCC Group, namely those of PCC Rokita and PCC Exol, comply with all internal and external standards applicable to PCC SE. They provide the PCC companies with a documented, structural framework for the development of objectives and optimisation programmes. As such, the systems have been duly registered to ISO 9001 and ISO 14001.

The chemical companies of the PCC Group, such as PCC Rokita SA, PCC Exol SA, PCC Consumer Products Kosmet Sp. z o.o. and PCC Synteza S.A. are members of the global Responsible Care® initiative.

- **The Group companies PCC Rokita, PCC Exol, PCC Synteza and PCC Consumer Products Kosmet are members of the global Responsible Care® initiative. PCC Exol has also signed up to the Global Compact initiative of the United Nations.**
- **The management systems of PCC Rokita and PCC Exol are certified to ISO 9001 and ISO 14001.**

The Group strategy of PCC

PCC SE is the parent and holding company of the PCC Group. It operates a stable and future-aligned portfolio in the chemicals, energy and logistics sectors. The majority of the Group's sites are located in Europe. Geographically, our focus is on the emerging markets offering high growth potential in Central, Eastern and South-East Europe.

The active portfolio management approach of PCC SE encompasses, firstly, the development of our operations and affiliates. Our focus in this regard is aligned in equal measure to the acquisition of new shareholdings and the leveraging of existing activities and projects. We are primarily concerned with positioning ourselves in less competitive submarkets and market niches. Our main investment engagement continues to be directed towards the developing economies of Central, Eastern and South-East Europe, although we are also stepping up our activities in the development of emerging markets on other continents, particularly Asia.

Conversely, PCC is also willing and able to divest operations and affiliates where disposal offers attractive gains and the funds thus released can be invested in the expansion of other core activities. The holding company will also dispose of portfolio entities where these are unable to offer satisfactory returns or fail to exhibit attractive development potential.

The divisions, segments and business units of the PCC Group

Divisions	**Chemicals**					**Energy**	**Logistics**	**Holding**
Segments	Polyols	Surfactants	Chlorine	Speciality Chemicals	Consumer Products	Energy	Logistics	Holding
Business units	› Polyols › Polyurethane Systems	› Anionic Surfactants › Non-ionic Surfactants › Amphoteric Surfactants (Betaines)	› Chlorine › MCAA › Other Chlorine Downstream Products	› Phosphorus and Naphthalene Derivatives › Alkylphenols › Chemicals and Commodities Trading › Quartzite	› Household and Industrial Cleaners, Detergents and Personal Care Products › Matches and Firelighters	› Renewable Energies › Conventional Energies	› Intermodal Transport › Road Haulage › Rail Transport	› Portfolio Management › Projects › Services

Investments in our existing sites, e.g. Brzeg Dolny, take priority. Shown here is a tanker operated by PCC Autochem parked at PCC Rokita's production unit for iPol polyols.

The strategy of the Group divisions and segments

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

The strategic objective of our Chemicals division is to stabilise and, whenever possible, expand our – in some cases – market-leading positions in Central Europe. With our strategic investments in this division led by the chemicals concern PCC Rokita SA, we focus on selected product categories in the segments Polyols, Surfactants, Chlorine and Speciality Chemicals, and in the latter case particularly on flame retardants. Priority is given to investments in our current sites. Here, the modernisation of existing facilities aligned to future environmental and efficiency standards carries the same high weighting as expansion through the construction of new, centralised production facilities. In keeping with these principles, we will have achieved two milestones in the Chlorine segment by the end of 2015. In April, we completed the switch of our chlorine production capability to the environmentally friendly membrane process, and we are also nearing completion of a plant for the manufacture of monochloroacetic acid (MCAA) in Brzeg Dolny, scheduled for the second half of this year. This plant is fed with chlorine produced by ourselves, enabling us to significantly extend the value chain of this segment.

PCC's original core business, namely trading with petroleum- and carbon-based commodities, is assigned to the Speciality Chemicals segment. Among the main activities of this operation – in addition to commodity trading – is the support it provides to our production companies: in certain markets, our trading companies have acquired expertise in procurement, sales and distribution going back more than two decades.

In the coming years, we intend to continuously expand the PCC Consumer Products subgroup within the Consumer Products segment. This future growth is to be generated not just from the further development of the existing product portfolio but also from entry into new sales markets outside Poland. The long-term objective is to float the subgroup on the Warsaw Stock Exchange (GPW), or – possibly – to divest it to a strategic investor.



The Energy division

Our focus in the Energy division is on the construction and operation of power generating facilities. The development, planning, implementation and also the selling-on of projects in the Renewable Energies field also forms part of our strategic planning. Operation of this business unit is assigned to PCC DEG Renewables GmbH, Duisburg, a joint venture that we manage together with KfW subsidiary DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH. PCC DEG Renewables develops power stations in South-East Europe on the basis of regenerative energy sources. As a PCC pilot project, the Mujada small hydropower plant in Central Bosnia was connected to the grid in February 2009. By the end of 2014, we had also commissioned small hydropower plants at four sites in the Republic of Macedonia. We will be starting on the construction of a fifth such environmentally compatible power generating facility in the course of 2015. This will take us a further step closer to our goal of operating a portfolio of power plants that may eventually be sold en bloc to a strategic investor.

The Logistics division

Among our focal growth areas in the logistics sector are expansion in container transport and the development of a corresponding infrastructure comprised of container handling terminals, primarily in Poland. We successfully commissioned the first combined transport terminal in Central Poland at the end of September 2011. We now operate five wholly owned terminals which we are selectively expanding. A major step in this direction was the further development of our container terminal in Frankfurt (Oder) which was re-inaugurated in December 2014. We are also planning to build, in the coming years, a sixth terminal near Gdynia, the headquarters of PCC Intermodal S.A. which is the dominant company in our Logistics segment. Already today, this Group entity offers container transport services within Poland and also between Poland and the major European ports of Rotterdam, Antwerp, Hamburg and Bremerhaven. The market in Poland and other Eastern European countries offers significant growth opportunities which we intend to exploit as one of PCC's core strategic objectives.

PCC is active on the hazardous goods transport market with the road tanker company PCC Autochem Sp. z o.o., Brzeg Dolny. It also operates in the Russian rail transport market via its portfolio company ZAO PCC Rail, Moscow, and is keeping a very watchful eye on the further development of the market liberalisation process there.

The Holding division

In addition to PCC SE as our parent and holding company, the Holding division also incorporates a number of entities including the IT business unit, our research and development activities, and certain undertakings that are still in the start-up phase. One such is our silicon metal project in Iceland. A part of the quartzite mined from our quarry in Poland is eventually to be used as the raw material for the production of silicon metal there. Hence there is a project team within the Holding segment currently driving forward the planning work for the advanced production plant planned for Iceland. We have now been able to secure in full the financing for the construction of the facility, with funds being provided by KfW IPEX-Bank of Frankfurt/Main and Icelandic co-investors. We therefore expect the building work to begin in mid-2015. A number of relevant agreements have already been concluded in advance, including a contract with SMS Siemag AG, Düsseldorf, for the turnkey construction of the plant, power supply agreements with the Icelandic utility Landsvirkjun, coal supply contracts, and supply agreements for the silicon metal produced.

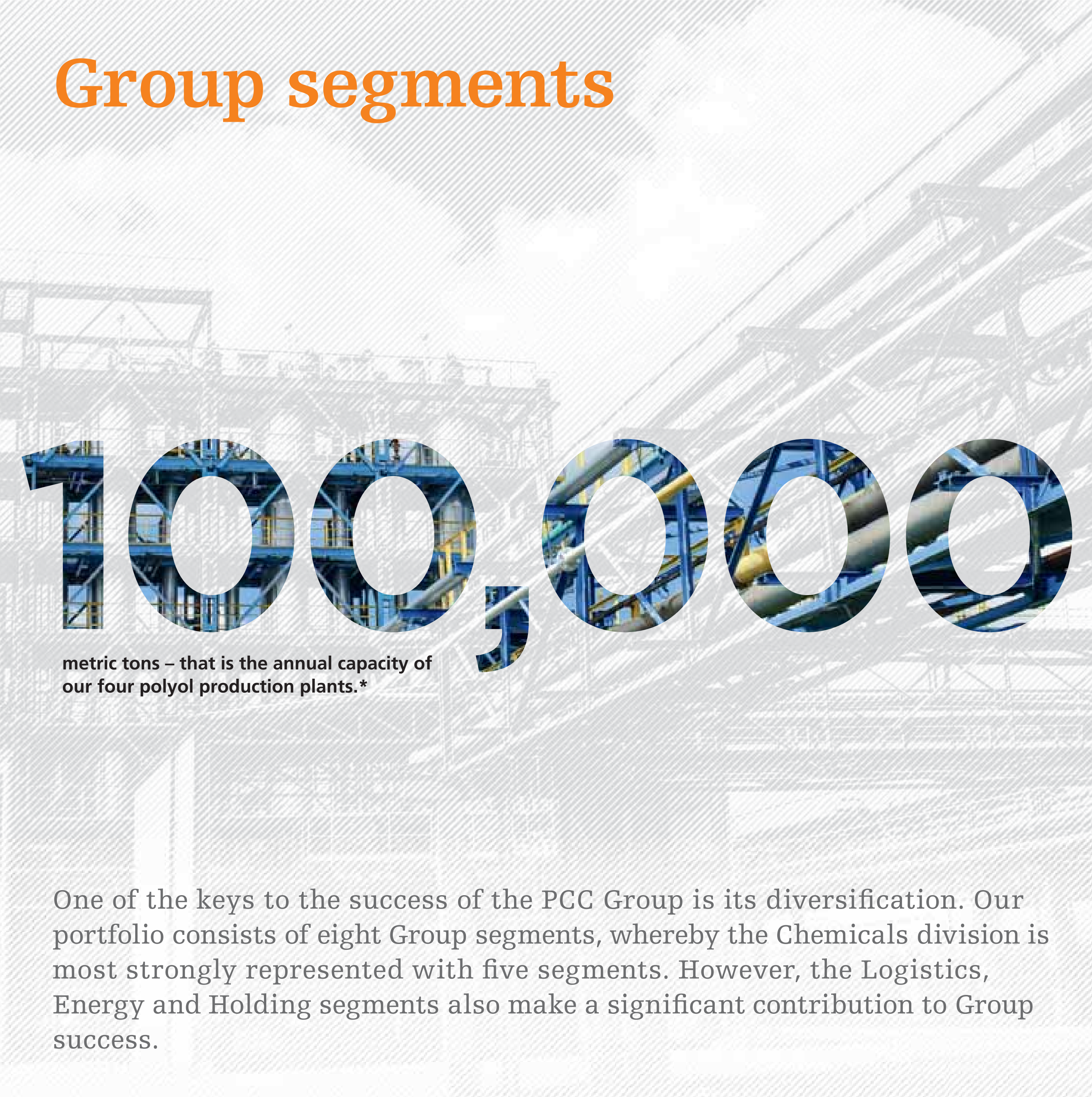
In a further project under the management of the Holding segment, we are planning to construct – through a joint venture – a plant for the production of dimethyl ether (DME), which is predominantly used as an odourless and environmentally compatible aerosol propellant.

❮ The Mujada small hydropower plant in Bosnia-Herzegovina – connected to the grid since February 2009 – had produced a total of around 36 million kWh of electricity by the end of December 2014, resulting in a reduction in CO_2 emissions of 39,000 metric tons.

❮ PCC's intermodal terminal in Frankfurt (Oder): The expanded terminal with its four 600 metre long spur tracks was re-inaugurated in December 2014.

❮ Planned silicon metal production plant in Iceland (computer image): From 2018, this advanced facility should be producing 32,000 metric tons of silicon metal per year.

Group segments



100,000

metric tons – that is the annual capacity of our four polyol production plants.*

One of the keys to the success of the PCC Group is its diversification. Our portfolio consists of eight Group segments, whereby the Chemicals division is most strongly represented with five segments. However, the Logistics, Energy and Holding segments also make a significant contribution to Group success.

* calculated on the basis of standard polyols

The segments of PCC

Our portfolio of products and investments is diversified across eight segments. Their activities range from the manufacture of polyols as a feedstock for high-comfort foam mattresses to future-aligned energy projects and international container logistics. With this diversity, interlinked by internal synergies combining chemicals, energy and logistics, we are constantly creating new enterprise value.

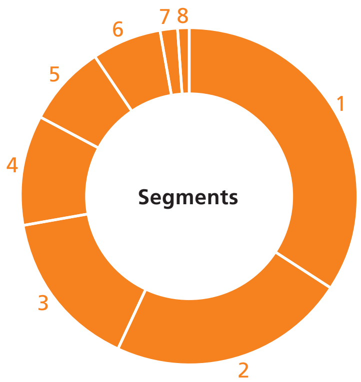
Taking all eight segments as a whole, we succeeded in increasing our consolidated sales in fiscal 2014 by 3.7 % to € 647.3 million. As in previous years, the biggest share of this revenue, 89.4 %, was generated by our five Chemicals segments: Polyols (22.7 %), Surfactants (15.3 %), Chlorine (10.5 %), Speciality Chemicals (34.3 %) and Consumer Products (6.6 %). The Logistics segment contributed 7.9 %, the Energy segment 1.7 % and the Holding segment 1.1 %.

Earnings in fiscal 2014 remained essentially stable with operating profit (EBITDA) coming in at € 54.7 million (previous year: € 55.7 million). The biggest contribution to profit came from the Polyols segment, while the segments Chlorine, Surfactants and Energy likewise made solid contributions to the overall result.

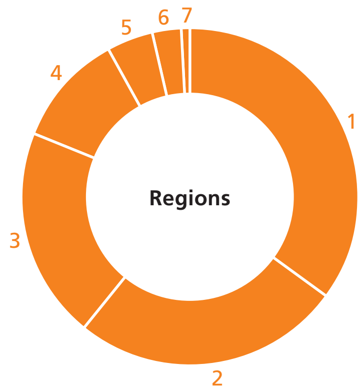
The primary sales markets of the PCC Group remain Germany and Poland. Because of our strong position in the chemicals industry and the logistics sector in Poland, that country continues to be the most important national market served by the Group. PCC is a market leader there and also in parts of Central and Eastern Europe, with sales covering a wide range of products from the Polyols, Chlorine, Surfactants and Speciality Chemicals segments.

Our main production site is located in the Lower Silesia region of Poland's south-west. The chemicals plant of PCC Rokita SA in Brzeg Dolny, about 40 kilometres north-west of Wrocław (Breslau), is one of the leading facilities of its kind in the country.

2014 sales by segment and region in %



€ 647.3 million
= 100 %



1	Speciality Chemicals	**34.3 %**
2	Polyols	**22.7 %**
3	Surfactants	**15.3 %**
4	Chlorine	**10.5 %**
5	Logistics	**7.9 %**
6	Consumer Products	**6.6 %**
7	Energy	**1.7 %**
8	Holding	**1.1 %**

1	Poland	**35.2 %**
2	Germany	**25.9 %**
3	Other EU Member States	**20.1 %**
4	Other Europe	**11.0 %**
5	Asia	**4.2 %**
6	USA	**2.9 %**
7	Other Regions	**0.7 %**

In Brzeg Dolny under the leadership of PCC Rokita, we mainly produce polyether polyols, which are the feedstock for polyurethane foams used in the manufacture of, for example, mattresses, furniture upholstery and car seats. PCC Rokita is Poland's only manufacturer of these speciality polyols. Its portfolio also includes chlorine and downstream chlorine products.

We likewise hold a unique position in Poland as a manufacturer of surfactants under the segment of the same name. These surface-active agents are indispensable components of, for example, shampoos, cleaning products and laundry detergents. They are produced by PCC Exol SA in Brzeg Dolny and Płock (Poland).

In Speciality Chemicals, the largest of our eight segments, PCC Synteza S.A., Kędzierzyn-Koźle near Gliwice (Poland), manufactures nonylphenol and dodecylphenol. PCC Rokita's business unit Phosphorus and Naphthalene Derivatives is also allocated to this segment, as are our commodity trading activities and our quartzite quarry in Zagórze (Poland).

Within the Consumer Products segment, the company PCC Consumer Products Kosmet Sp. z o.o. operating out of Brzeg Dolny and Grodno (Belarus) manufactures household and industrial cleaners, laundry detergents and cosmetics. In the Polish town of Czechowice-Dziedzice, the matches factory PCC Consumer Products Czechowice S.A. manufactures standard matches, barbecue lighters and speciality products aligned to customer specifications.

Among the activities pursued under the Energy segment are the project planning and operation of power stations based on renewable energy sources, with a special focus on South-East Europe. By the end of 2014, we had commissioned four environmentally compatible small hydropower plants in the Republic of Macedonia.

PCC Intermodal S.A., headquartered in Gdynia in the Bay of Gdańsk (in Polish: Zatoka Gdańska), is the largest company in our Logistics segment. As a provider of road and rail container logistics services, it maintains a dense network of regular transport links between Rotterdam, Hamburg and various locations in Poland.

Our eighth segment, Holding, not only provides corporate services to the operating units but also central planning services for future projects such as an advanced production plant for silicon metal in Iceland.

The following pages provide a more detailed overview of the wide and varied spectrum of our products and their many applications.

‹ Production plant for "Rokopol iPol®" polyols: These polyols are used in the manufacture of foams offering exceptional rebound elasticity ideal for armchairs and other upholstered furniture.

› This modern sulphonation plant operated by PCC Exol is located on the factory site of the chemicals concern PCC Rokita in Brzeg Dolny.

› The PCC intermodal terminal in Gliwice underwent expansion in 2014. A gantry crane is also due to be installed there in 2015.

Polyols

For foam products serving a wide range of applications

Polyols are a feedstock used in the manufacture of polyurethane foams employed in a wide range of sectors – in the automotive, furniture and mattress industries, by shoe and textile manufacturers, and even in the construction industry. PCC enjoys a strong position within this growth market because PCC Rokita SA is Eastern Europe's biggest and Poland's only producer of polyether polyols. It has four production lines with a total annual capacity of 100,000 metric tons.

Polyols are chemical compounds containing multiple hydroxyl groups that react e.g. with isocyanates to produce polyurethanes known also by the abbreviations PU or PUR. These foams are employed in a wide range of industries, and our polyols – which we market under the trade name Rokopol® – are the basis of a wide spectrum of applications. Because of this diversity, our Polyols segment has been generating growth for many years. In 2014, its net external sales rose by 10.7 % to € 147.0 million, and its operating profit (EBITDA) increased from € 3.8 million to € 12.6 million, due in particular to our increasing focus on higher-grade speciality polyols.

One example can be found in our innovative foam technology iPoltec®, the high-comfort upholstery component from the laboratories of PCC Rokita with which over 3 million mattress cores are produced each year. Mattresses manufactured from iPoltec® foam offer outstanding comfort properties and are exceptionally hard-wearing. The basis for this foam technology is provided by our "Rokopol iPol®" polyols, which are also used in the production of foams for armchairs or other upholstered furniture, especially where exceptionally high rebound elasticity is required – in other words, where the foam is expected to return quickly and entirely to its original shape immediately after use. And with our "Rokopol® vTec" polyol, we manufacture a major feedstock for the production of high-quality visco-elastic memory foams that offer above-average sitting and lying comfort.

Automotive seats and bicycle saddles are likewise manufactured from PU foams of which the main components are polyols. The same applies to the moulding foam used in the manufacture of automotive dashboards and similar instrument panels. The high-quality soles in sports shoes would not be possible without the use of polyols in their manufacture, and these same polyols are also employed in the production of the modern flooring products encountered in playground and sports facilities.

Products on the basis of our polyether polyols also provide, for example, the thermal insulation used in refrigeration vehicles, and assembly foams are likewise manufactured from polyols. Our Warsaw subsidiary PCC Prodex Sp. z o.o. has developed a PU foam spray system for roof insulation which enables rigid foam to be sprayed in liquid form for the purpose of coating and thermally insulating buildings. The reaction mixture begins to foam within seconds, producing a seamless and jointless

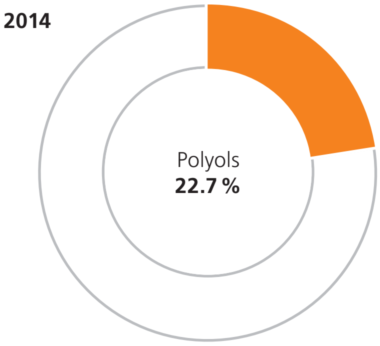
Key financials and data of the Polyols segment

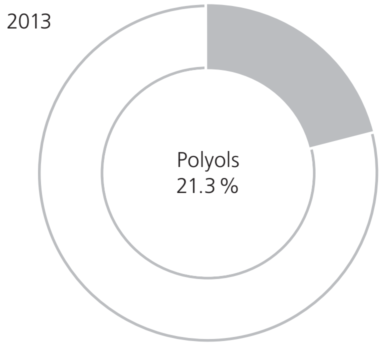
	2014	2013	Absolute change	Change in %
Net external sales	**€ 147.0 m**	€ 132.8 m	€ 14.3 m	10.7 %
Sales to other PCC segments	**€ 10.3 m**	€ 7.4 m	€ 2.9 m	39.3 %
Total sales	**€ 157.2 m**	€ 140.2 m	€ 17.0 m	12.1 %
EBITDA	**€ 12.6 m**	€ 3.8 m	€ 8.8 m	229.4 %
Capital expenditures	**€ 2.2 m**	€ 0.8 m	€ 1.3 m	174.7 %
Number of employees	**146**	145	1	0.7 %

Rounding differences possible.

layer offering outstanding insulation values. We are marketing this sprayable roof foam system from our site in Essen in Germany to customers in other German-speaking countries and also the Benelux region. The relevant approval for the system for the German market was issued by the German Institute for Building Technology (DIBt) at the beginning of 2014. Following a successful test phase, we also began the in-house production of PU foams in Essen in June 2015.

Polyols segment sales as a proportion of Group sales in %





Our iPoltec® technology is used in the manufacture of comfortable PU foams. Our polyols are also important for the insulation of refrigerators and buildings (bottom right: our PU roof foam spray system in action).

Surfactants

Essential active ingredients for foaming, wetting, emulsifying and cleaning

PCC Exol SA is one of the most advanced producers of surface-active agents, known as surfactants, in Central and Eastern Europe, and is also actually the only manufacturer of these products in Poland. The Group subsidiary offers over 200 products, not just for the manufacture of cleaning agents, laundry detergents and personal care products, but also for industrial applications. Because surfactants are exceptionally multifunctional.

PCC Exol currently manufactures surfactants in two ethoxylation and sulphonation plants at its Polish chemicals manufacturing sites in Brzeg Dolny and Płock. Our total production capacity 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 it markets on a global scale.

In all, this segment generated net external sales of €98.8 million in 2014, 3.8 % more than in 2013. The segment's operating profit in 2014 came in at around €6.6 million. PCC Exol is focusing increasingly on higher-grade surfactants and has underpinned its claim to be an advanced, responsible producer through joining the global initiative Responsible Care® and the Global Compact of the United Nations.

Surfactants are indispensable components of a wide range of consumer products. For example, they are responsible for creating suds (aka foam and lather). Suds reduce the surface tension of the water, enabling it, say, to penetrate the structure of fabrics rather than remaining on their surface. Surfactants are likewise used to enable mutually repelling liquids, such as water and oil, to mix. And they facilitate the removal of soil and stains. Foaming, wetting, emulsifying, cleaning – with this range of functions, surfactants are found in a wide spectrum of different products.

They are a major component of toothpaste: here, they are largely responsible for the cleaning action of the paste and its foaming property. The anionic and non-ionic surfactants incorporated in dishwashing products ensure that dirt and grease can be readily removed from the surfaces of crockery and cutlery. Especially tested and researched, surfactants are even used in the production of medicines and ointments. Laundry detergents in particular have combinations of anionic and non-ionic surfactants to thank for both their cleaning power and their dermatological compatibility.

PCC Exol SA also produces betaines, known as amphoteric surfactants. These are used in cosmetic products such as hair shampoos in order to optimise the skin compatibility of anionic surfactants, the ingredients primarily responsible for the

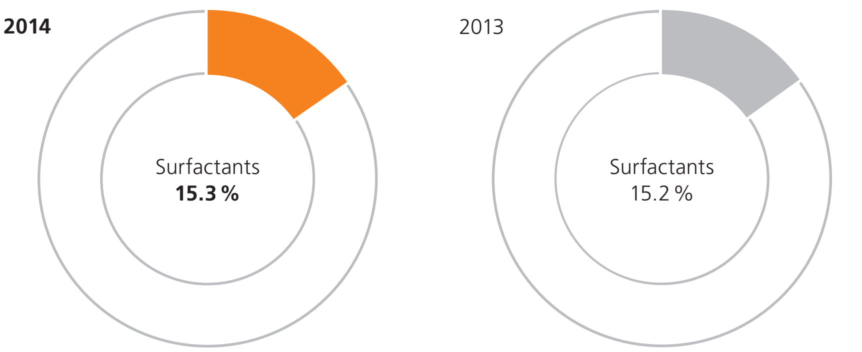
Key financials and data of the Surfactants segment

	2014	2013	Absolute change	Change in %
Net external sales	**€98.8 m**	€95.2 m	€3.6 m	3.8 %
Sales to other PCC segments	**€24.6 m**	€17.6 m	€7.0 m	40.2 %
Total sales	**€123.4 m**	€112.8 m	€10.6 m	9.4 %
EBITDA	**€6.6 m**	€8.3 m	€–1.7 m	–20.9 %
Capital expenditures	**€2.8 m**	€10.9 m	€–8.0 m	–74.1 %
Number of employees	**241**	237	4	1.7 %

Rounding differences possible.

cleaning action of the products. The surfactants contained in creams and lotions, for example, serve primarily as emulsifiers. They combine fatty components with water to create an emulsion that has a positive effect on the skin. Water-repelling fabrics can be manufactured through the use of surfactants in a special impregnation process. And special agents used in the de-icing of aircraft also include surfactants.

Surfactants segment sales as a proportion of Group sales in %



Surfactants – surface-active agents – are important components of liquid soaps, laundry care and dishwashing products, and even toothpastes, in which they are responsible for the cleaning and foaming effect.

Chlorine

Modern production processes and new value-added

Chlorine is one of the most important feedstocks for the chemicals industry as well as being extensively utilised in water treatment facilities because of its disinfecting properties. PCC Rokita SA is not only a major supplier of chlorine as a raw material but also develops new applications and is extending its own chlorine value chain. This year (2015) will see our chlorine production facilities completely switched to modern and environmentally friendly membrane technology.

An important milestone was reached in the Chlorine segment in April 2015 with the completion of the second phase of our new membrane electrolysis plant at PCC Rokita's main site in Brzeg Dolny. This means that we have now completely switched our chlorine production capability to modern, energy-efficient and also environmentally friendly membrane technology. The first phase of the membrane electrolysis plant was successfully commissioned back in 2010. Also scheduled for the second half of 2015 is the commissioning of a production plant for ultra-pure monochloroacetic acid (MCAA), which will extend the value chain of our Chlorine segment. With this, PCC Rokita will be able to further consolidate its market position in the sector. In 2014, the Chlorine segment generated net external sales of €67.8 million and an EBITDA figure of €8.1 million.

PCC Rokita is Poland's biggest supplier of chlorine both as a chemical feedstock 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, primarily in Germany, the Czech Republic and Slovakia. The customers for our chlorine and chlorine downstream products come from a broad range of sectors. They include industrial businesses – active, for example, in the fields of 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.

Chlorine and its downstream products and by-products are widely used in industry. It is indispensable, for example, in swimming pools in order to effectively protect bathers from germs. The Chlorine production unit of PCC Rokita also manufactures chlorobenzene, hydrochloric acid, sodium hydroxide or caustic soda (the aqueous solution of sodium hydroxide) and sodium hypochlorite. Hydrochloric acid is used, for instance, in the production of sugar. Caustic soda serves, for example, as a degreasing agent and also a rinsing aid for bottles and apparatus. Sodium hypochlorite is an antiseptic used to boost the antibacterial properties of disinfectants.

Chlorine is also employed within PCC Rokita, both for the manufacture of propylene oxide (PO) used in polyol production, and in the Phosphorus Derivatives business unit of our Speciality Chemicals segment. There, chlorine is processed in the production of phosphorus trichloride and phosphorus oxychloride.

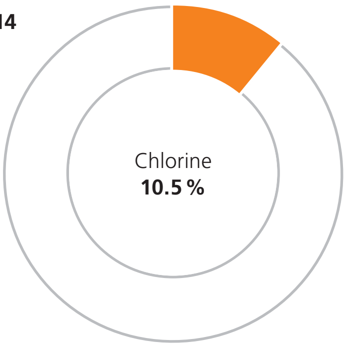
Key financials and data of the Chlorine segment

	2014	2013	Absolute change	Change in %
Net external sales	**€67.8 m**	€88.5 m	€–20.7 m	–23.4 %
Sales to other PCC segments	**€61.2 m**	€53.7 m	€7.5 m	14.0 %
Total sales	**€129.0 m**	€142.2 m	€–13.2 m	–9.3 %
EBITDA	**€8.1 m**	€16.1 m	€–8.0 m	–49.8 %
Capital expenditures	**€51.3 m**	€26.9 m	24.4 m	90.7 %
Number of employees	**245**	238	7	2.9 %

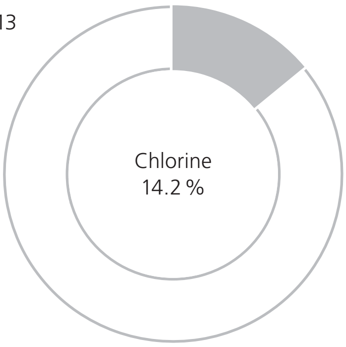
Rounding differences possible.

Chlorine segment sales as a proportion of Group sales in %

2014



2013



Chlorine is used in water treatment applications and as a disinfectant in swimming pools. Caustic soda is used, for example, for rinsing bottles in beverage filling lines.

Speciality Chemicals

Wide diversification from flame retardants to concrete superplasticisers

Speciality Chemicals is the segment within the PCC Group that generates the highest revenues. Its broad portfolio of chemical products extends from phosphorus-based flame retardants, additives for hydraulic fluids and lubricant grease products to superplasticisers used to make fresh concrete flow and facilitate the manufacture of plasterboard. Our Polish quartzite quarry and our traditional commodities trading business are also managed under this extensively diversified segment.

In 2014, the Speciality Chemicals segment generated net external sales of € 222.1 million, primarily through our commodities trading business, representing an increase of 9.4 % year on year. The operating profit (EBITDA) of this segment improved from € 1.9 million to € 3.9 million.

The main revenue earner of the Speciality Chemicals segment is our trading business involving petroleum- and carbon-based chemical commodities, with which PCC has successfully positioned itself in the market since its establishment in 1993. These commodity trading activities also support our Group companies in the purchase and marketing of chemical products. Our biggest trading company remains our original Duisburg-based entity PCC Trade & Services GmbH, previously known as Petro Carbo Chem GmbH. Plans are now being made to allocate commodity trading to a separate segment.

Also integrated in the Speciality Chemicals segment are activities assigned to the Naphthalene Derivatives business unit. Naphthalene derivatives are used for construction chemical applications and manufactured by PCC Rokita SA for supply to Central and Eastern Europe. The additives produced are superplasticisers formulated to improve the application properties of fresh concrete while also reducing its water requirement – thus substantially lowering ready-mix concrete transport costs. They also increase the strength of the cured concrete. Similarly, they save water and energy in the production of plasterboard for interior lining work.

A further business unit of our Speciality Chemicals segment is that of Phosphorus Derivatives. In Poland, for example PCC Rokita is the biggest manufacturer of phosphorus-based flame retardants for PU foams. We are thus able to improve the flame protection properties of the rigid foams manufactured with our polyols. Phosphorus trichloride and phosphorus oxychloride production provides the basis for our phosphorus derivatives portfolio. This encompasses flame retardant substances, stabilisers and plastics additives such as plasticisers. The conveyor belts used in mining, for example, contain phosphorus-based plasticisers and flame-retardants, while flooring products are given the flexibility they need by our plasticisers.

PCC Synteza S.A. manufactures nonylphenol and dodecylphenol at its production site in Kędzierzyn-Koźle (Poland). Nonylphenol is used in the manufacture of surfactants for industrial cleaning products, for charging ink jet cartridges and for coating paper, and also as a rubber additive. Dodecylphenol serves as an additive for hydraulic fluids and lubricating greases.

Key financials and data of the Speciality Chemicals segment

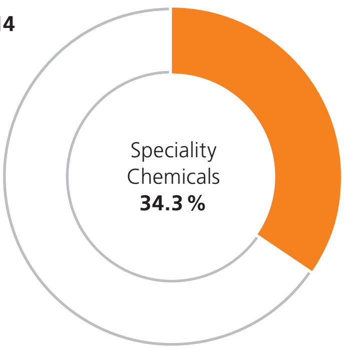
	2014	2013	Absolute change	Change in %
Net external sales	**€ 222.1 m**	€ 203.1 m	€ 19.0 m	9.4 %
Sales to other PCC segments	**€ 5.3 m**	€ 8.7 m	€–3.4 m	–39.1 %
Total sales	**€ 227.3 m**	€ 211.7 m	€ 15.6 m	7.4 %
EBITDA	**€ 3.9 m**	€ 1.9 m	€ 2.0 m	108.7 %
Capital expenditures	**€ 2.7 m**	€ 3.7 m	€–0.9 m	–26.4 %
Number of employees	**380**	367	13	3.5 %

Rounding differences possible.

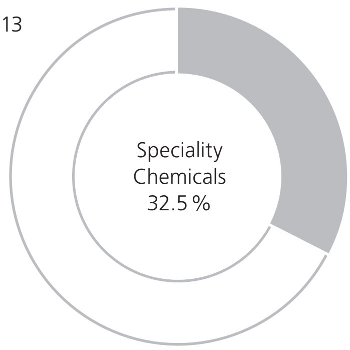
Also allocated to the Speciality Chemicals segment is the company PCC Silicium S.A. in Zagórze (Poland) with its quartzite quarry and the associated processing plant. The quartzite mined is predominantly used as backfill material for the construction of roads and railway tracks. However, some also goes to the ferrosilicon industry, and we are now progressing plans to use a portion of the quartzite from our quarry for an advanced silicon metal production plant planned for Iceland. Construction of the facility is expected to begin in summer 2015.

Speciality Chemicals segment sales as a proportion of Group sales in %

2014



2013



Within the Speciality Chemicals segment, we manufacture additives for fresh concrete and plasterboard and also, for example, additives used in the charging of ink jet cartridges. Our quartzite mining activities at our Polish quarry also fall under this segment.

Consumer Products

"ROKO", "Roko Eco" & Co. – the branded consumer goods produced by the PCC Group

PCC Consumer Products S.A. rounds off the segments assigned to the Chemicals division of the PCC Group. This is the company responsible for manufacturing our range of FMCG – fast-moving consumer goods – which is an important growth business. The activities of the Consumer Products segment include the production of household and industrial cleaners, laundry detergents and personal care products. Our Polish matches factory, operated by PCC Consumer Products Czechowice S.A., also belongs to this segment.

The Consumer Products segment generated net external sales of €42.5 million in 2014. Its operating profit (EBITDA) came in at €1.1 million. PCC Consumer Products Kosmet Sp. z o.o. of Brzeg Dolny, a leading Polish manufacturer of private label products in the fields of household cleaners, laundry detergents and personal care products, forms a major part of the PCC Consumer Products subgroup. The company likewise manufactures industrial cleaners for professional applications. Also included in the portfolio of PCC Consumer Products Kosmet is a range of proprietary Polish brands such as the hard surface cleaner line "ROKO". In addition, we launched a new product series onto the market in 2014: "Roko Eco", which is based on sustainable raw materials and carries the recognised EU environmental label "Ecolabel".

PCC Consumer Products Kosmet has enjoyed years of successful expansion. Its sales markets are located predominantly in Central and Eastern Europe. Here, the company has invested over recent years in the expansion of its production, sales and distribution activities, including plant expansions in the Free Economic Zone around Grodno in Belarus, and the upgrade and expansion of its production capability at its main site in Brzeg Dolny. The aim is to expand our FMCG business further into the emerging markets in Eastern Europe with new sales and distribution structures in, among others, Kazakhstan, Kirgizstan and Uzbekistan. Because of the growing demand for household cleaners and cosmetics in these regions, plans are also in place to further increase the annual production capacity of PCC Consumer Products Kosmet. Around 80 % of the sales of the Consumer Products segment is currently generated by products from this PCC Group company.

The remaining 20 % is generated by our matches factory PCC Consumer Products Czechowice (formerly Fabryka Zapałek "Czechowice") in Czechowice-Dziedzice, in the province of Silesia. Its portfolio 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

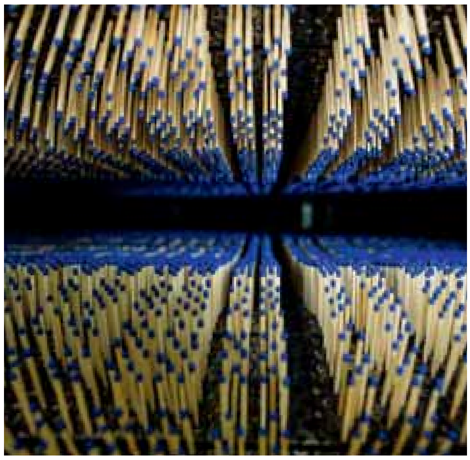
Key financials and data of the Consumer Products segment

	2014	2013	Absolute change	Change in %
Net external sales	**€42.5 m**	€43.6 m	€–1.1 m	–2.4 %
Sales to other PCC segments	**€0.2 m**	€0.0 m	€0.2 m	–
Total sales	**€42.7 m**	€43.6 m	€–1.0 m	–2.4 %
EBITDA	**€1.1 m**	€2.0 m	€–0.8 m	–41.9 %
Capital expenditures	**€4.6 m**	€3.9 m	€0.7 m	16.7 %
Number of employees	**617**	594	23	3.9 %

Rounding differences possible.

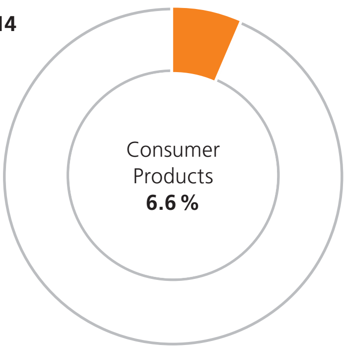
advertising giveaways. The matches are exclusively manufactured using timber from sustainably managed forests. They are also free of sulphur and chromates and – as from 2000 – product quality is certified according to EN 1783:1997 SAF.

In April 2014, the stove, barbecue and firelighters under the brand "Podpałki Czechowickie" were awarded the accolade "Brand of the Year 2014" in the Matches and Other Igniters category.



Consumer Products segment sales as a proportion of Group sales in %

2014



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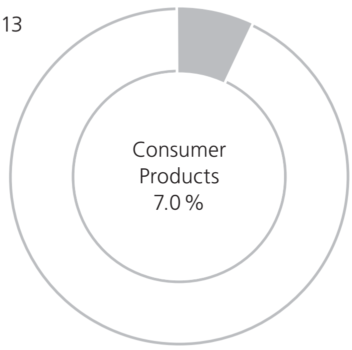


Consumer goods produced by PCC include the "ROKO" line of cleaning products, the "Roko Eco" line of eco-products based on sustainable raw materials, and also matches.

Energy

Incentive payments awarded for environmentally compatible small hydropower plants

Our activities in the Energy segment include power plant projects with particular emphasis on the promising future market of renewable energies. By the end of 2014, we had commissioned four small hydropower plants in the Republic of Macedonia. These are regarded as particularly environmentally compatible due to their minimal intervention in nature. The successful start-up of these power plants was recognised at the end of 2014 with the award of an incentive payment.

The project portfolio of the Renewable Energies business unit includes 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 plants in South-East Europe currently passing through the multi-year planning and development phase. We made significant progress, especially in the Republic of Macedonia following completion of our first power plant there in 2013. After difficult approval and construction phases, we were able to commission three more such facilities by the end of 2014. At the Galičnik site, for example, the steepness of the terrain and the difficulty of access with heavy-duty machinery placed great demands on the construction work. Building is also now scheduled to commence on a fifth such environmentally friendly power plant in Macedonia in 2015. Back in 2013, the UN climate protection authority UNFCCC officially registered the first four small hydropower plants in Macedonia as climate-protection projects compliant with the requirements of the Kyoto Protocol.

The successful commissioning of three power plants in Macedonia was also recognised in November 2014 by an award from the financing bank EBRD (European Bank for Reconstruction and Development). The retrospective incentive payment reduced the € 6 million loan repayable to the EBRD by around € 670,000 and we received a further incentive payment of around € 160,000 for another power plant in May 2015.

Even before the successes in Macedonia, we had already commissioned two power plants: the advanced cogeneration (CHP) facility known as EC-3 in Brzeg Dolny in 2008, and the Mujada small hydropower plant in Donji Vakuf, Central Bosnia, in 2009. This latter facility offers a capacity of 1.15 megawatts and generates around 6.6 GWh (gigawatt-hours) of electricity p.a. as a multi-year average. We have three further small hydropower plant projects at the planning phase in Bosnia-Herzegovina.

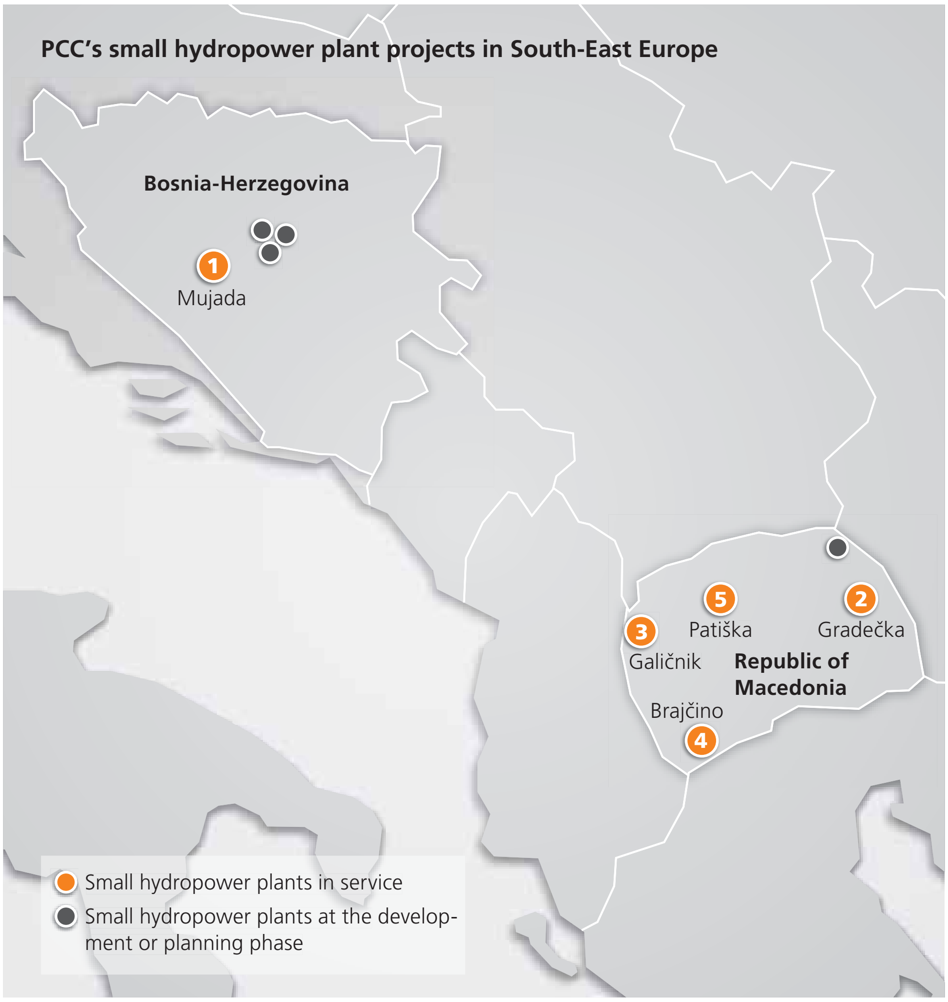
However, the main revenue generator of the Energy segment is PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle (Poland), which operates in the field of power generation and heat supply. Together with the Energy business unit of PCC Rokita SA, whose aforementioned CHP plant (combined heat and power) supplies the Brzeg Dolny site, this forms the core of the Conventional Energies business unit.

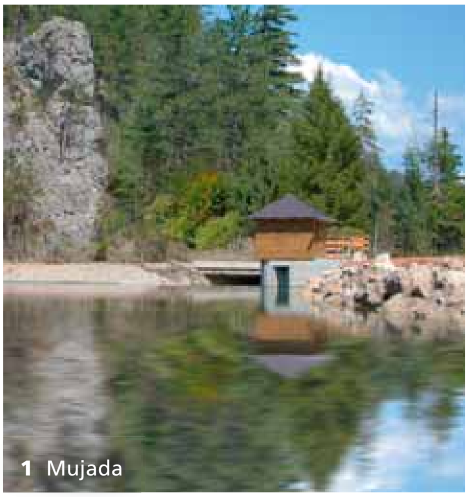
Key financials and data of the Energy segment

	2014	2013	Absolute change	Change in %
Net external sales	**€ 10.9 m**	€ 11.6 m	€–0.7 m	–6.1 %
Sales to other PCC segments	**€ 15.1 m**	€ 14.2 m	€ 0.9 m	6.5 %
Total sales	**€ 26.0 m**	€ 25.8 m	€ 0.2 m	0.8 %
EBITDA	**€ 5.4 m**	€ 4.3 m	€ 1.1 m	24.3 %
Capital expenditures	**€ 2.6 m**	€ 2.7 m	€–0.1 m	–3.7 %
Number of employees	**176**	178	–2	–1.1 %

Rounding differences possible.

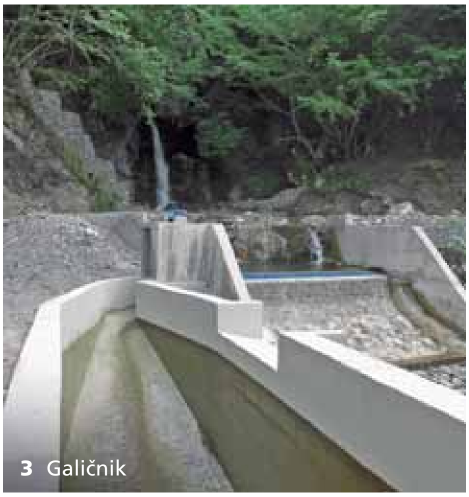
PCC's small hydropower plant projects in South-East Europe





1 Mujada

2 Gradečka



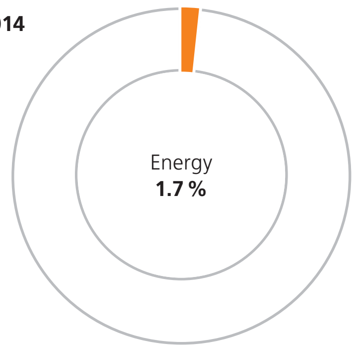
3 Galičnik

4 Brajčino

5 Patiška

Energy segment sales as a proportion of Group sales in %

2014



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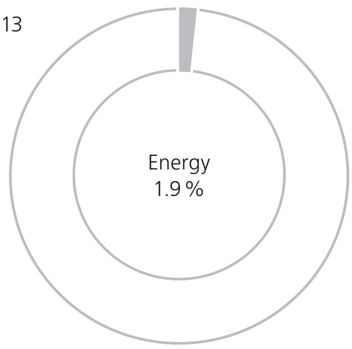


PCC has so far seen five small hydropower plants go into service. Because of its size, construction of this kind of hydropower plants means that the intervention in nature is relatively minor.

Logistics

Safe, reliable and flexible on road and rail

The main revenue generator of our Logistics segment is PCC Intermodal S.A. This counts among Poland's leading providers of combined road and rail container transport services and operates five wholly owned container terminals; a sixth is in the planning stage. The segment also encompasses the Moscow rail transport company ZAO PCC Rail and the Polish company PCC Autochem Sp. z o.o., which specialises in the road haulage of liquid chemicals, and hazardous substances in particular.

In 2014, our Logistics segment generated net external sales of € 50.8 million. Its operating profit (EBITDA) improved to € 3.9 million.

Within the Intermodal Transport business unit, we are concentrating in particular on increasing container traffic volumes to go hand-in-hand with the development and expansion of the corresponding infrastructure involving container handling terminals, particularly in Poland. Our first combined transport terminal was commissioned at the end of September 2011 in Central Poland. We have also taken over long-term responsibility for an existing intermodal terminal in Frankfurt (Oder) in order to augment our service network in this sector. We have substantially expanded this facility in recent years, and in December 2014 we were able to re-inaugurate the newly completed Frankfurt (Oder) terminal. It now has four 600 metre long spur tracks and has also been equipped with a gantry crane. Two reach-stackers are likewise available for handling the containers. With the two additional spurs and the gantry crane, annual handling capacity has now increased to more than 100,000 TEU (twenty-foot equivalent, unit of measurement for 20-foot ISO containers).

The operating schedule of PCC Intermodal currently encompasses more than 300 rail connections per month, served by scheduled container block trains. In the intermodal transportation of goods in containers, more than one vehicle/transportation means is utilised, with the last leg of the journey to the customer being performed, for example, by truck following transfer of the cargo from our rail wagons. The containers are handled using gantry cranes or through the more flexible option of reach-stackers. In 2014, PCC Intermodal increased its handling volume by 15 % to a total of 144,000 TEU (previous year: 125,000 TEU) or around 94,000 containers (2013: 78,000 containers).

Over recent years, we have continuously expanded the network of routes available from PCC Intermodal, and we are currently offering connections from our inland terminals in Kutno, Brzeg Dolny, Gliwice and Dębica in Poland, and also Frankfurt (Oder) in Germany, to the seaports of Gdańsk, Gdynia, Hamburg, Bremerhaven, Rotterdam and Antwerp. Commissioning of the Kutno terminal in Central Poland means we have extended the network further towards the east. This terminal also enables us to implement new rail connections down to

Key financials and data of the Logistics segment

	2014	2013	Absolute change	Change in %
Net external sales	**€ 50.8 m**	€ 42.8 m	€ 8.0 m	18.7 %
Sales to other PCC segments	**€ 7.8 m**	€ 7.6 m	€ 0.2 m	2.6 %
Total sales	**€ 58.7 m**	€ 50.4 m	€ 8.3 m	16.5 %
EBITDA	**€ 3.9 m**	€ 2.4 m	€ 1.5 m	63.0 %
Capital expenditures	**€ 19.1 m**	€ 10.2 m	€ 8.9 m	87.8 %
Number of employees	**332**	328	4	1.2 %

Rounding differences possible.

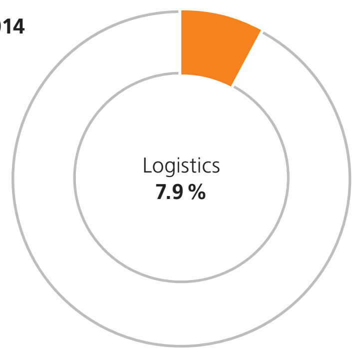
the Adriatic ports of Koper in Slovenia and Trieste in Italy. Following a successful expansion project, we have also now been able to increase the handling capacity of the Kutno terminal to 250,000 TEU per year.

The road haulage company PCC Autochem runs a fleet of around 60 road tankers which operate on behalf of customers throughout Europe from a hub on the factory site of PCC Rokita SA in Brzeg Dolny. Specialising in the transportation of liquid chemicals, PCC Autochem also has its own tank cleaning facility especially designed for hazardous substances.

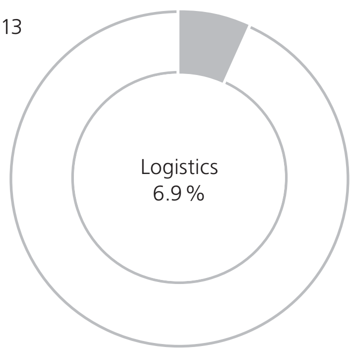
Our Russian subsidiary PCC Rail operates a fleet of currently around 600 goods wagons designed to run on the wide gauge railways of Russia and the adjoining CIS states, carrying in particular construction materials, metals and coal.

Logistics segment sales as a proportion of Group sales in %

2014



2013



With five wholly owned terminals, PCC's container transport network already extends from Poland through Germany and into the Netherlands and Belgium – with further expansion in the pipeline.

Holding

Future-aligned projects and important corporate services

The Holding segment which, in addition to the Group holding company PCC SE, also encompasses other companies and units, manages projects currently at the planning phase – such as our silicon metal production plant in Iceland. This limits the load on the operating businesses. The Holding segment also provides predominantly centralised, corporate services to the Group companies, for example in the fields of finance and information technology.

We have now been able to fully secure the financing for the advanced silicon metal production plant planned for Iceland and expect building to commence in mid-2015. This project provides a good example of the kind of function performed by the Holding segment in the development of new business areas, for it is here that we pool projects in the planning phase before allocating them to our operating Group segments. This enables us to reduce the burden of project management on the operating businesses, while at the same time leveraging experience gained by the Group management from two decades of planning and project stewardship in developing new fields of activity.

Our intention in Iceland is to utilise a portion of the quartzite mined from our Polish quarry so as to extend the value chain. The production plant planned for the north of Iceland is expected to be completed by 2018 with a capacity of 32,000 metric tons per year. Contracts for example with future customers, and with our Icelandic electricity supplier and other vendors have already been signed, and a law ratified by the Icelandic parliament ensures that we will benefit from certain tax concessions. A largest part of the financing is being provided by a loan from KfW IPEX-Bank of Frankfurt/Main.

The Icelandic company Bakkastakkur slhf. is providing more than a quarter of the investment volume through a combination of a shareholder loan and preferred shares in our project company PCC BakkiSilicon hf, which is headquartered in Húsavík (Iceland).

A further project that we are planning within the Holding segment on the basis of a long-term joint venture is the construction of a plant for the production of high-purity dimethyl ether (DME) in Russia. 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 polyurethane foam for building applications.

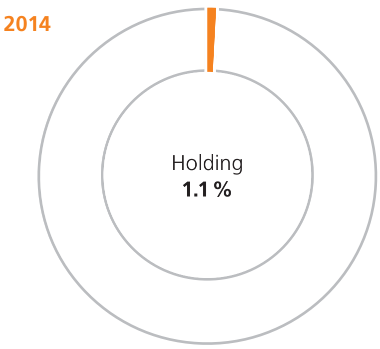
In addition to project development and management, the Holding segment also provides Group services in the fields of finance, corporate development, information technology, environmental protection, research and development and engineering/technology. Working from our chemicals site in Brzeg Dolny, for example, PCC IT S.A. provides IT services to internal and external customers – a perfect example of how we leverage synergies in order to generate added value.

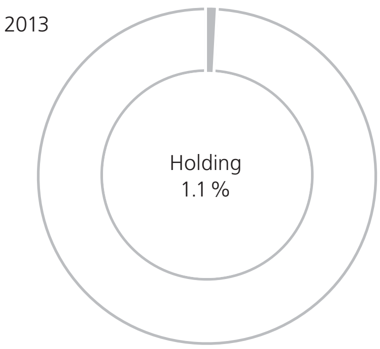
Key financials and data of the Holding segment

	2014	2013	Absolute change	Change in %
Net external sales	**€ 7.4 m**	€ 6.8 m	€ 0.6 m	9.3 %
Sales to other PCC segments	**€ 24.8 m**	€ 27.5 m	€–2.7 m	–10.0 %
Total sales	**€ 32.2 m**	€ 34.3 m	€–2.1 m	–6.1 %
EBITDA	**€ 13.1 m**	€ 16.8 m	€–3.8 m	–22.4 %
Capital expenditures	**€ 13.5 m**	€–5.5 m	€ 19.0 m	–
Number of employees	**753**	665	88	13.2 %

Rounding differences possible.

Holding segment sales as a proportion of Group sales in %





The Holding segment pools together projects at the planning phase before they are assigned to the operating Group segments. It also provides services in, for example, the fields of finance, IT and research and development.

PCC Group sites

Investments with potential worldwide
As an international group of companies, PCC is represented by its subsidiaries and affiliates at 39 locations in 17 countries (as of May 2015). Most of our approximately 2,900 employees are active within Europe. However, the PCC Group is also represented in America, Asia and Africa.

* Group headquarters

The structure of the PCC Group

The PCC Group comprises some 70 subsidiaries and affiliates in Germany and abroad. The main fully consolidated entities of the individual segments are shown on this double page (status as of December 31, 2014). A detailed list of the various shareholdings can be found under Note 38 to the consolidated financial statements at the back of this report.

Polyols segment

Polyols business unit
of PCC Rokita SA
Brzeg Dolny (Poland)
(84.16 %)

PCC Prodex Sp. z o.o.
Warsaw (Poland)
(84.16 %)

PCC Prodex GmbH
Essen (Germany)
(84.16 %)

PCC PU Sp. z o.o.
Brzeg Dolny (Poland)
(84.16 %)

Surfactants segment

PCC Exol SA
Brzeg Dolny (Poland)
(80.04 %)

PCC Chemax, Inc.
Piedmont, SC (USA)
(80.04 %)

Tensis Sp. z o.o.
Brzeg Dolny (Poland)
(84.16 %)

Chlorine segment

Chlorine business unit
of PCC Rokita SA
Brzeg Dolny (Poland)
(84.16 %)

MCAA SE
Brzeg Dolny (Poland)
(100 %)

PCC MCAA Sp. z o.o.
(formerly: PCC P4 Sp. z o.o.)
Brzeg Dolny (Poland)
(100 %)

Speciality Chemicals segment

Phosphorus and Naphthalene
Derivatives business unit
of PCC Rokita SA
Brzeg Dolny (Poland) (84.16 %)

PCC Synteza S.A.
Kędzierzyn-Koźle (Poland)
(100 %)

PCC Silicium S.A.
Zagórze (Poland)
(99.96 %)

Trading companies

PCC Trade & Services GmbH
(formerly: Petro Carbo
Chem GmbH)
Duisburg (Germany)
(100 %)

NOVOBALT terminal

ZAO Novobalt Terminal
Kaliningrad (Russia)
(100 %)

PCC MORAVA-CHEM s.r.o.
Český Těšín (Czech Republic)
(100 %)

PCC SE, holding company of the PCC Group, Duisburg (Germany)

Consumer Products segment

PCC Consumer Products S.A.
Warsaw (Poland)
(100 %)

PCC Consumer Products Kosmet Sp. z o.o.
Brzeg Dolny (Poland)
(100 %)

Kosmet Sp. z o.o.
Brzeg Dolny (Poland)
(100 %)

OOO Navigator
Grodno (Belarus)
(100 %)

OOO PCC Consumer Products
Moscow (Russia)
(100 %)

PCC Consumer Products Czechowice S.A.
(formerly: Fabryka Zapałek Czechowice S.A.)
Czechowice-Dziedzice (Poland)
(99.15 %)

Energy segment

Energy business unit of PCC Rokita SA
Brzeg Dolny (Poland)
(84.16 %)

PCC Energetyka Blachownia Sp. z o.o.
Kędzierzyn-Koźle (Poland)
(84.46 %)

PCC DEG Renewables GmbH
Duisburg (Germany)
(60 %)

GRID BH d.o.o.
Sarajevo (Bosnia-Herzegovina)
(51.37 %)

PCC HYDRO DOOEL Skopje
Skopje (Republic of Macedonia)
(60 %)

Logistics segment

PCC Intermodal S.A.
Gdynia (Poland)
(62.41 %)

PCC Intermodal GmbH
Duisburg (Germany)
(62.41 %)

PCC Autochem Sp. z o.o.
Brzeg Dolny (Poland)
(92.29 %)

ZAO PCC Rail
Moscow (Russia)
(100 %)

Holding segment

PCC IT S.A.
Brzeg Dolny (Poland)
(100 %)

3Services Factory S.A.
Katowice (Poland)
(73.69 %)

PCC Apakor Sp. z o.o.
(formerly: Apakor-Rokita Sp. z o.o.)
Brzeg Dolny (Poland)
(83.81 %)

Ekologistyka Sp. z o.o.
Brzeg Dolny (Poland)
(84.16 %)

LabMatic Sp. z o.o.
Brzeg Dolny (Poland)
(83.94 %)

Investments

98.8

million euros – our capital expenditure in 2014.

In the Chemicals division, we are refocusing our capital expenditures towards the production of high-grade speciality products. The emphasis in the Logistics division is primarily on intermodal transport, a field in which we performed particularly well in 2014. And with our hydropower plants, we are also investing in the energy of the future.

PCC investments

We continued to drive our capital investment programme in all the segments of PCC through 2014, appreciably increasing our total spend versus prior year. This huge increase in investment has enabled us to further strengthen our operating units and create a platform for future value creation.

Fiscal 2014 saw us succeed in completing or significantly advancing a number of long-term investment projects – particularly in the Chlorine segment, the Renewable Energies business unit and in Logistics. We reached a number of additional milestones in the first half of 2015, and we also expect the remainder of this year to bring further investment successes, for example in the Consumer Products segment.

Across the group, we invested a total of €98.8 million in 2014, representing an increase versus the previous year (€53.5 million) of almost 85 %. 90.2 % of these capital expenditures went into property, plant and equipment, with the rest being spent on share purchases, capital increases and intangible assets.

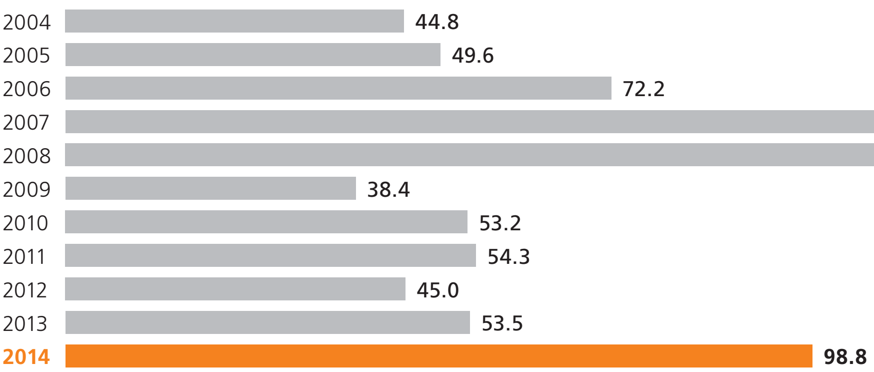
As in previous years, much of our capital spend in 2014 was in the Chemicals division where we continue to focus on the modernisation of our production facilities and the development of new capacities. We took a particularly large and important step forward in 2014 in relation to the construction of a production plant for MCAA (monochloroacetic acid) at our largest chemicals site in Brzeg Dolny, Lower Silesia. The completion of this facility, with which we will be extending our chlorine value chain, is scheduled for the second half of 2015.

Construction of the second and thus final phase of switch of our chlor-alkali electrolysis plant to environmentally friendly and energy-efficient membrane technology also proceeded to schedule in 2014, enabling us to commission membrane electrolysis plant 2 in April 2015.

Within the Polyols segment, we further expanded our Polyurethane Systems business unit. In the first quarter of 2014, we established the company PCC Prodex GmbH with its headquarters in Essen. From this site, the company markets PU systems – for example our spray foam system for roof insulation – throughout the German-speaking area of Europe and also the Benelux countries. We have also started in-house production there of flexible foams for the same markets. In the Consumer Products segment, PCC Consumer Products Kosmet Sp. z o.o. continued in 2014 with the expansion of its production facilities for the manufacture of hard surface cleaners and laundry detergents in Brzeg Dolny. We expect this project to be completed by the middle of 2015.

2014 also brought investment successes in the Energy segment. The Renewable Energies business unit was able to progress its projects involving the construction of small and especially environment-friendly hydropower plants in the Republic of Macedonia. By the end of 2014, following several years of planning and construction, we were able to complete three such facilities. One power plant had already been connected to the grid in 2013. We expect to begin construction on a fifth site in the course of 2015. The commissioning of our first three small hydropower plants in Macedonia also attracted an incentive payment award in November 2014 from the financing bank EBRD (European Bank for Reconstruction and Development).

Capital expenditures of the PCC Group in € m



The Logistics segment continued to benefit from strategic investments in the expansion of our container terminals in the last fiscal year. The expansion of the terminal in Frankfurt (Oder) through the addition of two further spur tracks and a gantry crane – increasing its annual container handling capacity to more than 100,000 TEU (twenty-foot equivalent units) – continued apace through 2014, enabling us to re-inaugurate the terminal in December of that year. Our container terminal in Kutno, Poland, also benefited from further investment during the reporting year. Its annual handling capacity now lies at 250,000 TEU, with the installation of two gantry cranes in June 2015 successfully completing the expansion project. Expansion of our terminal at our biggest chemicals site in Brzeg Dolny likewise proceeded to plan, with commissioning scheduled for the third quarter of 2015. Meanwhile, expansion of the terminal in Gliwice is due for completion at the end of 2015.

We expect further investments to ensue in 2015 in addition to those already mentioned, some of which were completed during the first half of the year. For example, construction work on an advanced production facility for silicon metal is due to begin in Iceland around the middle of the year. In December 2014, we fully secured the financing for the project. A loan from KfW IPEX-Bank in Frankfurt/Main has been supplemented by funds from Icelandic co-investors. We expect the facility to be completed in the course of 2018. This project is currently being managed under the Holding segment, in which we are likewise planning the long-term construction of a plant for the manufacture of high-purity dimethyl ether (DME) in Russia. And in the Chemicals division, we achieved an investment success in the Polyols segment in 2015 in the form of a joint venture in Thailand. This was established in January with the purpose of opening up the rapidly growing chemical markets of Asia to distribution of our polyols and polyurethane systems.

Investments in the Chemicals division

Switch of chlorine production to environmentally friendly membrane technology

In the course of 2014, PCC Rokita SA took the process of switching its chlorine production plant to modern membrane technology to the point where, at the beginning of March 2015, the plant using the conventional amalgam process was finally shut down. It had been in almost uninterrupted operation since 1976 – nearly four decades – but this last phase means we have completely switched production over to the environmentally friendly and energy-efficient membrane-based process. Following a short plant shutdown, commissioning was carried out at the end of March with all four electrolysers being successively started up. First came the two units serving membrane electrolysis plant 1 which had already been commissioned back in 2010. Then, at the beginning of April, the two recently installed and completed electrolysers of membrane electrolysis plant 2 also went into operation. This concluded the switch of our existing chlorine production plant to membrane technology.

We also expect the final expansion stage in the project to be completed at the beginning of July 2015 with the commissioning of a fifth electrolyser. Overall, this will increase the annual capacity from a current 120,000 metric tons of chlorine to 135,000 metric tons and from 135,000 metric tons of caustic soda to 152,000 metric tons – a rise in each case of more than 12 %. Plans are also already in place for 2016 to further expand capacity through additional process optimisation activities, causing the annual capacity figures to then increase to 149,000 metric tons of chlorine and 168,000 metric tons of caustic soda, a plus of more than 24 % in each case compared to capacity prior to commissioning of membrane electrolysis plant 2.

The first stage of the project, membrane electrolysis plant 1, had already resulted in an appreciable increase in capacity, at

the same time substantially reducing energy consumption. As a result of the technology switch finalised this year, we significantly increased the scale of these improvements, while mercury was completely eliminated from the production process at the same time. Electricity costs and CO_2 emissions have been significantly further reduced: Since May 2015, for example, CO_2 emissions have been cut by 140,000 metric tons per year.

Completion of the technology switch means this investment project has met the related EU requirements for the general closing-down of facilities using the amalgam process ahead of the specified deadline of December 2017.

Membrane electrolysis plant for chlorine production: On March 8, 2015, PCC Rokita SA was able to shut down the conventional amalgam process and, in its place, start up this advanced plant based on membrane technology. From left to right: Jan Ostrowski (Chief Shift Supervisor for Chlorine Production, PCC Rokita), Jakub Żak (Production Manager, Chlorine Business Unit, PCC Rokita) and Wiesław Klimkowski (CEO of PCC Rokita).

Construction of a production plant for ultra-pure monochloroacetic acid

Significant progress was made in 2014 with the construction of a production plant for ultra-pure monochloroacetic acid (MCAA) on the factory site of PCC Rokita SA in Brzeg Dolny. MCAA is used primarily in the food and beverage industries, although it is also a feedstock in the manufacture of medicines, body care products, cosmetics, dyestuffs and crop protection products. Expected to significantly extend is about chlorine value chain of PCC Rokita in the future, the plant will go into service in the second half of 2015, thereafter contributing to the long-term increase in the profitability of the Chlorine segment. Its annual capacity is about 42,000 metric tons.

Having started in November 2013 with the foundation work for the MCAA plant, we moved into the structural steelwork phase with construction of the building frame in May 2014. We also selected a general contractor for the mechanical installation work and suppliers for the key equipment. By the end of July 2014, we had completed the frame construction work for the loading and unloading facilities. In the following month we installed the most important glass-lined reactors and columns and also the tank farm and cooling towers. By the end of the year, we had installed major components of the facility, including the column internals, chemical pumps and graphite heat exchangers, and also the equipment for the thermal process gas cleaning unit, with work proceeding particularly well in the fourth quarter of 2014 thanks to the relatively mild weather conditions. December also saw us complete the office building.

Installation work continued to schedule from the beginning of 2015, with the fire-fighting water supply system being commissioned in March. In April 2015 we continued with, among other things, the external piping systems – for example for supplying chlorine and hydrogen – and in May we also installed the internal piping for the energy and media supply systems. This work was followed by commissioning of the process gas cleaning plant. By the end of July 2015, we will also have installed the glass-lined and Teflon® coated pipework. We are also starting the mechanical testing of the facility prior to its complete final commissioning, which is scheduled for the second half of 2015.

The purpose of the MCAA project of PCC Rokita SA is to significantly extend the company's chlorine value chain (photo shows an overall view of the site in early 2015).

Progress in the construction of the production plant for ultra-pure monochloroacetic acid: The construction and installation work on this plant, which will have an annual capacity of 42,000 metric tons, was helped by the mild weather that prevailed towards the end of 2014. Completion is planned for the second half of 2015.

Expansion and modernisation of consumer goods production

Since fiscal 2013, PCC has been pursuing an investment project involving the expansion and modernisation of production facilities within the Consumer Products segment. PCC Consumer Products Kosmet Sp. z o.o. – a leading Polish manufacturer of household and industrial cleaners, laundry detergents and personal care products – was able to make significant progress in 2014 with the expansion of production facilities at its headquarters, our chemicals factory site in Brzeg Dolny, Lower Silesia. We expect the expansion and full switchover of the production capability to new technologies to be completed by the middle of 2015. This project not only involves the expansion of existing facilities and their upgrade to the latest state of the art – we are also creating new production floor space, including a new wing to house a modern laboratory. And we are introducing a new production line for cosmetics. It is expected that these investments will already begin to take economic effect in the course of 2015. Expansion of production in the Free Economic Zone of Grodno in Belarus was, of course, completed back in 2013.

The purpose of these expenditures is to expand the consumer goods business in the emerging markets of Eastern Europe, with new sales and distribution structures also being introduced in, for example, Kazakhstan, Kirgizstan and Uzbekistan. The annual production capacity of PCC Consumer Products Kosmet is also to be significantly increased as our response to the growing demand for, among other things, household cleaners and cosmetics in these emerging markets.

»Leveraging market opportunities in dynamic emerging economies is a core component of our growth strategy. Increasing our involvement in Asia is therefore just a natural extension of that. No chemicals market is developing as rapidly as the Asian.«

Waldemar Preussner
Chairman of the Administrative Board of PCC SE

Chemicals group PCC Rokita establishes joint venture in Thailand

In pursuit of further internationalisation, PCC Rokita SA entered into contractual discussions with the Thai polyols producer IRPC Polyol Company Ltd. (IRPCP) at the beginning of 2014 with a view to establishing a joint venture. The negotiations were successfully concluded in January 2015 with the two companies signing the agreement to create the 50/50 joint venture IRPC-PCC Company Ltd. headquartered in Bangkok. Our purpose in this regard is to open up the rapidly growing markets of South-East Asia, China and India for our Chemicals division, and particularly the Polyols segment.

IRPC-PCC will, in the first instance, be selling products from the portfolio of the joint venture partner IRPCP, namely its polyols – a major feedstock for polyurethane (PU) foams for comfortable mattresses and upholstery – and its PU systems. At the same time, IRPC will be expanding its portfolio through the introduction of new products to be manufactured for the joint venture on the basis of a technology licence from PCC Rokita SA. PCC Rokita is Poland's only manufacturer of these polyether polyols.

Identifying and harnessing new market opportunities in emerging, dynamically growing economies is a central plank of the growth strategy pursued by the PCC Group. Consequently, PCC's involvement in Asia is a natural extension of that strategy, for there is no chemicals market developing quite so rapidly as that of Asia. In recent years, the growth rates witnessed there have consistently been in the double-digit percentage range, with market saturation still a long way off.

The Thai joint venture partner IRPCP focuses on the manufacture and sale of polyols in Thailand and South-East Asia. The company is owned by IRPC Public Company Ltd., which has been active for 30 years in the chemicals, petrochemicals and oil industries.

‹ Expansion and modernisation of consumer goods production in Brzeg Dolny: By mid-2015, the production facilities of PCC Consumer Products Kosmet will have been fully expanded and completely switched over to new technologies.

› Signing of the joint venture agreement in Bangkok (from left to right): Wiesław Klimkowski (PCC Rokita SA), Waldemar Preussner (PCC SE), Sukrit Surabotsopon (IRPC Public Company Ltd./IRPC Polyol Company Ltd.) and Boondej Phuriyakorn (IRPC Polyol Company Ltd.)

Investments in the Energy division

Development, construction and operation of small hydropower plants in the Republic of Macedonia

Within our Renewable Energies business unit, our subsidiary PCC HYDRO DOOEL Skopje, headquartered in the Macedonian capital of Skopje, succeeded in commissioning three further small hydropower plants in the reporting year. Following the hook-up of the Gradečka power plant to the national grid in autumn 2013, the power plants at the sites of Galičnik, Brajčino and Patiška followed in 2014. Power plant construction in the Macedonian mountains was challenging due to the steep inclines that had to be overcome and the length of the penstocks. Some of these measured several kilometres, laid in terrain that was generally difficult and, in some cases, susceptible to erosion. These problems were further compounded by the occasional minor earthquake and, in some cases, inclement weather conditions including snow storms. In all, these four small hydropower plants are today generating around 16 GWh (gigawatt-hours) of electricity per year, and together they supply around 3,900 households and businesses with environmentally compatible power.

After an extensive planning phase, we expect to begin construction work on a fifth project at the power plant site of Kriva Reka in 2015. The concession for this project was not acquired until September 2012. Including a power plant in Bosnia-Herzegovina, which went on stream in 2009, the portfolio of the Renewable Energies business unit will then comprise six small hydropower plants.

We connected the Galičnik small hydropower plant to the grid in May 2014. The construction conditions for this project were significantly more difficult than originally envisaged, particularly with respect to a 500 metre steep section of the penstock. During the spring of 2014, we built a number of concrete support walls at another incline in order to be able to better protect a section of the penstock against erosion. In general, slope angles of up to some 60° and jagged, avalanche-prone rock formations, together with general difficulties in gaining access to the terrain for heavy-duty machinery, made the construction work exceptionally complex. However, thanks to our joint efforts with a local construction company, we were still able to make satisfactory progress. Today, the power plant serves around 1,000 households, producing 4.2 GWh of electricity per year. Moreover, in the case of both this project and the others mentioned, we were also able to live up to our social responsibilities. Together with our joint venture partner, the KfW subsidiary DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, we sponsored the paving of important access routes serving the local village of Janche. And, with a new plastic pipeline, we are also enabling the irrigation of the sur-

‹ The genset of the Patiška small hydropower plant in Macedonia has been producing environmentally friendly electricity since December 2014.

› Construction of the sand trap at the water catchment on the Patiška site where difficult ground conditions were quickly identified and successfully overcome.

» Work on the fish ladder system of the power plant: Following completion, the water can be redirected back along the final streambed.

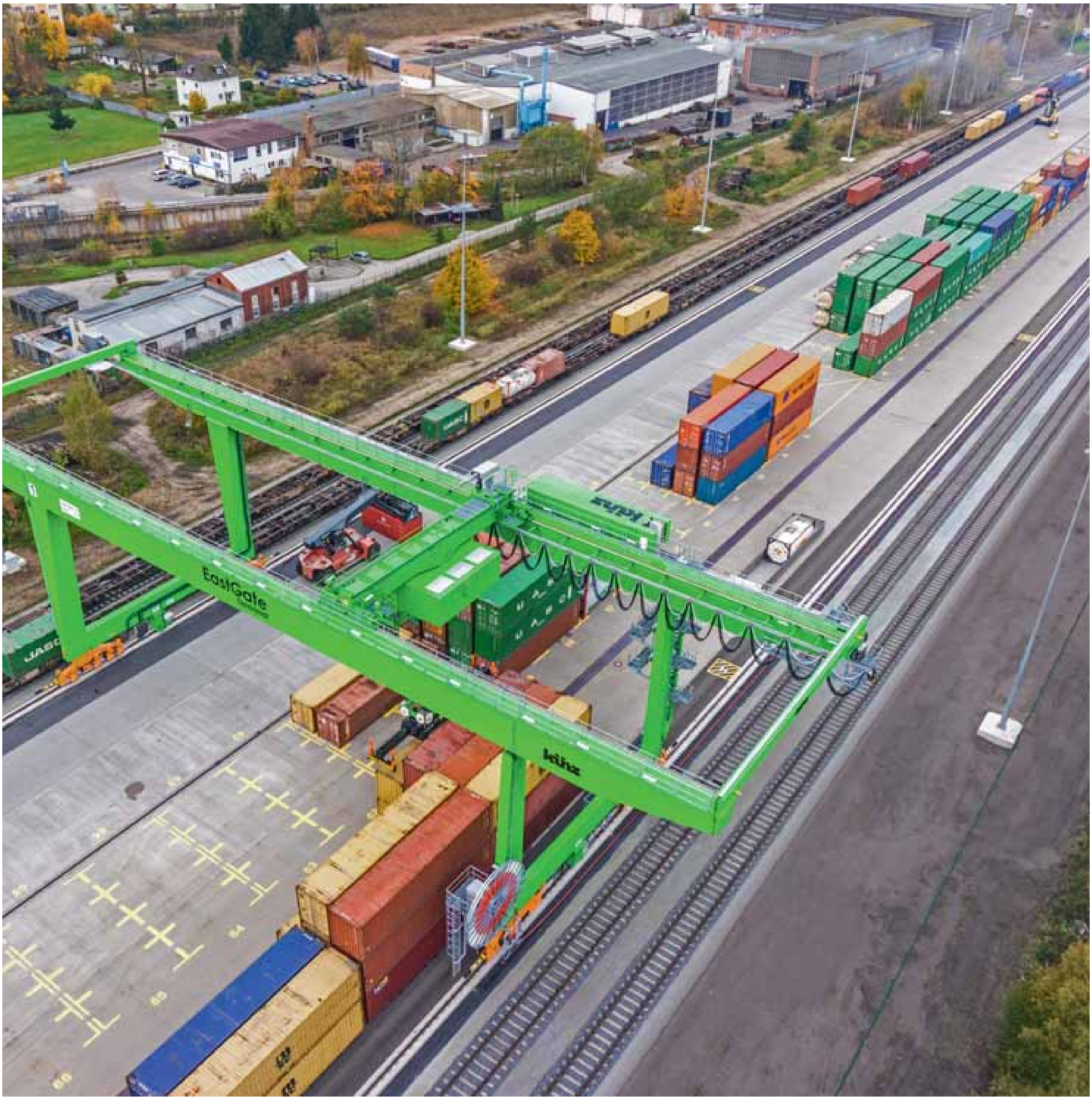
rounding fields without loss of water. This and other social and environmental projects at the other sites were co-financed by DEG from public funds provided by the Federal Ministry for Economic Cooperation and Development.

We were likewise able to commission the power plant at the Brajčino site in May 2014. Difficult ground conditions in the water catchment area were discovered in good time, and the necessary blasting work was duly carried out. The height difference between the Brajčino turbine house and the water catchments located above it amounts to 115 metres. The pressure that builds up in the filled penstock is 11.3 bar. The pelton impeller spoons are therefore impacted by water jets impinging at the speeds of around 46 metres per second (approx. 166 km/h), generating turbine speeds of 500 rpm to drive the generator and produce electricity. Offering an annual electrical output of 5 GWh, the power plant is able to supply power to 1,200 households.

We completed the power plant at the Patiška site in December 2014, and it has been generating electricity since that time. This project took on a special status in the power plant portfolio of PCC HYDRO DOOEL Skopje, as construction was significantly delayed by local political interests. However, we were able to overcome these challenges by, among other things, sponsoring a social project. This involved renewing some 2,000 metres of the main street of the village of Patiška. Today the power plant provides energy to around 800 households, generating some 3.1 GWh per year.

2014 also saw further progress in the planning of the Kriva Reka (or “meandering river”) project near to the small town of Kriva Palanka. The development plan was submitted to the Macedonian authorities in January 2014. This was eventually approved and we have since started work on acquiring the land rights.

The high quality shown in the planning and execution of these small hydropower plant projects was recognised at the end of the year under review by the financing bank EBRD (European Bank for Reconstruction and Development). It had the Gradečka, Galičnik, and Brajčino projects audited by independent experts and rewarded the successful commissioning of each with an incentive payment. This reduced the loan of € 6 million concluded with the EBRD by around € 670,000. And in May 2015, we received a further incentive payment of around € 160,000 in recognition of the successful implementation of the project at the Patiška site.


EastGate

Investments in the Logistics division

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

The biggest company in our Logistics division, PCC Intermodal S.A. headquartered in Gdynia, Poland, made significant advancements in 2014 with the expansion of its container handling terminal in Frankfurt (Oder), Germany. The new PCC facility was officially re-inaugurated and commissioned on December 9. We also made further progress with the expansion of our terminals in Kutno and at our chemicals site in Brzeg Dolny. PCC Intermodal is one of the leading combined transport service providers in Poland 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 this subsidiary, and completion of the expansion and modernisation projects currently in hand will leave our Polish terminals as the most advanced in the country.

The terminal at Frankfurt (Oder) now boasts four 600 metre long spur tracks and has also been equipped with a gantry crane. Container handling is further facilitated by the availability of two reach-stackers. The addition of the two spurs and the gantry crane has increased the annual handling capacity of the terminal to more than 100,000 TEU – the unit of measurement for twenty-foot ISO standard containers. The handling area available between the two outer spurs measures 30,000 square metres. Added to this is a storage area for up to 1,000 TEU. The gantry crane is able to load and unload trains on all four spurs on either side of the terminal. It can travel at speeds of up to 120 metres per minute and has a span of 70 metres. Below the gantry crane, containers can be stacked three-high. The maximum load-lifting capacity of the crane is 41 metric tons.

Each day, intermodal container block trains currently leave Frankfurt (Oder) for Hamburg, Duisburg, our container terminal in Kutno in Central Poland, or Brzeg Dolny. The Frankfurt (Oder) to Rotterdam route was given a fifth weekly service in early 2015, with the future likely to bring daily connections via Kutno to Brest on the Polish/Belarusian border and Gliwice (there are currently three services per week). With the terminal in Frankfurt (Oder), moreover, we can also develop our intermodal transport network westward into France and Spain.

In the first quarter of 2014, we purchased two gantry cranes to expand the capacity and improve the efficiency of our container terminal in Kutno. Their installation in June 2015 marked the completion of the upgrade project. The handling capacity of this terminal has already more than doubled, from 100,000 TEU to 250,000 TEU per year. There are currently six reach-stackers operating there, loading and unloading the container trains on the four 700 metre long spur tracks available. The handling area is 80,000 square metres, and the terminal's storage capacity amounts to 4,000 TEU.

Also well underway is the expansion of the handling terminal at our chemicals site in Brzeg Dolny. We acquired the necessary land usage rights in January 2014. Following completion of the expansion work – planned for the third quarter of 2015 – the handling capacity there should increase to 110,000 TEU. Expansion work on the Gliwice terminal is also scheduled for completion by the end of the year.

The new gantry crane for the expanded PCC Intermodal terminal in Frankfurt (Oder) has a span of 70 metres and can handle containers weighing up to 41 metric tons.

Expansion work on the PCC terminal in Brzeg Dolny: The planned annual handling capacity is in the region of 110,000 TEU.

Installation of two new gantry cranes marked the completion of the Kutno terminal expansion project, increasing annual capacity to 250,000 TEU.

Investments in the Holding division

Silicon metal production plant project in Iceland

In the last financial year and also at the beginning of 2015, we reached a number of milestones in our plans for an advanced and environmentally compatible silicon metal production facility in Iceland. This plant with a planned annual capacity of 32,000 metric tons is due to be constructed in the north of the island near the town of Húsavík by 2018. The objective here is to use a portion of the quartzite mined at the quarry owned by our subsidiary PCC Silicium S.A. in Zagórze, Poland, as a feedstock for the production process, thus significantly extending our value chain. The issue of a so-called JORC certificate confirms that our quarry has quartzite of sufficient quality and quantity in order to keep the planned silicon metal plant supplied with the raw material it needs for at least 15 years. The silicon metal that we will be producing in Iceland is already largely covered by long-term agreements securing its sale and supply to German companies, thus reducing our dependency on volatile commodity spot markets. One of the major customer sectors is the aluminium industry which uses silicon metal as an alloyant. High-quality silicon metal products are also required by the chemicals and electrical industries.

PCC is having the silicon metal plant built on a green field industrial site in the north of Iceland near the town of Húsavík, leading to the creation of 120 direct new jobs. Work has now started on the infrastructure, and plant construction is expected to commence around mid-2015.

With a number of important contracts having been signed in 2013, e.g. for low-cost power supplies from exclusively renewable energy sources or for the turnkey construction of the plant, we made significant progress during 2014 in securing the necessary finance for the investment project. On September 25, 2014, we received a provisional cover note from the German government's Inter-Ministerial Committee in the form of a UKF export credit guarantee. This was a precondition for securing the financing package from KfW IPEX-Bank of Frankfurt/Main and was granted because the project was deemed of particular interest to the German economy due to the fact that the material produced is to be sold to Germany-based companies. The global competition for commodities is becoming ever tougher due, among other things, to countries endeavouring to bolster their own manufacturing base and because of the increasing importance of China. PCC's investment in Iceland will therefore contribute to securing raw material supplies for German industry going forward.

The entire financing package for the Iceland project was secured as of the end of 2014. The total investment volume of around US$ 300 million (approx. € 270 million) will largely be covered by a loan from KfW IPEX-Bank. Approximately one-quarter of the capital outlay will – following negotiations that

» Our Iceland venture: The site, the people, the project – they all fit beautifully together. And by investing in Iceland, we are also making a contribution to securing future raw material supplies for Germany's industry.«

Waldemar Preussner
Chairman of the Administrative Board of PCC SE

took place in the course of 2014 – be provided by Icelandic pension funds and the Icelandic bank Islandsbanki. The associated contract was signed and sealed between PCC SE and the Icelandic company Bakkastakkur slhf. at the end of December.

In February 2015 we engaged Viridis.iQ GmbH, a consultancy firm headquartered in Constance (Germany) that specialises in silicon metal and photovoltaic applications. Their remit is to provide know-how transfer and technical support services during the start-up phase of the facility. The objective is to utilise the experience that Viridis.iQ has gained from the implementation of similar production facilities, and – through effective process optimisation – to quickly ramp up our project to world class silicon metal production status. We were also able to sign the final equity documents with our Icelandic co-investors before the end of the first quarter. The financial closing of the project took place at the beginning of June 2015, which means that we can expect construction to begin some time around mid-2015.

The silicon metal project in Iceland offers an impressively beneficial combination of site-related factors, the creation of around 120 new jobs, and modern, environmentally sound technology powered by ecofriendly energy.

The immediate owner of the plant is our Icelandic project company PCC BakkiSilicon hf, the headquarters of which are located in Húsavík immediately next to the production site. The Icelandic government is supporting the development of the Bakki industrial estate; in 2013, the Icelandic parliament passed with a considerable majority several laws to allow its development. One of the laws related exclusively to our silicon metal project, providing for, in particular, financial support for the initial investment required for ground preparation. Long-term tax concessions have also been granted. Turnkey construction of the plant has been entrusted to SMS Siemag AG, Düsseldorf, Germany. And further contracts have also been signed with potential raw material suppliers and likely customers.

Quarry operated by the Polish company PCC Silicium S.A. in Zagórze (Poland): A portion of the quartzite mined there is to be used for silicon metal production in Iceland.

Silicon metal production is scheduled to start in 2018, with an expected capacity of 32,000 metric tons per year.

Group management report

25.4

percent – that was our Group equity ratio in 2014.

The equity ratio of the PCC Group improved in 2014 compared to the previous year from 21.0 % to 25.4 %. This is essentially due to the increase in equity by 52.9 % to € 193.4 million against a rise in the assets total of € 158 million. In particular, the flotation of PCC Rokita SA, our prior-year earnings and the remeasurement to fair value of PCC BakkiSilicon hf were responsible for this improvement.

Organisation of the PCC Group

The PCC Group operates in 17 countries at 39 sites employing around 2,900 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 parent and holding company PCC SE but also other companies and entities belong, is primarily responsible for providing corporate services in the fields of finance, business development, information technology, environmental protection, site infrastructure management, research & development, and engineering & technology.

The divisions, segments and business units of the PCC Group

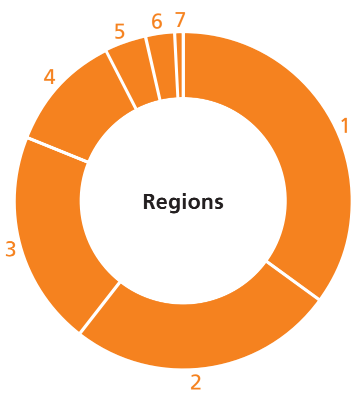
Divisions	**Chemicals**					**Energy**	**Logistics**	**Holding**
Segments	Polyols	Surfactants	Chlorine	Speciality Chemicals	Consumer Products	Energy	Logistics	Holding
Business units	› Polyols › Polyurethane Systems	› Anionic Surfactants › Non-ionic Surfactants › Amphoteric Surfactants (Betaines)	› Chlorine › MCAA › Other Chlorine Downstream Products	› Phosphorus and Naphthalene Derivatives › Alkylphenols › Chemicals and Commodities Trading › Quartzite	› Household and Industrial Cleaners, Detergents and Personal Care Products › Matches and Firelighters	› Renewable Energies › Conventional Energies	› Intermodal Transport › Road Haulage › Rail Transport	› Portfolio Management › Projects › Services

The Group strategy of PCC is aligned to proactive investment portfolio management and ongoing optimisation. The management of our assets and affiliates together with examination of further acquisitions with a view to competence-related diversification into new market segments remain at the heart of our Group policy. Activities considered to be outside our core business interests are developed up to a certain level of market maturity and then made available for sale or disposal. The underlying objective is to build a basis for sustainable growth and to continuously increase our enterprise value going forward.

PCC´s chemical production facilities in Brzeg Dolny and Płock (bottom left).

For the purpose of our financial communications, we pool our businesses within seven regions: Germany, Poland, Other EU Member States, Other Europe, USA, Asia, and Other Regions. In fiscal 2014, we generated 26 % (previous year: 25 %) of our sales with customers in Germany, and 35 % with customers in Poland (previous year: 37 %). Including PCC SE, the consolidated financial statements of the PCC Group for 2014 cover a scope of 36 fully consolidated subsidiaries. A further entity is accounted for using the equity method.

Sales by region 2014 in %



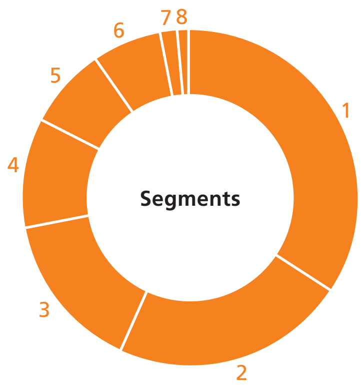
1	Poland	**35.2 %**
2	Germany	**25.9 %**
3	Other EU Member States	**20.1 %**
4	Other Europe	**11.0 %**
5	Asia	**4.2 %**
6	USA	**2.9 %**
7	Other Regions	**0.7 %**

Core business activities

Consolidated sales in fiscal 2014 amounted to €647.3 million. Compared to the corresponding prior-year figure of €624.3 million, this represents an increase of 3.7%. The majority of this revenue rise (around 65%) is attributable to the Chemicals division with its five segments Polyols, Surfactants, Chlorine, Speciality Chemicals and Consumer Products. Within the Group, the Chemicals division generated some 89.3% of total consolidated sales, virtually the same percentage as in the previous year. However, developments in the individual segments within this division were very mixed, as the following detailed analysis shows.

The remainder of the Group-wide sales growth was largely generated by the Logistics division, and resulted primarily from the improvement in performance of PCC Intermodal S.A., Gdynia (Poland), as compared to the previous year. Overall, the Logistics segment registered an increase in sales of 18.7% to €50.8 million, which corresponds to around 8% of consolidated sales. Sales of the Energy segment decreased by €0.7 million to €10.9 million. In the Holding segment, on the other hand, revenues increased by €0.6 million to €7.4 million.

Sales by segment 2014 in %



1	Speciality Chemicals	**34.3%**
2	Polyols	**22.7%**
3	Surfactants	**15.3%**
4	Chlorine	**10.5%**
5	Logistics	**7.9%**
6	Consumer Products	**6.6%**
7	Energy	**1.7%**
8	Holding	**1.1%**

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 industries, and also for the construction sector. This segment includes the corresponding business subunit of PCC Rokita SA, Brzeg Dolny (Poland), i.e. its Polyols operation, and also the company PCC Prodex Sp. z o.o., Warsaw (Poland). The number of employees at the Polyols segment at the end of fiscal 2014 was 146 (previous year: 145).

With sales at €147.0 million (previous year: €132.8 million), this segment accounted for a share of 22.7% of total consolidated revenues in fiscal 2014. The rise in sales was partly the result of an increase in selling prices for polyols – due among other things to a lengthy plant downtime of a major competitor and the increase in product scarcity that ensued. A further cause lies in the expansion of our activities in the speciality polyols field. The Polyols business was also boosted towards the end of the year by declining input material costs that resulted from the substantial drop in oil prices. Looking forward, the product portfolio of the Polyols segment is to be rigorously further diversified. Moreover, particularly in the case of polyurethane systems which so far have been sold predominantly in the home market of Poland, business is set to expand into other international markets with the establishment of manufacturing plants e.g. in Asia and Turkey as well as in Germany and the Benelux countries. An important step was taken in this direction in 2014 with the purchase of a production facility for polyurethane systems in Essen, Germany, where the production of soft and flexible foams began in the first half of 2015. Under the umbrella of PCC Prodex GmbH, Essen (a 100 % German subsidiary of PCC Prodex Sp. z o.o., Warsaw), which was newly established for this purpose in the year under review, rigid foams made in Poland have also been marketed in Germany since the beginning of 2015. A further milestone in the implementation of our internationalisation strategy was also passed in January 2015 when, following the extensive exploratory talks that took place in the course of 2014, a joint venture agreement was concluded between PCC Rokita SA and a Thai polyols manufacturer.

Surfactants

In 2014, the Surfactants segment realised sales of € 98.8 million, representing an increase of 3.8 % over the prior-year figure of € 95.2 million. The share of the PCC Group's consolidated sales in the reporting year was thus unchanged at 15.3 %. The Surfactants segment comprises the business units Anionic Surfactants, Non-ionic Surfactants, and Amphoteric Surfactants (Betaines). These products are used in the manufacture of laundry and homecare detergents, household cleaners, cosmetics and body care products, and also paints, inks and coatings. Organised under this segment are the companies PCC Exol SA, Brzeg Dolny (Poland); PCC Chemax, Inc., Piedmont (South Carolina, USA); and Tensis Sp. z o.o., likewise headquartered in Brzeg Dolny. At the end of 2014, the number of people employed by the Surfactants segment was 241 (previous year: 237).

Business performance of the Surfactants segment again fell below our expectations in 2014. This is partly attributable to input prices for raw materials remaining above current market levels due to long-term purchase agreements (which have since expired). These adversely affected the competitiveness of PCC Exol SA, with the result that production capacities were not fully utilised in 2014. The earnings of PCC Exol SA were also reduced by expenditures – primarily arising from legal and consultancy costs and travel expenses – aligned to a sustainability project in the Asian market. The purpose of such a project is to accommodate the steadily increasing demand of customers for raw materials obtained in compliance with sustainability criteria. Earnings were also burdened by restructuring measures rendered necessary by a management change at PCC Chemax, Inc., the US subsidiary of PCC Exol SA. Consequently, the Surfactants segment ended fiscal 2014 with a small loss. In this area of business, too, the future focus will be on speciality products offering higher margins in order to enable us to remain competitive with the major international chemical corporations. The first steps in this direction were initiated in 2014 with progress set to continue through 2015.

Chlorine

In the Chlorine segment, we generated sales of € 67.8 million, a decrease of 23.4 % year on year. This segment is divided into three business units: Chlorine, MCAA (monochloroacetic acid) and Other Downstream Chlorine Products, the latter serving primarily as a feedstock provider to other manufacturing business units within the Group. Allocated to the Chlorine segment are the corresponding Chlorine business subunit of PCC Rokita SA, MCAA SE, likewise located in Brzeg Dolny, and PCC MCAA Sp. z o.o. at the same site. At the end of the year under review, there were 245 people working within this segment (previous year: 238).

The decline in sales registered in the Chlorine segment is essentially due to a significant decrease in the prices for the by-product caustic soda that occurred during the course of the year as a result of increasing availability. This trend only reversed towards the end of the year. Nevertheless, the Chlorine segment still made a positive contribution to Group earnings in fiscal 2014. The reporting year also saw a continuation of the technology switch process, with the second and thus final section of the chlor-alkali electrolysis process switching to environmentally friendly membrane technology. We also progressed the forward integration of this segment with the start of construction of the production plant for MCAA. This is scheduled for completion and commissioning during the second half of 2015.

Speciality Chemicals

The Speciality Chemicals segment realised sales of € 222.1 million in the year under review, an increase of € 19.0 million or 9.4 % above the prior-year level. This segment is the biggest revenue generator in the Group. It comprises the business units Phosphorus and Naphthalene Derivatives, Alkyl Phenols, and Chemicals and Commodities Trading. The Quartzite business unit also belongs to this segment as of the introduction of the new Group structure on January 1, 2013. Attributable to the Speciality Chemicals segment and its business units is the corresponding business subunit of PCC Rokita SA, that is to say Phosphorus and Naphthalene Derivatives, together with the following companies: PCC Synteza S.A., Kędzierzyn-Koźle (Poland); PCC Trade & Services GmbH (formerly: 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); and S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea (Romania). Węglopochodne Sp. z o.o., Kędzierzyn-Koźle (Poland), which for some time had been the subject of a wind-up process, was sold in 2014. The Speciality Chemicals segment had 380 employees as of the end of the reporting year (previous year: 367).

The two trading companies PCC Trade & Services GmbH and PCC Morava-Chem s.r.o. were able once again to close fiscal 2014 with a sound set of combined results. However, while PCC Trade & Services GmbH succeeded in substantially increasing its earnings as a result of relatively good economic conditions prevailing in its main sales markets as compared to the previous year, the results of PCC Morava-Chem s.r.o. fell below the level of the previous year due to factors such as quality problems encountered in the polyurethane insulating panels business newly incorporated into this portfolio company. PCC Trade & Services in particular will continue to concentrate on the market niches in which it has already established a stable market position for itself. Its aim is to maintain and further expand operations and thus to continue making a solid contribution to Group earnings. We also intend to ensure that this trading company continues to provide ongoing support for our production companies, not only in the procurement of raw materials to enhance supply security, but also in the selling and distribution of their products in selected markets.

PCC Synteza S.A. and the Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA again ended the fiscal year with a loss. In the case of PCC Synteza S.A., this is essentially due to an overall decline in demand for nonylphenol and dodecylphenol, the production of which has been the main focus of this portfolio company since 2010. The situation was worsened by initially relatively high purchase prices for raw materials contracted under a long-term supply agreement. PCC SE is therefore continuing to encourage the expansion of alternative production possibilities in cooperation with PCC Rokita SA. In addition, work is currently underway on the development of a new product in cooperation with a potentially major long-term customer. As a result of these measures, the business activities of PCC Synteza S.A. should eventually be extended over a wider base.

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 2014. The mining of quartzite for road and railway construction also continued. However, as a result of certain quartzite grades being reserved for future use in the silicon metal project of PCC SE, selected rock strata have been taken out of production, compelling PCC Silicium S.A. to extract lower-grade quartzite. The resulting quality problems involving certain customers adversely affected the earnings position of this portfolio company in 2014, causing it to end the year with a small loss. As mentioned, the long-term objective remains to see a portion of this quartzite used in the manufacture of silicon metal in the associated plant planned for Iceland.

The further development of our Romanian investment in S.C. Euro-Urethane S.R.L. is heavily dependent on how the insolvency receivership of the second Romanian investment of PCC SE, namely 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., the production portfolio of which includes polyols. The book value of this shareholding amounting to around € 20 million was completely written off from the balance sheet of PCC SE as of December 31, 2012 because, at the end of January 2013 and thus still prior to completion of the balance sheet for fiscal 2012, the assets of S.C. Oltchim S.A. were put into administered insolvency under Romanian law. Part of this process involved preparing a restructuring plan for S.C. Oltchim S.A. which was approved by a meeting of creditors in March 2015. Confirmation from the insolvency court came on April 22, 2015. The company has 36 months from that date to implement the restructuring plan. The possibility of a further privatisation process taking place within this period cannot be excluded. However, the prospects for its success are currently difficult to assess. The last privatisation attempt came to an unsuccessful conclusion in December 2014 due to the lack of offers. Although the economic situation of S.C. Oltchim S.A. is currently being boosted by the situation on the polyols market, the company still has debts of almost € 800 million. The restructuring plan provides for carving out the active business of S.C. Oltchim S.A. into a company by the name of Oltchim SPV, and to sell this to a strategic investor. As things stand at the moment, it remains unlikely that there will be any increase in the value of the shares in S.C. Oltchim S.A. It can, however, be assumed that the administrator will continue to make every effort to sell the assets of S.C. Oltchim S.A. – and also those of S.C. Euro-Urethane – at a profit if possible, in which case PCC SE could possibly still benefit.

Consumer Products

In the year under review, the Consumer Products segment generated sales of € 42.5 million, corresponding to 6.6 % of Group revenues. The figure is € 1.1 million below the prior-year level. The Consumer Products segment is divided into the business unit Household and Industrial Cleaners, Detergents and Personal Care Products, and the Matches and Firelighters business unit, and is managed by the lead company PCC Consumer Products S.A., Warsaw. As of the end of fiscal 2014, its workforce numbered 617 employees (previous year: 594).

Fiscal 2014 saw the PCC Consumer Products S.A. subgroup continue to invest in the modernisation and expansion of its production facilities for household cleaners, laundry detergents and personal care products, both at PCC Consumer Products Kosmet Sp. z o.o. at its Brzeg Dolny site, and at its sites in Belarus. The aim of these investments is to effectively increase the profitability of the PCC Consumer Products subgroup going forward. In the reporting year, however, the conversion and expansion work, which in some cases took place with productive operations still ongoing, had an adverse effect on earnings.

Business was further hampered in the course of 2014 by sales problems involving a major Polish customer for this segment, brought about a change in the purchasing policy of its newly installed management. As a result, PCC Consumer Products Kosmet Sp. z o.o. was unable to avoid closing fiscal 2014 with a loss. The business performance of its affiliates in Belarus and Russia also declined. Problems in adapting packaging to the requirements of the Russian market, the payment difficulties of customers there and the substantial decline of the Russian currency all contributed to this negative development. The losses were partially compensated by the positive performance of the matches factory PCC Consumer Products Czechowice (formerly: Fabryka Zapałek "Czechowice") S.A., Czechowice-Dziedzice (Poland). Despite a declining market for standard matches, this affiliate was once again able to close the reporting year with positive results thanks, among other things, to the expansion of its product portfolio and the implementation of further rationalisation measures. However, PCC SE has since reappraised the growth opportunities available in this area of business, and a decision was taken in 2015 to dispose of the matches factory. The corresponding divestment process has now been initiated, with several potential strategic investors having signed related confidentiality agreements.

Energy

The Energy segment encompasses the two business units Renewable Energies and Conventional Energies. In the year under review, this segment generated sales of € 10.9 million, a decline of € 0.7 million versus the prior-year figure of € 11.6 million. Within this segment, we control the corresponding Energy business subunit of PCC Rokita SA plus the affiliates PCC DEG Renewables GmbH, Duisburg (Germany); GRID BH d.o.o., Sarajevo (Bosnia-Herzegovina); PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle; and PCC Energy Trading GmbH, Duisburg, although this latter company has not actively traded since 2012. At the end of the year, the number of employees within the Energy segment was 176 (previous year: 178).

The decrease in sales registered by the segment is essentially due to the results of PCC Energetyka Blachownia Sp. z o.o., which operates in the field of combined heat and power generation and which has been impacted as expected by declining sales to a major customer. Nevertheless, the company remained the main source of revenues in the Energy segment in fiscal 2014. The primary earnings generator was once again the Energy subunit of PCC Rokita SA which, among other things, operates its own power plant as a means of securing the supply of energy to the company's manufacturing complex. This subunit has been managed under the Conventional Energies business unit since 2013.

The activities of PCC DEG Renewables GmbH, which operates 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 2014, albeit with major progress having been made in the interim period. It was able to commission three further small hydropower plants in the Republic of Macedonia, following the first facility which was connected to the grid in 2013. Plans are underway for the construction of a fifth power plant in 2015. However, our participation in the tender processes involving further Macedonian sites failed to bring any successes in 2014. Thus the current portfolio with a total of five small hydropower plants is likely to remain unchanged for the time being. As a consequence, PCC SE is, together with its joint venture partner, examining the possibility of divesting this portfolio. The affiliate GRID BH d.o.o., which also belongs to PCC DEG Renewables GmbH, has still only been able to commission one of the four small hydropower plants planned for Bosnia-Herzegovina. While further permits for the other three were obtained in 2014, conclusion of the lengthy approval processes is still not in sight. Plans are therefore also being made for the divestment of these projects over the long term. We are likewise involved in hydroelectric and wind power projects in Bulgaria. However, there has been another postponement to the start of construction there beyond the end of 2014/2015, due among other things to a lack of the necessary approvals. Consequently, costs incurred by the local affiliates have now been cut down to an absolute minimum. PCC SE has not discounted the option of developing the projects planned there only up to the point where construction can begin, and thereafter offering them to potential investors.

Logistics

The Logistics segment generated sales in 2014 of € 50.8 million, an increase of 18.7 % above the prior-year figure of € 42.8 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 (Poland). The number of employees at this segment at year-end was 332 (previous year: 328).

The Logistics segment continues to be dominated by PCC Intermodal S.A., the portfolio of which encompasses regular combined transport services both within Poland and on international routes. This affiliate was again able to significantly improve its earnings situation year on year, ending fiscal 2014 well in profit. Successes on the sales side assisted by the economic upturn and the ensuing improvement in utilisation of the routes offered had a contributory effect, as did the concurrent increase in the number of container handling operations at the terminals operated by this portfolio company. 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. Expansion of the container handling terminal in

Kutno, Poland (second construction phase), with similar projects being implemented at the terminals in Brzeg Dolny and Frankfurt (Oder) therefore continued as scheduled through 2014 and beyond. As in previous cases, the liquid funds required for these investments were provided in the form of loans from PCC SE to PCC Intermodal S.A. At the same time, however, PCC Intermodal S.A. has been negotiating with Polish banks with a view to obtaining further finance for its capital expenditures.

By contrast, the business operations of the Russian rail transport operator ZAO PCC Rail came under further pressure in fiscal 2014, partly as a result of the current crisis affecting the Russian economy. Added to this, the slump in the value of the Russian currency heavily burdened earnings, due in particular to loans primarily denominated in euro taken out by this portfolio company. ZAO PCC Rail therefore ended fiscal 2014 with a significant loss. As a consequence, it is no longer possible to comply with the covenants accepted in the long-term ruble loan agreement entered into by this affiliate with DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH. In response, PCC SE settled this external loan, equating to € 2.7 million, in December 2014. In the meantime, the Russian currency has recovered, despite the ongoing economic crisis and also despite the persisting conflict with Ukraine – with correspondingly positive effects on the results of ZAO PCC Rail. Cost savings emanating from measures such as redundancies will also boost profitability. In view of Russia's continuing economic weakness, 2015 is likely to be another difficult year for ZAO PCC Rail. However, rail transport is destined to remain the most important form of carriage in Russia over the long term. ZAO PCC Rail is therefore likely to regain importance in the future and can be expected to eventually return to profitability.

The road haulage company PCC Autochem Sp. z o.o., which completes the Logistics segment, again posted a positive business performance in 2014, with further improvements likely in the future. Growth was generated by, for example, increasing activity in the tanker cleaning business, which is to be further expanded going forward. PCC Autochem Sp. z o.o. was therefore once again able to make a positive contribution to Group earnings in the reporting year.

Holding

Aside from the parent and Group holding company PCC SE, this segment also includes the following affiliates: PCC IT S.A., PCC Apakor (formerly: Apakor Rokita) Sp. z o.o.; LabMatic Sp. z o.o.; and Ekologistyka Sp. z o.o., each of which is headquartered in Brzeg Dolny; and also 3Services Factory S.A., Katowice (Poland).

The activities of all the portfolio companies indicated, supplemented by the Headquarters business subunit of PCC Rokita SA, are essentially aligned to providing intercompany and Group-internal services, and have been managed under the Holding segment since 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 third phase of expansion in 2014. Compared to the previous year, 3Services Factory S.A. was able to substantially increase both revenues and earnings in the reporting year. However, this business does not count among the core activities of the PCC Group, for which reason PCC SE decided in 2014 to divest this portfolio company and also its minority interest in 3S S.A., Katowice, the co-owner of the data centre. Together with the majority shareholders of 3S S.A., therefore, PCC SE put in train a structured disposal process in 2014. In the meantime, corresponding purchase agreements have been signed with an investor. The closing is scheduled for the end of June 2015. The total revenues of the Holding segment in the year under review amounted to around € 7.4 million, representing a rise of € 0.6 million year on year. This growth is due to, among other things, the higher revenues generated by the data centre.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of this segment came in at € 13.1 million in the reporting year, a decrease of € 3.8 million versus the previous year. The segment earnings mainly comprise disposal gains arising from the flotation of PCC Rokita SA and also the sale of a minority shareholding in the Icelandic project company PCC BakkiSilicon hf to Icelandic co-investors. The number of employees within this segment at year-end 2014 was 753 (previous year: 665).

Business development and financial performance

Development of selected Group indicators

Key financials and data of the PCC Group per IFRS		2014	2013	Absolute change	Change in %
Sales	**€m**	**647.3**	624.3	23.0	3.7 %
Polyols segment	€m	147.0	132.8	14.3	10.7 %
Surfactants segment	€m	98.8	95.2	3.6	3.8 %
Chlorine segment	€m	67.8	88.5	−20.7	−23.4 %
Speciality Chemicals segment	€m	222.1	203.1	19.0	9.4 %
Consumer Products segment	€m	42.5	43.6	−1.1	−2.4 %
Energy segment	€m	10.9	11.6	−0.7	−6.1 %
Logistics segment	€m	50.8	42.8	8.0	18.7 %
Holding segment	€m	7.4	6.8	0.6	9.3 %
Gross profit	**€m**	**149.6**	141.9	7.6	5.4 %
EBITDA [1]	€m	54.7	55.7	−1.0	−1.8 %
EBIT [2]	€m	32.7	34.5	−1.8	−5.1 %
EBT [3]	€m	7.8	12.9	−5.1	−39.5 %
Net profit	€m	6.2	12.1	−5.9	−48.8 %
Gross cash flow [4]	€m	13.0	28.6	−15.6	−54.4 %
ROCE [5]	%	6.1	7.8	−1.7 [10]	–
Net debt [6]	€m	346.7	313.8	32.9	10.5 %
Net debt/EBITDA		6.3	5.6	0.7	12.4 %
Group equity	**€m**	**193.4**	126.5	66.9	52.9 %
Equity ratio [7]	%	25.4	21.0	4.4 [10]	–
Return on equity [8]	%	3.9	9.9	−6.0 [10]	–
Capital expenditures	**€m**	**98.8**	53.5	45.3	84.7 %
Employees [9]		**2,890**	2,752	138	5.0 %
Germany		133	123	10	8.1 %
International		2,757	2,629	128	4.9 %

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 expenses
5 ROCE (Return on Capital Employed = EBIT ÷ [Average equity + Average interest-bearing borrowings])
6 Net debt = Interest-bearing borrowings – Liquid funds – Other current securities
7 Equity ratio = Equity capital ÷ Total assets
8 Return on equity = Net profit ÷ Average equity
9 As of December 31
10 Change in percentage points

Earnings position

Overall, the PCC Group finished fiscal 2014 with an operating profit – expressed as earnings before interest, tax, depreciation and amortisation (EBITDA) – of € 54.7 million, thus remaining roughly at the prior-year level (€ 55.7 million). PCC Group sales in 2014 increased by € 23.0 million or 3.7 % to € 647.3 million. This is due in the first instance to an increase in volume sales in almost all the Group's segments. As a result of the significant decrease in crude oil prices in the second half of the year, there were price reductions in respect of most commodities, which had a negative effect on our revenues. At 0.1 % of consolidated sales, the impact on revenue resulting from changes in the scope of consolidation was negligible.

Sales in €m

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 statement of income. If parities had remained unchanged versus the previous year, sales of the PCC Group would have amounted to € 645.8 million in 2014, a reduction of € 1.5 million or 0.2 %.

Income and expenditures arising from foreign exchange differences are recognised as gains/losses on currency translation under financial result. In fiscal 2014, these exerted a negative net effect of € – 6.1 million (previous year: € – 1.5 million). In particular, losses arising from currency translation increased significantly year on year, by € 4.8 million or 51.9 %.

Gross profit generated by the PCC Group increased in the year under review to € 149.6 million, which was € 7.6 million or 5.4 % above the prior-year level. Overall, there was a year-on-year increase in volume sales in most of our segments. As a result of accompanying price changes, both revenues and cost of materials rose by 3.7 % and 3.8 % respectively, with the average gross margin increasing slightly to 22.9 % compared to 22.7 % in the previous year.

Personnel expenses rose year on year by 3.6 % from € 50.8 million to € 52.6 million. The number of employees grew by 5.0 % from 2,752 to 2,890 – due in particular to expanding payroll in the segments Consumer Products and Holding. In regional terms, 119 of the 138 new jobs were created in Poland.

Other operating income fell from € 30.6 million to € 27.6 million (– 9.6 %). Included under this heading in fiscal 2013 was the sale of a minority shareholding in Group affiliate PCC Exol SA to an international investment fund. In 2014, PCC SE succeeded in selling a minority stake of 16.8 % of its shares in the project company PCC BakkiSilicon hf, Húsavík (Iceland), to Icelandic co-investors. The corresponding purchase agreement was signed in December 2014. The minority shareholders are also intending to provide a shareholder loan as part of the financing package for our silicon metal project in Iceland. Although the contract includes a reversal clause to cover the eventuality that the project is not brought to a successful close, important milestones have since been reached, indicating that the need to invoke it has now become very unlikely (see also "Events after the balance sheet date").

Beyond this, PCC SE was once again able to successfully evidence its strategy aligned to the ongoing optimisation of its investment portfolio with the flotation of PCC Rokita SA in June 2014. The IPO saw 7 % of the shares gainfully sold. At the same time, PCC Rokita SA implemented a capital increase of 8 %. The liquid funds created from this transaction are to be used for debt repayment and also for the financing of new investments (including that of the MCAA project). A small package of shares was sold to the Management Board of PCC Rokita SA. With 84.16 %, PCC SE still holds a dominant majority of the shares in this hugely important subsidiary of the PCC Group, thus remaining its strategic investor.

The high level of capital expenditures of recent years underwent a further increase in the reporting year, reaching a new annual high of € 98.8 million. Aside from ongoing replacement investments and minor projects, the following three major projects are worthy of particular mention: switch of the chlor-alkali electrolysis process to environmentally friendly membrane technology, and construction of an MCAA plant – both in the Chlorine segment – and the construction and expansion of the container terminals of the Intermodal Transport business unit.

These capital expenditures are expected to significantly boost the whole-year sales, gross profit and earnings of the PCC Group as from 2016. At the same time, they also mean an increase in depreciation, amortisation and interest expense that will impact the statement of income. On the balance sheet as of year-end 2014, these effects are already reflected in an increase of non-current assets on the one side and a rise in financial liabilities on the other. In the reporting year, depreciation of property, plant and equipment and amortisation of intangible assets increased from € 21.2 million to € 21.9 million (+ 3.7 %).

Interest and similar expenses arising from both bond and bank liabilities fell in the year under review from € 21.9 million to € 20.5 million, a decrease of 6.6 %. Although financial liabilities increased in total by € 37.5 million, PCC SE and other Group companies were able to finance their activities at better conditions than in previous years. Added to this is the fact that, in accordance with IAS 23, a portion of the interest attributable to investment projects is now capitalised during the construction period.

Compared to the previous year, earnings before taxes (EBT) declined by € 5.1 million from € 12.9 million to € 7.8 million. This is due in the first instance to the increase of € 4.8 million in expenses arising from foreign currency translation.

Net assets

At the end of the reporting year, total assets amounted to € 761.1 million, thus exceeding the prior-year figure by € 158.0 million or 26.2 %. Intangible assets increased by € 2.7 million to € 25.3 million. The ongoing investment programme of the PCC Group, particularly in the Chlorine and Logistics segments, led to a significant increase in property, plant and equipment of € 69.3 million to a total of € 400.6 million, representing a plus of 20.9 %. Major capital expenditures flowed into the switch of the chlor-alkali electrolysis process to environmentally friendly membrane technology, the continuation of the MCAA plant construction project on the manufacturing site of PCC Rokita SA in Brzeg Dolny, expansion of the container handling terminal in Brzeg Dolny and the second expansion phase of the Kutno container terminal, both in Poland. As a result of the remaining shares of PCC SE in the Icelandic project company PCC BakkiSilicon hf being remeasured to fair value, financial assets increased by € 74.1 million.

The decline of € 6.4 million in the value of investments measured using the equity method, leaving a balance of € 7.1 million, is the result of selling off the 33 % stake in IGBS S.A. in June 2014.

Loans to affiliated companies increased by 5.1 % to € 15.0 million, and relate primarily to the financing package for the Icelandic project company for construction of a silicon metal plant.

Current assets rose by € 17.7 million to € 231.5 million. In particular, inventories grew by € 6.8 million to € 53.3 million. Other receivables and other current assets increased by € 12.5 million to € 62.1 million due, among other things, to the sale of a minority interest in PCC BakkiSilicon hf.

The balance of cash and cash equivalents was € 45.9 million, an increase of € 4.7 million above the level reported on December 31, 2013.

Financial position

PCC Group equity grew year on year by € 66.9 million to € 193.4 million. Revenue reserves increased by € 52.1 million to € 168.3 million while minority interests rose by € 20.8 million to € 42.3 million. Accumulated other comprehensive income decreased by € 6.0 million, falling to € –22.3 million, a primary cause being the reduction of € 5.6 million in foreign currency translation differences recognised in other comprehensive income. The revaluation of defined benefit pension obligations led to a reduction of € 0.1 million to € –0.1 million. Minority interests increased from € 21.4 million to € 42.3 million due primarily to the flotation of PCC Rokita SA and the minority shareholding in this subsidiary that this has created. Our equity ratio increased to 25.4 % (previous year: 21.0 %).

Non-current borrowings rose in 2014 by € 55.8 million to € 351.4 million. Deferred tax liabilities increased by € 21.4 million to € 27.1 million, due to the participation in PCC BakkiSilicon hf being remeasured to fair value. Noncurrent financial liabilities rose by € 22.3 million to € 291.3 million (a plus of 8.3 %), attributable in the first instance to third-party financing of capital expenditure projects. Other liabilities include deferred income, which increased by € 14.1 million to € 25.4 million, due primarily to subsidies received for the investment projects indicated above.

Of the bonds previously in existence, PCC SE redeemed in full on maturity a total of four in the course of 2014 as follows: bond ISIN DE000A0WL5E in the amount of € 7.2 million on April 1; bond ISIN DE000A1PGS4 in the amount of € 9.9 million, likewise on April 1; bond ISIN DE000A1EKZN in the amount of € 35.0 million on October 1; and bond ISIN DE000A1R1AM in the amount of € 9.0 million on December 1. Together with the quarterly repayments in respect of the two bonds ISIN DE000A1EWB67 and ISIN DE000A1EWRT6 in the aggregate amount of € 1.6 million, total redemptions in 2014 amounted to € 62.7 million. At the same time, seven new bonds with varying coupons (4.00 % to 6.75 % p.a.) and different tenors and maturities ranging from April 1, 2016 to October 1, 2021 were issued in April, May, October and December of 2014. The nominal issue volume placed by the end of the year totalled around € 67 million. These funds were used for further investments in existing operations and ongoing projects and also, in part, for the refinancing of the liabilities due in 2014. Aside from PCC SE, whose bonds are denominated in euro, other Group companies also issued bonds. Those of PCC Rokita SA, PCC Consumer Products Kosmet Sp. z o.o. and PCC Autochem Sp. z o.o. in Poland, denominated in zloty, had a value of PLN 128.1 million (€ 30.0 million) as of year-end 2014.

Current liabilities rose in 2014 by € 35.4 million to € 216.3 million. Trade accounts payable and also current financial liabilities, with rises of € 7.6 million and € 15.1 million respectively, were primarily responsible for this increase. Similarly, other liabilities rose by € 9.8 million to € 40.0 million.

Provisions for pensions and similar obligations and also other provisions were mainly affected by migration between current and non-current liabilities in 2014. In all, the accumulated value remained constant at € 16.7 million (previous year: € 16.8 million).

The net debt of the PCC Group rose in fiscal 2014 from € 313.8 million to € 346.7 million. In particular, non-current bank liabilities increased by € 30.2 million due to higher capital expenditures. The ratio between net debt and earnings before interest, tax, depreciation and amortisation (EBITDA) rose from 5.6 in 2013 to 6.3 in the reporting year, with EBITDA flat. Because of the ongoing high investments for 2015 and also the planned start of construction of the silicon metal plant in Iceland, we currently expect that our target of improving this ratio to below 5.0 over the medium term will not be reached until after fiscal 2016.

Figures in € k	Dec. 31, 2014	Dec. 31, 2013
Cash and cash equivalents	45,901	41,184
Financial liabilities	392,595	355,026
Net debt	**346,694**	**313,842**

Risks to future development

Aside from the general economic risks that prevail, there also exist political risks such as the Russia-Ukraine conflict which lie outside the control of the PCC Group. If one ignores the special situation in which ZAO PCC Rail finds itself, the impact on the operating business of our portfolio companies arising from this conflict is currently negligible. This situation could change, however, if the EU were to extend its economic sanctions against Russia or Russia were to impose corresponding export restrictions or other sanctions that specifically affect the business of a PCC company. At the time of preparation of this management report, however, such eventualities appear to be unlikely. Against the background of this conflict and the ongoing weakness of the Russian economy, PCC SE is not currently actively pursuing projects in Russia.

The PCC Group's operational businesses are exposed to price change and default risks, among others. The latter should be eliminated as far as possible through the conclusion of commercial credit insurance policies by our portfolio companies. 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, both PCC SE and the operationally active companies 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. Overall, the foreign exchange rate and foreign currency risk encountered in the PCC Group should be significantly minimised once the euro has been introduced into Poland as its official currency.

Our affiliates in the Chemicals division are, in particular, also exposed to the risk of rising environmental protection costs 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 thus also on the dividend flows from the affiliates concerned to PCC SE. The same applies to possible additional charges arising in connection with the EU regulation REACH (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 anticipate further regular liquidity inflows arising in the future from the issuance of corporate bonds. However, increasing obstacles within the SME bonds market could possibly lead to at least temporary 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 use of bank loans to partially replace the liquidity loans granted to our affiliated companies.

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

The consolidated financial statements of PCC SE as of December 31, 2014 have been prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as applicable on the closing date and as adopted in the European Union (EU), and in supplementary compliance with the statutory disclosure requirements specified in Section 315a (1) HGB (German Commercial Code).

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 IFRS.

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, accurately 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 together with a signed release of the financial statements of the individual companies and related information for incorporation in the consolidated financial statements.

Events after the balance sheet date

On April 1, 2015, bond ISIN DE000A1RE798 with a placed volume of € 15 million was redeemed in full on maturity. This bond was issued on April 1, 2013 offering a coupon of 5.0 % p.a.

In order to partially refinance the bonds falling due in the future, and also to fund further investments in existing portfolio companies or new projects, a total of three new bonds were issued on May 1, 2015: ISIN DE000A14KJRO with a volume of € 20 million, a coupon of 4.0 % p.a. and a tenor ending July 1, 2017, bond ISIN DE000A14KJ35 with a volume of € 40 million, a coupon of 6.0 % p.a. and a tenor ending April 1, 2020, and bond ISIN DE000A14KJ43 with a volume of € 35 million, a coupon of 6.5 % p.a. and a tenor ending April 1, 2022.

The first quarter of 2015 saw various milestones passed as the contractual closing of our Iceland project approaches: the final equity documents were signed with our Icelandic co-investors; and the amendment to the turnkey agreement with SMS Siemag AG, rendered necessary by delays, was aligned to the loan agreement with KfW IPEX-Bank, with both documents being duly signed. The same arrangement was applied to the purchase agreements. In addition, on April 23, 2015 the Interministerial Committee of the Federal Government gave its consent to the project, and on May 20 the EFTA Surveillance Authority in Brussels also published its consenting decision. The financial closing took place on June 2, 2015.

Negotiations for disposal of the telecommunication and data centre activities of PCC SE to an investment fund were successfully concluded in April 2015. The signing of the corresponding purchase agreement took place on April 24, 2015. The sale is still subject to approval by the Polish anti-trust authorities. However, as the purchaser has no comparable activities in Poland, our internal assessment of the situation is that anti-trust approval should be forthcoming, enabling the closing to take place as planned at the end of June 2015.

Outlook for 2015

The focus of the PCC Group in 2015 will again be on strengthening its existing investment portfolio, primarily through organic growth. The core activities and the competitiveness of the Group are to be further enhanced through capital expenditures. Moreover, the strategy of proactive investment portfolio management accompanied by ongoing optimisation measures can be expected to gain further momentum in 2015 and the years thereafter. The long-term objective remains to steadily increase our enterprise value.

In view of the positive business performance of, in particular, PCC Rokita SA and also the majority of the other affiliated companies in the reporting year, dividend payments to PCC SE in the low double-digit million euro range are again expected in 2015. However, due to the weaker performance of PCC Exol SA and PCC Morava-Chem s.r.o., the total is likely to remain below the level of 2014. Once again, the biggest contribution will be made by PCC Rokita SA. We will also be able to generate further gains from the disposal of participations including the sale of our telecommunication activities. With sales expected to grow, licence and trade mark fees based on revenue should also increase. Despite the further rising interest burden and higher total depreciation and amortisation, overall Group performance is expected to produce a solid profit in fiscal 2015.

The current budget for 2015, prepared for the operating businesses of the Group companies and affiliates in the fourth quarter of 2014, provides for an increase in sales revenue of 8 % for the fiscal year. At the Group level, it is anticipated that total operating profit (EBITDA) will be between 5 % and 10 % above the level of 2014. Earnings before taxes (EBT) at Group level for 2015 are expected to be positive, albeit only slightly above the level of 2014 due to the increasing burden arising from depreciation, amortisation and interest expenses. Seen from the current standpoint, significant increases in earnings will – subject to a positive or at least stable economic development in the coming years – only start flowing from 2016. By that time, both our new membrane electrolysis facilities and the MCAA plant currently under construction will be producing on a year-round basis for the first time. Moreover, major investments by PCC Intermodal S.A. in various combined transport terminals will have been completed. Positive effects on earnings development at PCC SE are then anticipated in the form of rising dividend payments in each of the subsequent years. At the same time, however, the net debt of both PCC SE and the PCC Group will increase, at least temporarily, due particularly to the envisaged implementation of the Iceland project. However, the objective of the PCC Group over the medium term remains to improve its net debt to EBITDA ratio to less than 5.0.

The main revenue and earnings generator in fiscal 2015 will again be the Chemicals division, followed at some considerable distance by the Logistics division. We anticipate that the operating rate within the Chemicals division will largely be comparable with that encountered in 2014. A year-on-year increase in both sales and earnings is expected in almost all our segments. Increasing prices and – particularly in the Polyols and Surfactants segments – the switch towards higher-quality speciality products – are the likely causes. Our trading business with chemical commodities will be unable to reach the revenue levels of the previous year due, particularly, to the significant fall in commodity prices. With the economic outlook in the main sales markets for our trading companies remaining robust, however, this business unit should nevertheless be able to repeat the earnings of the preceding year. Since the beginning of the second quarter, moreover, the trend in commodity prices appears to slowly be bottoming out, with a slight increase in demand resulting in at least some prices rising. By far the biggest increase in sales (around 40 %) is expected in the Consumer Products segment. Following completion of the redevelopment work at PCC Consumer Products Kosmet Sp. z o.o., efficiency in this business unit should experience a significant overall improvement with corresponding positive effects on earnings.

The Logistics segment is expected to register an increase in sales of over 10 % in fiscal 2015, emanating largely from the intermodal transport business. Based on the existing order situation and the moderate economic growth expected for Europe, business performance should once again exceed the level of the previous year. The same applies to our road tanker operations. The transport business of ZAO PCC Rail, on the other hand, is expected to end fiscal 2015 with another loss in the wake of Russia's ongoing economic weakness.

The Energy segment will continue to be essentially characterised by project development in the course of 2015, which means it will again be of only minor importance in terms of Group earnings. As 2015 proceeds, however, further fully productive small hydropower plants generating in South-East Europe on a whole-year basis will, if current plans are fulfilled, provide additional positive support to our earnings trend. Sales in this segment will remain flat in 2015. As a result of the completed small hydropower plants, the Renewable Energies business will be able to double its sales, albeit from a low base still. In the Conventional Energies business unit, by contrast, we anticipate a further decline in external revenues.

As already mentioned, significant earnings increases – subject to positive or at least stable economic development in the coming years – are unlikely from the present standpoint to be generated before fiscal 2016. Until that time and beyond, we will continue to pursue a strict strategy of proactive investment portfolio management. Sustainable growth and a continuous increase in the value of the PCC Group remain very much at the focus of all our endeavours.

Duisburg, June 12, 2015
PCC SE

Ulrike Warnecke
Managing Director

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

Consolidated financial statements

54.7

million euros – the PCC Group's operating profit (EBITDA) for 2014.

At € 54.7 million, the EBITDA of the PCC Group remained stable at the prior-year level. Once again, the Group benefited particularly from the extensive diversification of its businesses. The earnings performance of the Polyols segment is especially worthy of highlighting, for example, with EBITDA there improving by € 8.8 million versus 2013. In general, earnings growth in some segments was sufficient to offset the short-term negative developments encountered in others.

Auditor’s opinion

We have audited the consolidated financial statements prepared by PCC SE, Duisburg, Germany – comprising a consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income in the period, consolidated statement of changes in equity, consolidated statement of cash flows and the notes to the consolidated financial statements – and the group management report of PCC SE for the financial year from January 01 to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and with the additional requirements of the German commercial law pursuant to section 315a paragraph 1 HGB, are the responsibility of the parent company’s management. 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 section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group 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 the 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 entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the 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, 2014, comply with IFRS, as adopted by the EU, and the additional requirements of the German commercial law pursuant to section 315a paragraph 1 HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Düsseldorf, July 7, 2015

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Krichel	Tibbe
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Consolidated statement of income

Figures in € k	(Note)	2014	2013
Sales revenue	(6)	**647,315**	624,293
Change in inventory of finished products and work in progress		2,857	123
Other internal costs capitalised	(7)	2,457	2,035
Purchased goods and services	(8)	503,077	484,521
Personnel expenses	(9)	52,646	50,828
Other operating income	(10)	27,639	30,567
Other operating expenses	(11)	70,481	68,549
Income from investments accounted for using the equity method	(12)	618	2,539
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	(17)	**54,684**	55,659
Depreciation and amortisation	(13)	21,938	21,162
Operating profit from continuing operations (EBIT)	(17)	**32,746**	34,497
Other interest and similar income		1,823	1,779
Interest and similar expenses	(14)	20,487	21,935
Currency translation differences	(15)	–6,126	–1,492
Other financial income		0	21
Other financial expenses		181	11
Earnings before taxes for continuing operations (EBT)		**7,775**	12,858
Taxes on income	(16)	1,586	776
Net profit		**6,189**	12,082
Net profit attributable to Group		2,772	10,826
Net profit attributable to minority interests		3,417	1,256

Consolidated statement of comprehensive income

Figures in €k	2014	2013
Net profit	**6,189**	**12,082**
Income and expenses recognised in equity to be subsequently recycled to profit or loss	**–4,448**	**–5,480**
Exchange differences on translation of foreign operations	–4,066	–5,353
Fair value measurement of financial assets	20	150
Fair value measurement of cash flow hedges	–558	–341
Deferred taxes on items to be subsequently recycled to profit or loss	157	65
Income and expenses recognised in equity not to be subsequently recycled to profit or loss	**–135**	**–31**
Remeasurement of defined benefit pension plans	–148	–20
Other changes not to be subsequently recycled to profit or loss	–15	–15
Deferred taxes on items not to be subsequently recycled to profit or loss	28	4
Attributable to minority interests	**–941**	**185**
Total income and expenses recognised in equity	**–4,583**	**–5,511**
Total comprehensive income	**1,606**	**6,571**
Share of comprehensive income attributable to Group	–870	5,130
Share of comprehensive income attributable to minority interests	2,476	1,441

Consolidated balance sheet

Assets in €k	(Note)	**Dec. 31, 2014**	Dec. 31, 2013	Jan. 1, 2013
Non-current assets		**529,608**	**389,313**	**352,675**
Intangible assets	(19)	**25,306**	22,646	21,710
Property, plant and equipment	(20)	**400,641**	331,293	302,274
Investment property	(21)	**2,649**	2,551	2,025
Investments accounted for using the equity method	(12)	**7,083**	13,530	10,529
Non-current financial investments		**78,267**	4,160	5,961
Other non-current financial assets		**15,622**	15,075	9,801
Income tax receivables		**40**	58	376
Current assets		**231,456**	**213,743**	**194,571**
Inventories	(22)	**53,304**	46,511	47,474
Trade accounts receivable	(23)	**69,597**	75,369	73,285
Other receivables and other assets	(24)	**62,052**	49,532	28,344
Income tax receivables		**602**	1,148	1,025
Cash and cash equivalents		**45,901**	41,184	44,443
Total assets		**761,064**	**603,055**	**547,246**

Equity and liabilities in € k	(Note)	**Dec. 31, 2014**	Dec. 31, 2013	Jan. 1, 2013
Equity	(25)	**193,366**	**126,476**	**117,055**
Subscribed capital		**5,000**	5,000	5,000
Capital reserve		**56**	56	56
Revenue reserves / Other reserves		**168,288**	116,228	104,984
Other equity items / OCI		**–22,252**	–16,255	–10,728
Minority interests	(26)	**42,275**	21,447	17,743
Non-current provisions and liabilities		**351,369**	**295,617**	**244,984**
Provisions for pensions and similar obligations	(27)	**435**	302	466
Other provisions	(28)	**7,022**	9,119	8,964
Deferred tax liabilities		**27,056**	5,676	5,388
Financial liabilities	(29)	**291,323**	269,052	222,413
Other liabilities	(30)	**25,533**	11,468	7,753
Current provisions and liabilities		**216,329**	**180,962**	**185,207**
Provisions for pensions and similar obligations	(27)	**68**	39	47
Other provisions	(28)	**9,200**	7,319	5,725
Current tax liabilities		**1,407**	500	272
Trade accounts payable		**64,862**	57,248	63,382
Financial liabilities	(29)	**100,769**	85,632	86,400
Other liabilities	(30)	**40,023**	30,225	29,379
Total equity and liabilities		**761,064**	**603,055**	**547,246**

Consolidated statement of cash flows

Figures in € k	2014	2013
Net profit	**6,189**	**12,082**
Depreciation and amortisation	21,935	21,043
Write-downs of financial investments	181	11
Change in provisions for pensions and other provisions	242	1,673
Increase (+), decrease (–) in value adjustments for receivables and other assets	1,628	–331
Gains (–), losses (+) from disposal of property, plant and equipment	–17,995	–11,996
Other non-cash gains (–), expenses (+)	850	6,101
Gross cash flow	**13,030**	**28,584**
Increase (–), decrease (+) in inventories	–7,460	–58
Increase (–), decrease (+) in trade accounts receivable	2,479	–2,917
Increase (–), decrease (+) in accounts receivable from affiliated companies	–842	9,176
Increase (–), decrease (+) in other assets	–12,898	–28,048
Increase (+), decrease (–) in trade accounts payable	8,930	–5,002
Increase (+), decrease (–) in accounts payable to affiliated companies	183	–131
Increase (+), decrease (–) in other liabilities	47,013	8,023
Cash flow from operating activities	**50,437**	**9,626**
Proceeds from disposal of intangible assets	120	150
Proceeds from disposal of property, plant and equipment	804	3,279
Proceeds from disposal of investments accounted for using the equity method	8,464	–
Proceeds from disposal of non-current financial investments	15,256	11,809
Proceeds from disposal of other non-current financial assets	619	339
Proceeds from the sale of consolidated subsidiaries and other business units	648	–6,113
Capital expenditures on intangible assets	–2,464	–2,326
Capital expenditures on property, plant and equipment	–96,910	–53,338
Capital expenditures on investment property	–148	–
Capital expenditures on other non-current financial assets	–7,163	–5,588
Capital expenditures on the acquisition of consolidated subsidiaries and other business units	–	–
Cash flow from investing activities	**–80,774**	**–51,789**

CONTINUED

Figures in € k	(Note)	2014	2013
Proceeds from capital contributions		–	–
Dividends paid to shareholder and owner		–1,200	–1,200
Dividends paid to minority interests		–331	–136
Inflows (+), outflows (–) from issuance / redemption of mezzanine capital notes		8	–21,996
Inflows (+), outflows (–) from issuance / redemption of profit participation certificates		–	68
Inflows (+), outflows (–) from issuance / redemption of bonds		10,611	68,535
Inflows (+), outflows (–) from/to banks		26,163	1,952
Inflows (+), outflows (–) in respect of finance lease liabilities		–574	118
Inflows (+), outflows (–) in respect of financial liabilities to affiliated companies		164	452
Cash flow from financing activities		**34,841**	**47,792**
Changes in cash due to cash transactions		4,504	5,630
Changes in cash due to foreign exchange rates		4,804	1,354
Changes in cash due to revaluations and changes in the consolidation scope		–4,590	–10,243
Financial funds at the beginning of the period		41,184	44,443
Financial funds at the end of the period	(34)	**45,901**	**41,184**

Consolidated statement of changes in equity

Figures in €k	Subscribed capital	Capital reserve	Revenue reserves/ Other reserves	Other equity items/ OCI	Equity attributable to Group	Minority interests	Group equity
Jan. 1, 2013	5,000	56	104,984	–10,728	**99,312**	17,743	**117,055**
Dividends paid	–	–	–1,200	–	**–1,200**	–136	**–1,336**
Changes in consolidation scope and other consolidation effects	–	–	1,727	59	**1,787**	2,398	**4,185**
Net profit	–	–	10,826	–	**10,826**	1,256	**12,082**
Other comprehensive income	–	–	–109	–5,587	**–5,696**	185	**–5,511**
› Currency translation differences	–	–	–109	–5,485	**–5,594**	240	**–5,353**
› Remeasurement of defined benefit pension plans	–	–	–	–20	**–20**	–	**–20**
› Fair value measurement of financial assets	–	–	–	150	**150**	–	**150**
› Fair value measurement of cash flow hedges	–	–	–	–286	**–286**	–55	**–341**
› Other changes not to be subsequently recycled to profit or loss	–	–	–	–15	**–15**	–	**–15**
› Deferred taxes recognised in OCI	–	–	–	69	**69**	–	**69**
Dec. 31, 2013	5,000	56	116,228	–16,255	**105,029**	21,447	**126,476**

Figures in €k	Subscribed capital	Capital reserve	Revenue reserves/ Other reserves	Other equity items/ OCI	**Equity attributable to Group**	Minority interests	**Group equity**
Jan. 1, 2014	5,000	56	116,228	–16,255	**105,029**	21,447	**126,476**
Dividends paid	–	–	–1,200	–	**–1,200**	–331	**–1,531**
Changes in consolidation scope and other consolidation effects	–	–	50,442	–2,310	**48,132**	18,683	**66,815**
Net profit	–	–	2,772	–	**2,772**	3,417	**6,189**
Other comprehensive income	–	–	45	–3,687	**–3,642**	–941	**–4,583**
› Currency translation differences	–	–	45	–3,265	**–3,219**	–847	**–4,066**
› Remeasurement of defined benefit pension plans	–	–	–	–134	**–134**	–14	**–148**
› Fair value measurement of financial assets	–	–	–	20	**20**	–	**20**
› Fair value measurement of cash flow hedges	–	–	–	–478	**–478**	–80	**–558**
› Other changes not to be subsequently recycled to profit or loss	–	–	–	–15	**–15**	–	**15**
› Deferred taxes recognised in OCI	–	–	–	185	**185**	–	**185**
Dec. 31, 2014	5,000	56	168,288	–22,252	**151,091**	42,275	**193,366**

Notes to the consolidated financial statements for fiscal 2014

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Summary of main accounting and valuation principles

(1) General disclosures

PCC Societas Europaea (PCC SE) is a non-listed corporation under European law headquartered in Duisburg and the parent company of the PCC Group. Its address is Moerser Str. 149, 47198 Duisburg, Germany.

The consolidated financial statements of PCC SE as of December 31, 2014 have been prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as applicable on the closing date and as adopted in the European Union (EU), and in supplementary compliance with the statutory disclosure requirements specified in Section 315a (1) HGB (German Commercial Code).

The PCC Group has applied the provisions of IFRS for the first time in the present consolidated financial statements for fiscal 2014. Adoption has been implemented in accordance with IFRS 1.

Assets and liabilities are recognised and measured in accordance with those IFRS applicable and mandatory as of December 31, 2014.

The closing date for the consolidated financial statements is December 31, 2014, which is also the closing date for the annual financial statements of PCC SE. The Group's financial year corresponds to the calendar year.

The annual and subgroup financial statements of the subsidiaries incorporated in the consolidated financial statements are also 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 consolidated financial statements have been stated in euro. The reporting currency is the euro. Unless otherwise indicated, all amounts are disclosed in thousand euros (€k), with the consequence that rounding differences are possible.

Individual items on the balance sheet and the statement of income of the PCC Group have been combined to improve representation clarity. These items are explained in the notes. The consolidated statement of income is structured in accordance with the nature of expense method.

The PCC Group presents current and non-current assets and also current and non-current liabilities as separate classification groups in the balance sheet in accordance with IAS 1.60, with further subdivision according to their respective useful lives/maturities/tenors being additionally provided where appropriate in these notes to the consolidated financial statements as of December 31, 2014.

The Managing Directors of PCC SE finalised these financial statements in their meeting of July 7, 2015, whereupon they were presented to the Administrative Board for examination and approval, and then released for publication.

(2) Disclosures relating to the first-time adoption of IFRS, and standards and interpretations for which application is not yet mandatory

PCC SE prepared its consolidated financial statements in accordance with IFRS for the first time on December 31, 2014. All standards for which application is mandatory as of the closing date have been uniformly applied for all periods, with IFRS 1 being adopted accordingly.

In line with IFRS 1 D5 and D7, the PCC Group decided for the first-time adoption of IFRS to measure its property, plant and equipment, intangible assets and investment property at fair value. The following table shows the adjustment values and also the fair value totals as of January 1, 2013.

Figures in €k	Adjustment	Total fair values Jan. 1, 2013
I. Intangible assets	173	3,087
II. Property, plant and equipment	26,599	266,246
III. Investment property	−851	2,025
IV. Investments accounted for using the equity method	–	–
V. Non-current financial investments	−48	88
VI. Other non-current financial assets	–	–
Total	**25,873**	**271,447**

The total sum of fair values is reflected within revenue reserves under equity without affecting income.

Goodwill disclosed under intangible assets underwent scheduled amortisation according to HGB (German Commercial Code) over periods of varying length. IFRS does not provide for such scheduled amortisation. However, according to IFRS 3, goodwill must be subjected to an impairment test at least once a year, and more often if there is a triggering event. Should remeasurement result in a figure below amortised cost, an impairment loss must be recognised.

Under HGB, investment property was recognised under property, plant and equipment. The fair value of investment property is based on valuations made by external experts. Such experts have verifiable, cogent qualifications and also current experience in the valuation of property in the relevant location and situation. The fair value was determined using the income approach common in Germany.

The effects arising from the first-time adoption of IFRS are indicated in the following equity reconciliation table:

Figures in €k	Jan. 1, 2013	Dec. 31, 2013
Equity per HGB	**105,392**	**109,066**
IFRS transition reserve	21,635	21,635
Reclassification of profit participation certificates	−11,009	−11,076
Change in minorities	−3,096	−2,727
Net profit/OCI	–	1,648
Miscellaneous	4,133	7,930
Equity per IFRS	**117,055**	**126,476**

According to HGB rules, the PCC Group had equity of € 105.4 million as of the IFRS transition date of January 1, 2013. With adoption of IFRS, equity was remeasured at € 117.1 million. The main effects are indicated in the above table. Remeasurement of non-current assets has resulted in a separate item being recognised under revenue reserves in the amount of € 21.6 million, with no effect on income. The profit participation certificate of PCC SE disclosed as equity according to HGB rules is reported under IFRS rules in financial liabilities. This results in a reduction in equity and an increase in liabilities. Further effects are summarised under Miscellaneous and contain, for example, changes resulting from foreign exchange effects allocated to, among others, the revaluation reserve for foreign subsidiaries.

The assets total increased from € 514.4 million according to HGB to € 547.2 million. This is essentially due to the revaluation of non-current assets. The remeasurement of pension obligations based on actuarial assumptions resulted in a negligible difference of € 54.3 k. However, this effect is also included in the IFRS transition reserve.

Provisions for pensions and similar obligations and also other provisions decreased from a total of € 16.2 million according to HGB, to € 15.2 million. The primary cause of this is the reclassification of provisions for invoices outstanding to trade accounts payable or to other liabilities.

Liabilities according to HGB as of the transition date totalled € 392.8 million. Following transition to IFRS, non-current and current liabilities together totalled € 415.0 million. This increase is essentially due to the aforementioned reclassification of the profit participation certificate of PCC SE in the amount of € 11.0 million, and provisions for invoices outstanding together with the increase in deferred tax liabilities arising from the transition effects.

Figures in € k	2013 HGB	2013 IFRS	Difference
Sales	624,293	624,293	–
Purchased goods and services	–484,357	–484,521	–164
Personnel expenses	–50,853	–50,828	26
EBITDA	47,531	55,659	8,127
Depreciation and amortisation	–18,977	–21,162	–2,186
EBIT	28,555	34,497	5,942
Financial result	–18,124	–21,639	–3,515
EBT	10,431	12,858	2,427
Net profit	10,277	12,082	1,805
Comprehensive income	10,277	11,925	1,647

The above table shows the effects arising from transition to a statement of comprehensive income. In the last set of financial statements, which were prepared according to HGB, no comprehensive income is disclosed. Consequently, this item is identical with the consolidated net profit for this period. In the financial statements according to IFRS, the net profit/loss made by entities accounted for using the equity method is recognised in EBITDA. This reclassification resulted in an increase in EBITDA of € 2.5 million. According to HGB, goodwill recognised within the Group is subjected to scheduled amortisation. As already mentioned, IFRS makes no provision for such scheduled write-downs. Transition to IFRS therefore led to a positive income amount of € 1.5 million being recognised for fiscal 2013. Income and expenses from currency translation are recognised under financial result. This led to a reclassification of € –1.5 million from EBITDA to financial result. Currency translation differences arising from financial items that are not held in the Group currency are recognised in equity without affecting income. This results in a change in total comprehensive income.

The IASB has published the standards, interpretations and modifications listed in the following for which application in fiscal 2014 was not yet mandatory. The standards and interpretations have, in part, not yet been adopted within the EU and are currently not being applied by the Group.

Standard / Interpretation	Mandatory according to IASB for fiscal years beginning on or after	Mandatory in the EU for fiscal years beginning on or after
IFRIC 21 "Levies"	January 1, 2014	June 17, 2014
Amendments to IAS 19 "Employee Benefits": Employee Contributions	July 1, 2014	February 1, 2015
Amendments to IAS 1 "Presentation of Financial Statements": Disclosure Initiative	January 1, 2016	Not yet known
Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": Clarification of Acceptable Methods of Depreciation and Amortisation	January 1, 2016	Not yet known
Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture": Fruit-bearing Plants	January 1, 2016	Not yet known
Amendments to IAS 27 "Separate Financial Statements": Equity Method in Separate Financial Statements	January 1, 2016	Not yet known
Amendments to IAS 28 "Investments in Associates and Joint Ventures" and IFRS 10 "Consolidated Financial Statements": Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2016 (change envisaged)	Not yet known
Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Investments in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures": Investment Entities: Applying the Consolidation Exception	January 1, 2016	Not yet known
Amendments to IFRS 11 "Joint Arrangements": Accounting for Acquisition of an Interest in a Joint Operation	January 1, 2016	Not yet known
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016	Not yet known
Annual Improvement Project Cycle 2010–2012	February 1, 2015	February 1, 2015
Annual Improvement Project Cycle 2011–2013	January 1, 2015	January 1, 2015
Annual Improvement Project Cycle 2012–2014	January 1, 2016	Not yet known
IFRS 15 "Revenue from Contracts with Customers" (postponed to January 1, 2018)	January 1, 2018	Not yet known
IFRS 9 "Financial Instruments"	January 1, 2018	Not yet known

The PCC Group is currently analysing the extent to which the new, not yet mandatory standards will affect the consolidated financial statements. Currently, the Group's management and the management of the individual subsidiaries do not anticipate any material impact on the consolidated financial statements.

(3) Scope of consolidation

The basis for consolidation of the entities incorporated in the consolidated financial statements was provided by the annual financial statements (or commercial balance sheets II according to IFRS) of the companies as of December 31, 2014. The consolidated financial statements as of this closing date were likewise prepared on the basis of uniform accounting and valuation principles (IFRS).

Included in the consolidated financial statements as of December 31, 2014, are the financial statements of the parent company PCC SE and those of subsidiaries over which the parent company exerts control or has the possibility of exerting control.

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 financial statements. The scope of consolidation in 2014 does not show any material change compared to the situation in the previous year. Three companies were consolidated for the first time. One entity was merged within the scope of consolidation. One entity was divested. A detailed list of the shareholdings in accordance with Section 313 (2) HGB can be found under Note (38).

Fully consolidated subsidiaries	**Domestic**	**Abroad**
Jan. 1, 2013	4	27
Additions	–	4
Disposals/Mergers	–	1
Jan. 1, 2014	4	30
Additions	1	2
Disposals/Mergers	–	2
Consolidated companies as of Dec. 31, 2014	**5**	**30**

In fiscal 2014, there was an addition to the scope of consolidation within the Energy segment in the form of PCC HYDRO DOOEL Skopje, Skopje (Republic of Macedonia). This company completed and put into operating service three further hydropower plants in the year under review.

In addition, the newly established PCC Prodex GmbH, Essen (Germany), was consolidated for the first time. The business objective of this company is the production, marketing, sale and distribution of polyurethane systems (PU systems) in German-speaking countries and the Benelux region.

As an indirect subsidiary of PCC SE, the company PCC PU Sp. z o.o., Brzeg Dolny (Poland), was also included as a newly established entity in the scope of consolidation for the first time in the year under review.

All three additions were outside the scope of application of IFRS 3.

The company OOO KosmetNavigator, Grodno (Belarus), was merged in fiscal 2014 with its sister company OOO Navigator, Grodno. In order to unify its public identity, this company was renamed OOO PCC Consumer Products Navigator.

The entity Węglopochodne Sp. z o.o., Kędzierzyn-Koźle, which had for some time been the subject of a wind-up process, was sold in December 2014.

In June 2014, PCC SE sold its 33 % stake in IGBS S.A. to co-investors. This affiliate lay outside the core business of the Group and has therefore now been removed from the portfolio. Previously, IGBS S.A. had been accounted for using the equity method in the consolidated financial statements.

In fiscal 2014, the company 3S S.A., Katowice (Poland), was accounted for using the equity method at the Group level, as was also the case in the previous year.

Among affiliated, non-consolidated companies, there was a major change in fiscal 2014 in relation to PCC BakkiSilicon hf, Húsavík (Iceland). As described in the Management Report, PCC SE sold a minority stake in this project company amounting to 16.8 % of its total equity to a consortium of Icelandic pension funds. In addition, PCC Power Gubin Sp. z o.o. was liquidated as an inactive entity and removed from the commercial register. New legal entities were also established, responsible – for example – for project management activities pertaining to new developments.

(4) Consolidation methods

The consolidated financial statements of the PCC Group contain all the material German and international subsidiaries over which PCC SE is able to exercise control.

Subsidiaries are fully consolidated from the time of acquisition. The time of acquisition is defined as the time at which the parent company acquires control over these Group entities. Subsidiaries remain included in the consolidated financial statements until they are no longer under the control of the parent company.

All intercompany receivables and payables and intra-Group income and expenses are eliminated on consolidation. Intercompany results are, where material, also eliminated.

The acquisition of subsidiaries is accounted for using the purchase method. The consideration transferred in the course of a business combination is measured at fair value. This is determined from the total of the fair values of the assets transferred at the time of acquisition less the liabilities assumed from the previous owners of the acquired entity, and the equity exchanged for control of the acquired entity. Transaction costs associated with business combinations are expensed against income on incurrence. The purchase price is distributed between the acquired assets and liabilities on first-time consolidation. Any positive difference between the purchase price and the amount allocated is recorded as goodwill. Goodwill thus arises as the surplus represented by the total of the consideration transferred plus the amount of all minority shares in the acquired company and the fair value of the equity share previously held by the acquirer in the acquired entity (where applicable) above the balance of the fair values of the acquired identifiable assets and liabilities assumed on the date of acquisition. In the event that a negative difference is identified, and remains confirmed after a second assessment, this is immediately recognised as income. For further details, please see Note (19). Any goodwill arising is subjected to an impairment test at least once a year.

Investments accounted for using the equity method are measured at acquisition cost in the consolidated balance sheet. In the following periods, the annual net profit or loss realised is proportionally allocated in accordance with the equity value approach. The dividends received in the reporting year are then deducted from the equity value. The differences that may arise on first-time consolidation are taken into account in the equity approach.

(5) Notes to the accounting and valuation principles

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated scheduled depreciation and accumulated impairment charges, in accordance with IAS 16. The revaluation method is not applied. Costs for repairs and maintenance of property, plant and equipment are immediately expensed. Regular maintenance of major plant or the replacement of major components is capitalised where additional future benefits are anticipated. The scheduled straight-line depreciation amounts are based on the following useful lives:

In years	2014	2013
Buildings and structures	5–80	5–57
Plant and machinery	3–30	5–30
Other factory and office equipment	1–29	1–29
Advance payments and assets in course of construction	–	–
Investment property	28–33	28–34

An item of property, plant and equipment is derecognised either on disposal or when the further use or disposal of the asset is no longer expected to generate any economic benefit. The gains or losses resulting from the derecognition of the asset are determined as the difference between the net disposal proceeds and the book value of the asset, and recognised through profit or loss in the period in which the asset is derecognised.

The residual values, useful lives and depreciation methods are regularly reviewed and, where required, adapted at the end of each fiscal year.

Investment property

Property/real estate held for the purpose of generating rental income or for the purpose of achieving value increase is capitalised at cost. As part of the transition to IFRS, the associated assets were also remeasured as of January 1, 2013 in compliance with IFRS 1.

These assets are accounted for using the acquisition cost model and subjected to scheduled depreciation over a useful life ranging between 25 and 40 years.

Intangible assets

Acquired intangible assets are recognised at cost less accumulated amortisation and accumulated impairment charges. Only those intangible assets acquired from third parties have been capitalised, as the prerequisites for capitalisation of internally generated intangible assets are not fulfilled. Intangible assets are capitalised and generally amortised using the straight-line method over their estimated useful lives ranging between 2 and 20 years, and relate essentially to concessions for the operation of technical facilities.

The cost of borrowing as a component of the cost of the acquired intangible assets is not capitalised. It is expensed in the period in which it is incurred. The Group does not have any assets qualifying for capitalisation as defined in IAS 23.5.

Research and development expenses are accounted for in accordance with IAS 38 "Intangible Assets". Research costs are expensed on incurrence. Development expenses may be capitalised under certain circumstances (see IAS 38.57), depending on the possible outcome of the associated development activities. Development expenses of a project qualify for capitalisation where the Group can prove that the project is both technically feasible, resulting in the generating of internal benefits, or allowing the sale of an asset, and that both the intention and the funds exist to complete said asset and to utilise or sell it. Assessment of this possible outcome necessitates material assumptions by the management involved. Moreover, the Group must verify that the expenditures to be allocated to the intangible asset during its development can be reliably calculated. The intangible assets capitalised within the Group – other than goodwill – have limited useful lives.

Inventories

Raw materials and supplies and also finished products and work in progress are recognised at cost. Capitalisation of the cost of borrowings in accordance with IAS 23 does not take place in the case of inventories as the prerequisites for this are not satisfied. The acquisition or manufacturing cost of raw materials and supplies is determined using the first in, first out method (FIFO). Inventories are subjected to a valuation adjustment as of the closing date where the net realisable value is less than the carrying value.

Borrowing costs

Directly attributable borrowing costs incurred as part of the acquisition, construction or manufacture of a qualifying asset are capitalised as part of the cost of acquisition, construction or manufacture. They remain capitalised until the asset is ready for its envisaged use, with the relevant interest rate being duly applied. All other borrowing costs are expensed in the period in which they are incurred.

Financial instruments (IAS 39)

Financial instruments are financial assets and financial liabilities. These are recognised in the consolidated balance sheet where PCC is a contractual party to the associated transaction. Financial assets are derecognised once the contractual rights to payments from the financial assets expire or the financial assets are transferred to another party together with all material risks and opportunities. Financial liabilities are derecognised once the contractual obligations are settled, cancelled or have expired.

Regular-way purchases and sales of financial instruments are essentially recognised as of the settlement date. The fair value of a financial instrument is the price that would be received on selling an asset or paid on transferring a liability in an ordinary transaction between market participants at the measurement date. Where quoted prices are available in an active market, for example stock exchange quotations, these are taken as the basis for measurement. Otherwise, internal evaluation methods using current market parameters are applied for measurement purposes. If there are indications of a permanent impairment below the estimated value of a financial instrument, the appropriate write-downs are implemented. Should the reasons for impairment cease to exist, value write-ups are implemented up to the level of amortised cost, with the associated amounts being recognised in income. In the case of all financial instruments, value adjustments are recognised in separate accounts.

Financial instruments are classified in categories in accordance with their underlying characteristics. At the PCC Group, this categorisation is aligned to the existing classification structure of the items in the balance sheet, as indicated in the tables provided below in which both the carrying value and the fair value are disclosed. According to IFRS 7.20, disclosure is also required of items of net income, expense, gains and losses arising from assets and liabilities, and total interest gains and losses calculated using the effective interest method in respect of the various financial assets and liabilities that are measured at fair value.

The hedging transactions cited in IAS 39 and IFRS 7.22 (fair value hedges, cash flow hedges, hedges of a net investment in a foreign operation) play no role in the consolidated financial statements of the PCC Group, eliminating the need for further reporting according to these standards.

Derivative financial instruments are transacted within the PCC Group for the purpose of hedging price, foreign exchange and interest rate risks. These financial instruments are essentially recognised at fair value. Any change in the fair value is recognised through profit or loss. Expenses arising from currency derivatives are disclosed as operating expenses, and expenses arising from interest rate derivatives are recognised in the financial result. These various items are separately explained in their respective sections. Negative fair values as of the date of measurement are disclosed as current other liabilities.

Because of the short tenors of current financial investments and also of trade accounts payable and receivable, it is assumed that their carrying values essentially correspond to the fair values. Current financial investments are allocated to the "held for sale" category, while other receivables are assigned to the category "receivables and loans". Borrowings are measured using the effective interest method.

Trade accounts receivable

Trade accounts receivable are recognised at amortised cost. In the event of valuation adjustments, these are recognised directly in the receivable concerned. Receivables denominated in foreign currency are converted as of the closing date at the applicable euro exchange rate with any translation differences being recognised through profit and loss.

Cash and cash equivalents

Cash and cash equivalents encompass cash balances and checks, credit balances at banks with a term of up to three months from the date of acquisition, and also financial assets available at short notice. These items are recognised at amortised cost.

Trade accounts payable; overdrafts

Trade accounts payable, overdraft liabilities and other liabilities are recognised at their repayable or settlement amount. Because of the short-term character of such items, the carrying value shown is taken as their fair value.

Provisions

Provisions are created where a past event has given rise to an obligation towards third parties that is likely to lead in the future to an outflow of funds, and where the amount involved can be reliably estimated.

Taxes on income

The PCC Group accounts for deferred taxes in accordance with IAS 12 where valuation differences exist between the commercial and the tax base of an asset or liability. Deferred tax liabilities are essentially recognised on all taxable temporary differences, while deferred tax assets are only recognised where it is probable that taxable profits will be available to enable their realisation. The carrying value of deferred income tax assets is examined on each closing date and reduced to the extent that it is no longer probable that sufficient income will be available against which the deferred tax asset can be at least partially realised. Deferred income tax assets not recognised in an earlier period are reassessed at each closing date and recognised to the extent that it currently appears probable that future taxable profits will allow realisation of the deferred tax asset.

Deferred tax liabilities and deferred tax assets are netted where there is a right to do so and where they involve the same tax authority.

Current taxes are calculated on the basis of the taxable income of the company for the reporting period. The tax rates applied for each company are those applicable as of the closing date.

Leases (IAS 17)

Concluded lease contracts are treated as either finance leases or operating leases. Where material opportunities and risks are transferred to the Group as the lessee, the Group is also assigned economic ownership. In the case of contracts that qualify as operating leases, the current lease payments are immediately expensed. Lease contracts that qualify as finance leases are capitalised at the lower of the present value of the minimum lease payments and the fair value of the leased item at the inception of the lease. Finance leases are written down over the term of the lease or the useful life of the leased item, whichever is shorter, provided that transfer of ownership to the lessee at the end of the contractual period is not sufficiently ensured.

Revenue recognition (IAS 18)

The company recognises revenue in compliance with IAS 18 where the selling process has been completed and the risks and opportunities associated with ownership have been transferred to the purchaser. The Group essentially recognises its sales revenue with the sale of its products and services.

Government grants and assistance (IAS 20)

Government grants and assistance are recognised in the consolidated financial statements of the PCC Group as deferred income on the liabilities side, provided that there is reasonable assurance that the entity will comply with any conditions attached to the grant or assistance, and that the grant or assistance will be received. The release of this deferred income is effected through profit and loss under other operating income over the full period of depreciation assigned to the asset created.

Foreign currency translation

The consolidated financial statements have been prepared in euro, the functional currency of the parent company.

Each company within the Group determines its own functional currency. The items contained in the financial statements of the company concerned are measured using this functional currency. Foreign currency transactions are initially translated into the functional currency at the spot rate applicable on the transaction date.

Monetary assets and liabilities in a foreign currency are translated into the functional currency on each closing date using the spot rate applicable as of that date. All foreign exchange differences are recognised through profit or loss with the exception of translation differences arising from foreign currency loans classified as hedges of a net investment in a foreign operation. These are recognised directly in equity until the net investment is sold, and only on derecognition are they recycled through profit or loss. Deferred taxes arising from the translation differences of these foreign currency loans are likewise recognised directly in equity.

Non-monetary items that are measured at historic cost in a foreign currency are translated at the rate prevailing on the date of the transaction. Non-monetary items measured at their fair value in a foreign currency are translated at the rate applicable at the time of ascertaining the fair value.

All assets and liabilities resulting from the acquisition of a foreign operation are recognised as assets and liabilities of that foreign operation and translated at the spot rate prevailing on the closing date.

The assets and liabilities of foreign operations are translated into euro as of the closing date. Income and expenses are translated at the weighted average rate for the fiscal year. The translation differences arising from this are recognised as a separate item in equity. The accumulated amount recognised for a foreign operation in equity is recycled through profit or loss on disposal of that foreign operation.

The exchange rates of the currencies of importance to the consolidated financial statements are indicated in the following table:

	Closing rate		Average rate	
Currency exchange rate for 1 €	**Dec. 31, 2014**	Dec. 31, 2013	**2014**	2013
Czech koruna (CZK)	**27.7350**	27.4270	**27.5359**	25.9800
Polish złoty (PLN)	**4.2732**	4.1543	**4.1843**	4.1975
US dollar (USD)	**1.2141**	1.3791	**1.3285**	1.3281
Romanian leu (RON)	**4.4823**	4.4710	**4.4437**	4.4190
Russian ruble (RUB)	**72.3370**	45.3246	**50.9518**	42.3370
Belarusian ruble (BYR)	**13,395.61**	13,146.52	**13,592.89**	11,827.68
Bosnian convertible mark (BAM)	**1.9558**	1.9558	**1.9558**	1.9558
Macedonian denar (MKD)	**61.4814**	61.5113	**61.6228**	61.5834

Use of assumptions and estimates

Preparation of the consolidated financial statements as of December 31, 2014 in compliance with IFRS requires certain estimates and assumptions to be made by the management that influence the amount recognised as assets, liabilities, contingent claims and contingent liabilities as of the reporting date, and also the income and expenses generated during the fiscal year. The main areas of application for assumptions, estimates and the exercise of discretionary scope are encountered in determining the useful lives of non-current assets and the creation of provisions e.g. for employee benefits and similar obligations and also income tax. Estimates are based on empirical values and other assumptions which are regarded as appropriate under the given circumstances. They are continuously reviewed and may deviate from the actual values and figures that come to light.

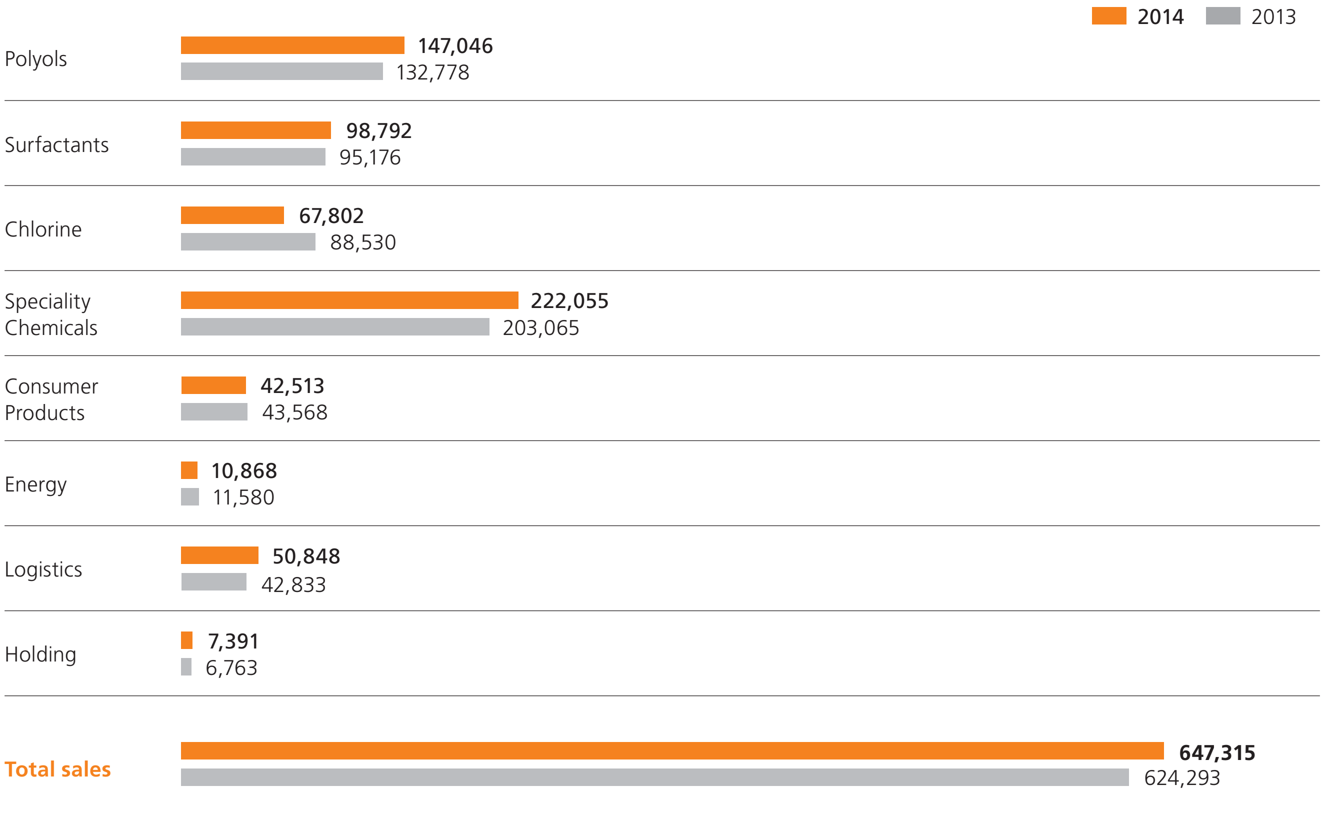
The carrying values of items affected by estimates can be found in the following Notes and also in the balance sheet. They relate primarily to the assumption of depreciation and amortisation periods, provisions, pension obligations, deferred taxes on unused losses carried forward or impairment of trade accounts receivable.

Discretionary decisions which are not based on estimates occur, for example, in relation to the classification of lease contracts.

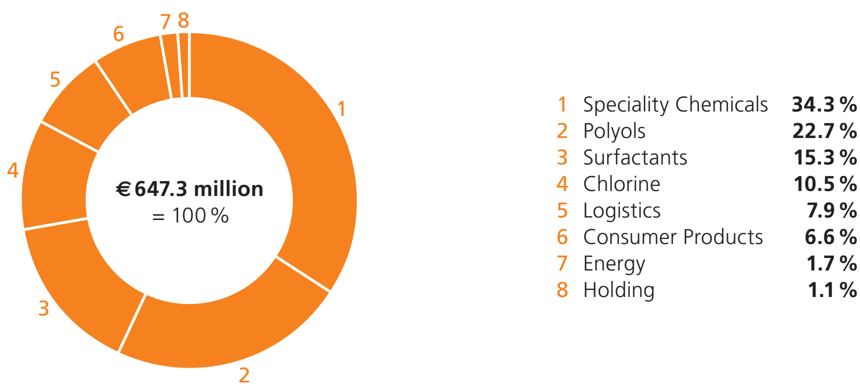
Notes to the consolidated statement of income

(6) Sales revenue

Sales by segment in € k



Sales by segment 2014 in %



At € 647.3 million, sales for fiscal 2014 were 3.7 % above the level of the previous year. This is due primarily to positive changes in the biggest revenue-generating segment, Speciality Chemicals, which posted a sales increase of 9.4 %. Sales of the Polyols and Surfactants segments likewise improved, by 10.7 % and 3.8 % respectively. By contrast, sales of the Chlorine segment decreased by 23.4 % due to price reductions arising from over-capacities in the marketplace, and the Consumer Products segment recorded a slight decline in revenues of 2.4 %. The positive effects generated within the Logistics segment (+ 18.7 %) more than offset the decline in sales in the Energy segment (– 6.1 %).

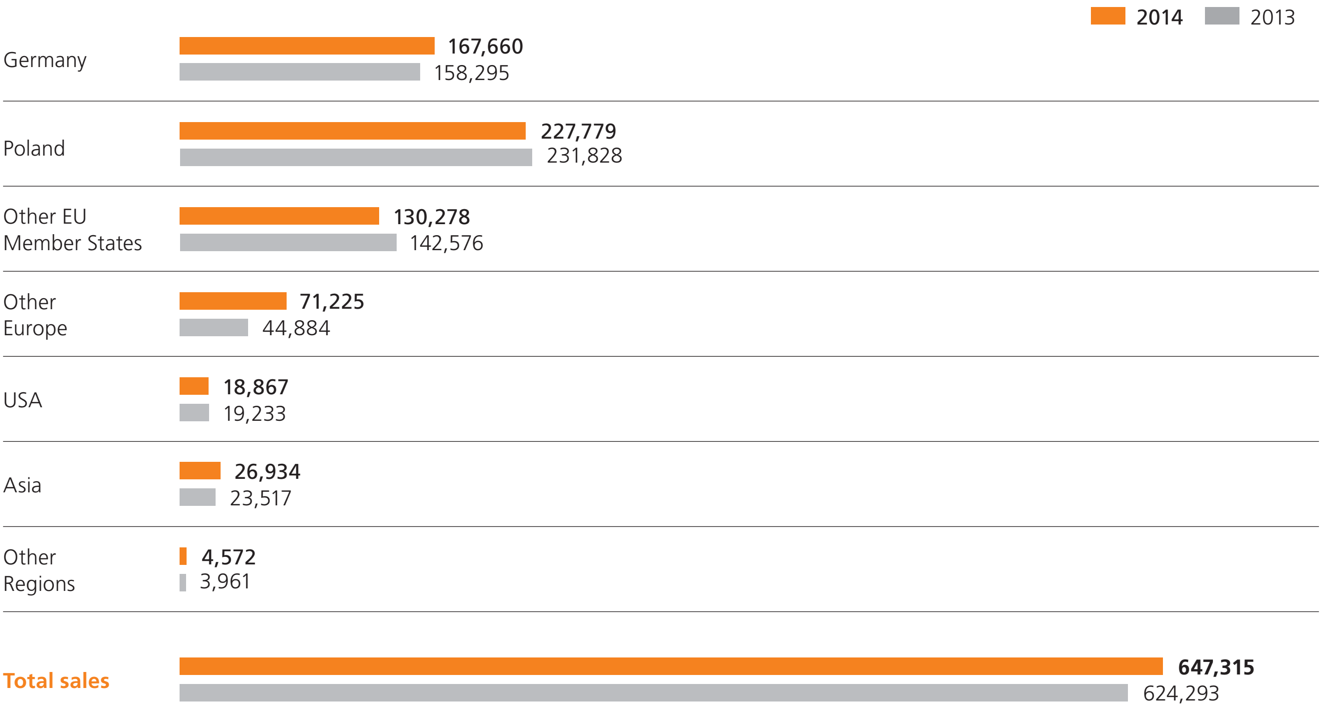
As regards the overall performance of the Group in fiscal 2014, the Chemicals division with sales totalling € 578.2 million accounted for an almost unchanged high share of 89.3 % (previous year: 90.2 %) of total revenues with its five segments Polyols, Surfactants, Chlorine, Speciality Chemicals and Consumer Products. The Logistics segment generated sales of € 50.8 million, slightly increasing its share of total sales to 7.9 % (previous year: 6.9 %). With sales of € 10.9 million, the Energy segment accounted for a share of total sales amounting to 1.7 % (previous year: 1.9 %). The Holding segment generated sales of € 7.4 million, leaving its share of total revenues unchanged at 1.1 %.

In fiscal 2014, goods sold accounted for revenues of € 597.1 million (previous year: € 582.2 million), with € 50.2 million (previous year: € 42.1 million) being generated from the sale of services, in particular transport services.

For the purpose of regular internal and external financial reporting, the business activities of the PCC Group are divided geographically into seven regions (Germany, Poland, Other EU Member States, Other Europe, USA, Asia and Other Regions). In fiscal 2014, the Group generated 25.9 % of its sales with customers in Germany (previous year: 25.4 %), while 35.2 % was attributable to customers in Poland (previous year: 37.1 %).

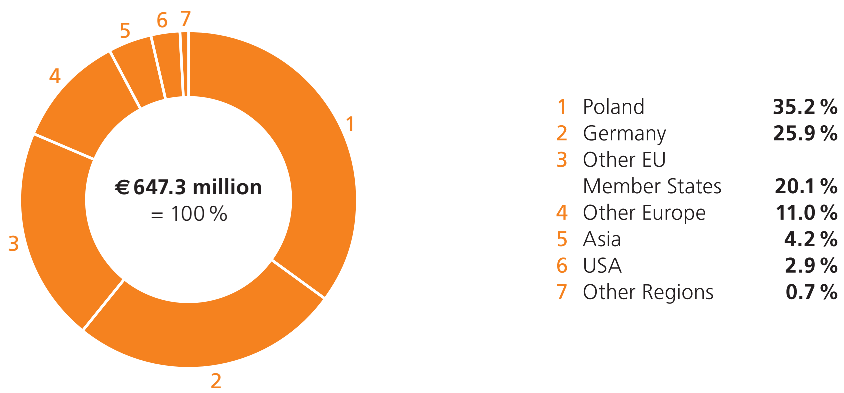
The geographical sales breakdown is indicated in the following graphic:

Sales by region in €k



The PCC Group generates 81.2 % of its sales with customers in the Member States of the European Union, with the focus on Poland and Germany.

Sales by region 2014 in %

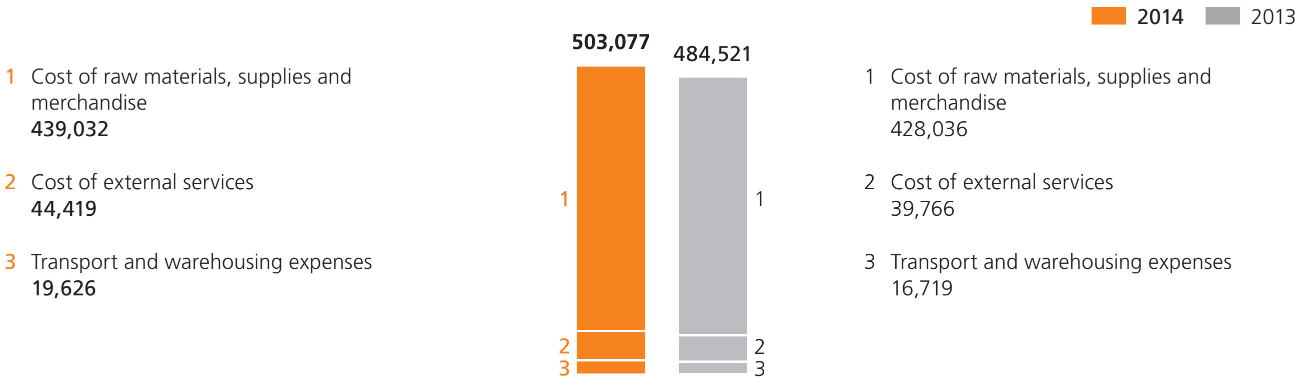


(7) Other internal costs capitalised

The total of other internal costs capitalised essentially derives from manufacturing costs in respect of work or assets capitalised, with material intercompany profits eliminated.

(8) Purchased goods and services

Total purchased goods and services in €k



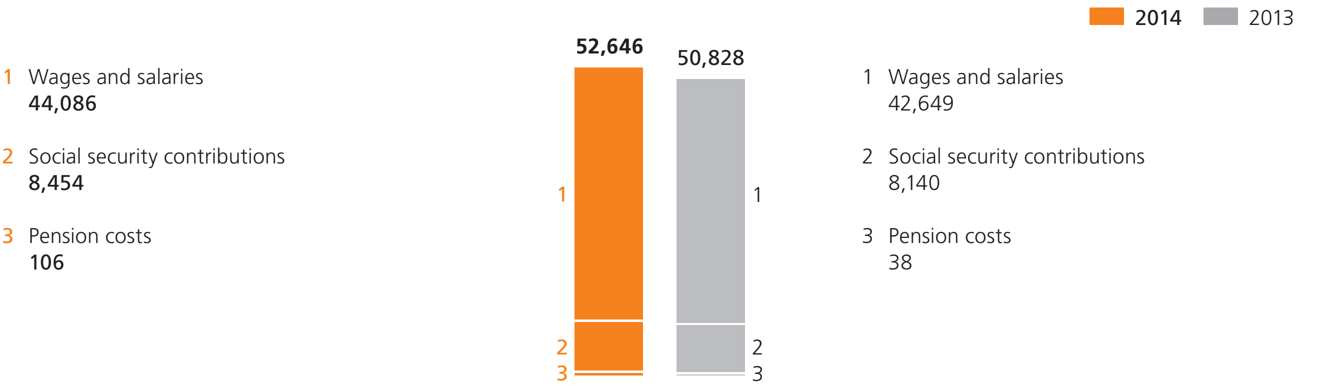
The cost of purchased goods and services increased compared to the previous year by € 18.6 million or 3.8 % to € 503.1 million. Increasing sales volumes in the segments of the Chemicals division and higher purchase prices for raw materials in the first half of 2014 were the factors primarily responsible for this increase. Although commodity prices generally fell in the wake of the significant decline in the oil price from the end of the third quarter of 2014, this was not sufficient to completely offset the developments encountered in the first half of the year.

Overall, the PCC Group increased its gross profit from all segments by € 7.6 million or 5.4 % to € 149.6 million in fiscal 2014. This puts the gross margin at 22.9 %, a slight improvement on the 22.7 % of the previous year. Positive effects were also derived from the decrease in energy costs in production. Following the complete switch of the chlor-alkali electrolysis process to environmentally friendly and energy-efficient membrane technology, the Group's focus in the Chemicals division is now on extending the value chain and achieving further energy-related cost savings in the production process.

Because of the increase in purchased volumes compared to the previous year, transportation costs also rose to a total of € 19.6 million for the reporting year.

(9) Personnel expenses

Personnel expenses in € k



Compared to the previous year, personnel expenses increased by € 1.8 million to € 52.6 million. This rise is due primarily to a higher annualised number of employees accompanying expansion work, particularly in the Consumer Products and Holding segments. At the end of 2014, the number of people employed at the Group was 2,890, an increase of 138 versus the prior-year figure of 2,752.

The expansion capital expenditures in the Consumer Products segment and the Intermodal Transport business unit were particularly instrumental in this rise. However, supporting functions at the Brzeg Dolny chemicals production site also underwent expansion in the year under review.

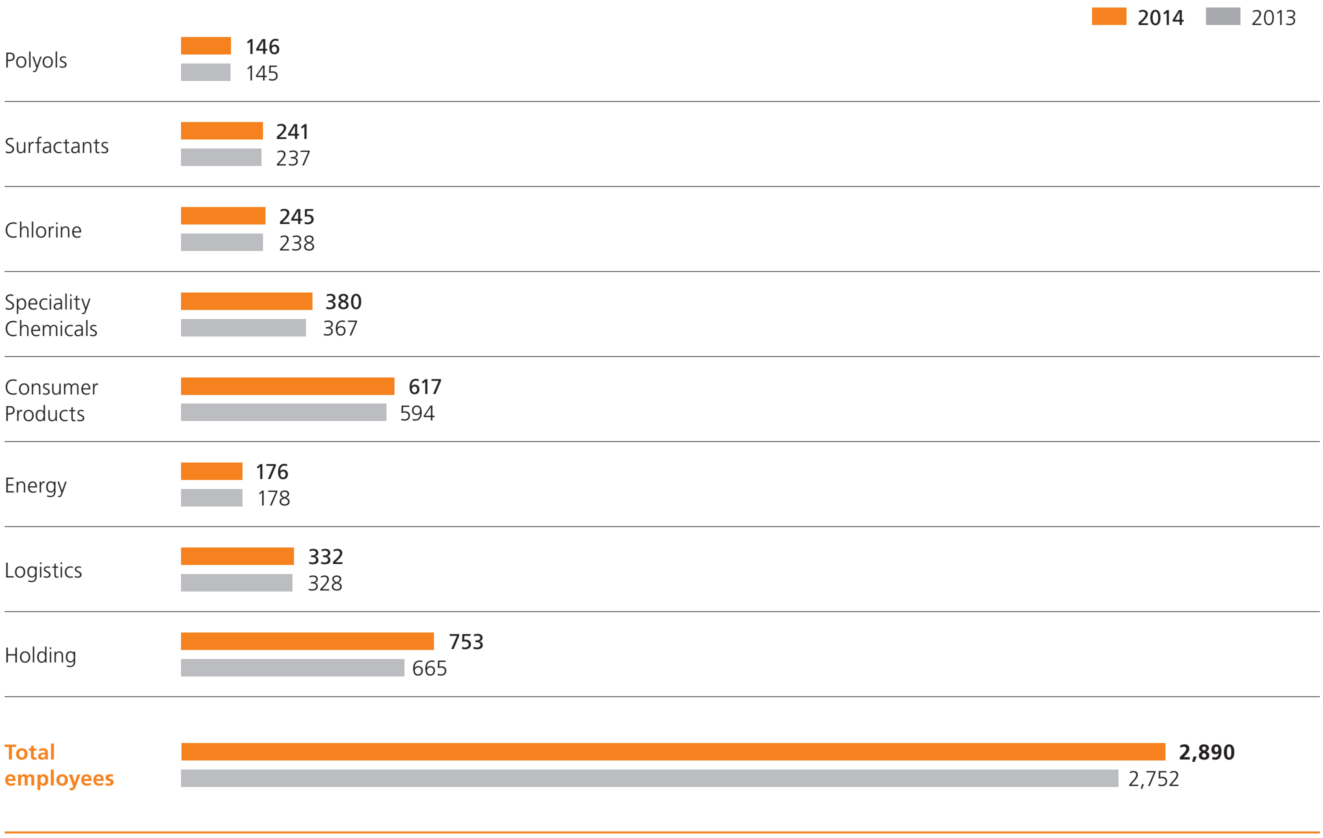
The average number of employees at the companies of the PCC Group in 2014 was 2,869. That is 154 or 5.7 % more than in the previous year. The major portion of the changes occurred in the manufacturing companies located in Poland.

The following table shows the changes that took place with respect to average employee numbers in the PCC Group in 2014:

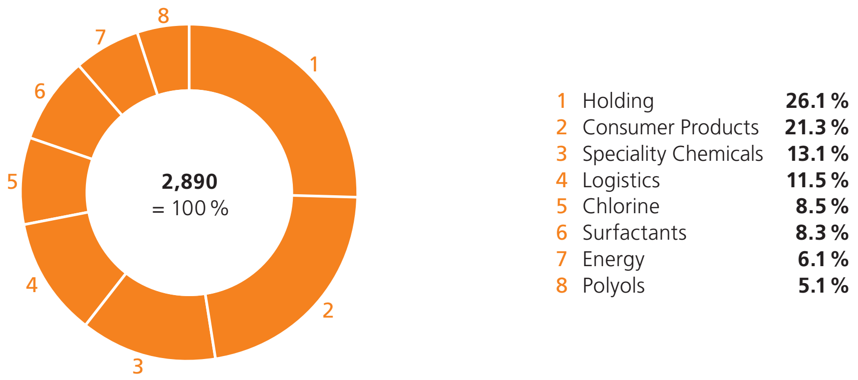
Average	2014	2013
Salaried employees	1,221	1,164
Waged employees	1,648	1,551
Total employees	**2,869**	**2,715**

The following breakdown indicates the distribution of employees between the Group segments as of the closing date. The corporate service functions are allocated to the Holding segment. Expansion in this area can be clearly seen from the graphic.

Employee numbers by segment as of December 31

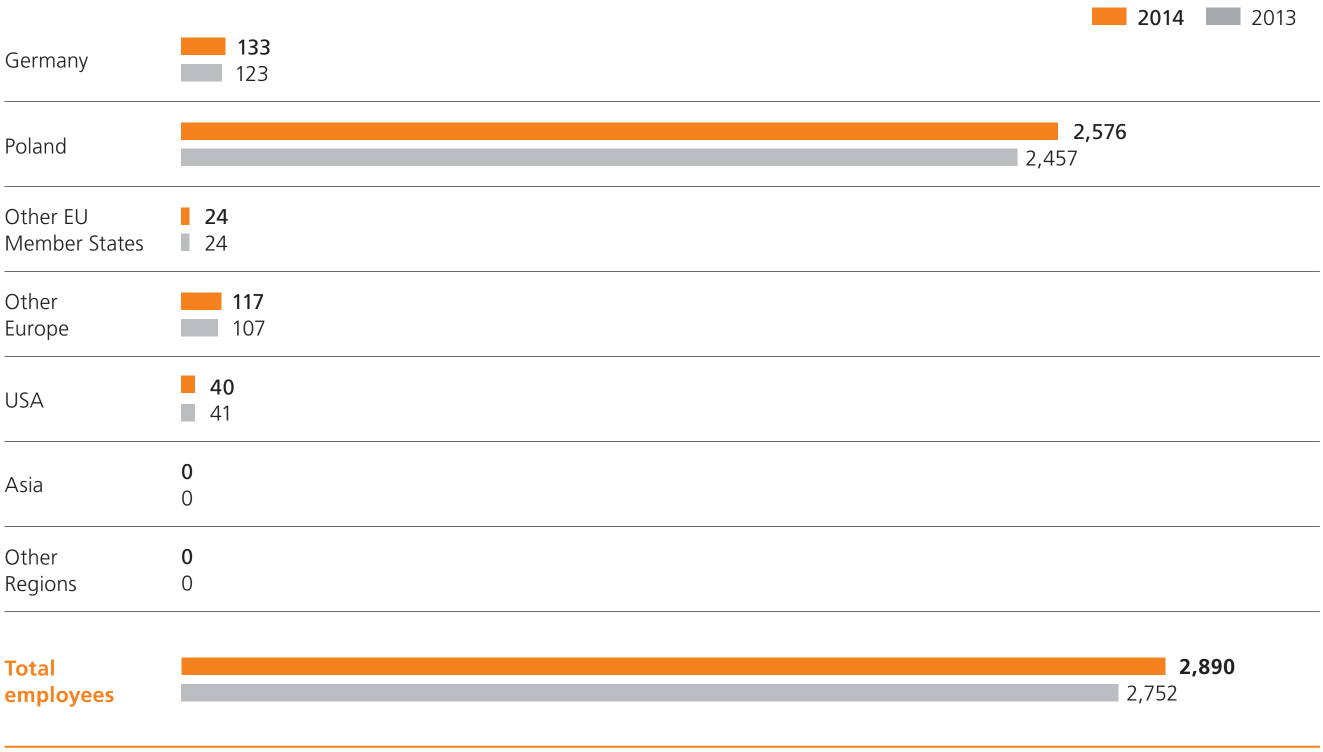


Employees by segment 2014 in %

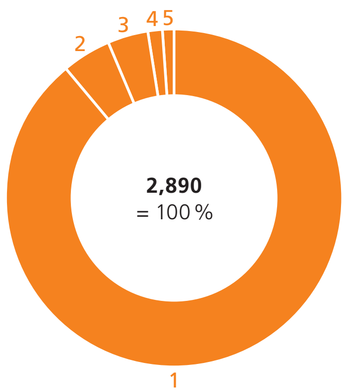


The geographic distribution of employees as of the closing date was as follows:

Employee numbers by region as of December 31



Employees by region 2014 in %



1	Poland	**89.1 %**
2	Germany	**4.6 %**
3	Other Europe	**4.0 %**
4	USA	**1.4 %**
5	Other EU Member States	**0.8 %**

(10) Other operating income

Figures in € k	2014	2013
Income on disposal of financial assets	19,623	17,910
Income from reversal of value adjustments on accounts receivable	1,790	2,038
Rental and similar income	807	922
Income from release of other provisions	715	124
Insurance reimbursements	653	1,524
Income on disposal of property, plant and equipment	332	599
Income from costs recharged	128	253
Sundry other operating income	3,591	7,196
Total other operating income	**27,639**	**30,567**

Other operating income decreased in the reporting year by € 2.9 million from € 30.6 million to € 27.6 million.

Gains from the disposal of financial assets, which also include gains from the first-time consolidation of consolidated companies and other business units, increased by € 1.7 million to € 19.6 million. Two items made a major contribution to these gains: in fiscal 2014, PCC SE listed its subsidiary PCC Rokita SA, Brzeg Dolny, on the Warsaw Stock Exchange (GPW), with the IPO being accompanied by a capital increase and the sale of minority interests. At the end of 2014, PCC SE also sold a minority stake in its project company PCC BakkiSilicon hf, Húsavík (Iceland). These actions serve to further underline PCC's commitment to its strategy of proactive portfolio management.

Other operating income halved to € 3.6 million. This is due in the first instance to a decrease in the differences arising from the consolidation of income and expenses.

The sundry other items under this heading essentially remained unchanged versus the previous year.

(11) Other operating expenses

Figures in € k	2014	2013
Freight expenses	13,449	12,402
Maintenance and repair expenses	7,751	9,113
Legal and consultancy expenses	7,605	4,481
Other taxes	5,603	5,075
General office costs	3,991	3,372
Travel and hospitality expenses	3,584	3,812
Increase of value adjustments on receivables	3,440	2,503
Insurance premiums	3,293	3,385
Rent and similar expenses	3,173	3,164
Non-wage personnel expenses	1,991	2,042
Marketing, selling and distribution expenses	1,158	1,095
Losses on disposal of property, plant and equipment	135	442
Allocation to sundry other provisions	49	1,579
Sundry other operating expenses	15,260	16,084
Total other operating expenses and other taxes	**70,481**	**68,549**

Other operating expenses increased year on year by 2.8 %, from € 68.5 million in 2013 to € 70.5 million in fiscal 2014.

At € 13.4 million (up 8.4 % on the previous year), freight expenses were the biggest item, due to increased expenditures on outgoing freight as a result of increased production volumes in the Chemicals segments.

Other taxes contain 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 (16). At € 5.6 million, the figure for the year under review is 10.4 % above the prior-year amount of € 5.1 million.

Compared to the previous year, maintenance and repair expenses decreased by € 1.4 million or 14.9 % to € 7.8 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 in particular, which, due to more efficient utilisation of its plant and machinery and replacement investments in new, less repair-intensive facilities was able to reduce expenditures in this domain.

Because of the flotation of the subsidiary PCC Rokita SA and increased amounts relating to the purchase of external expertise, legal and consultancy expenses increased in the year under review by € 3.1 million to a total of € 7.6 million.

Expenses arising from allocations to value adjustments were also forced higher in the reporting year. One major customer from the steel industry filed for insolvency and the PCC SE subsidiary affected had to write off all its claims and receivables from that source.

Research and development expenses of € 380 k were recognised for the reporting period (previous year: € 418 k). For explanations of other taxes, please refer to Note (16).

(12) Income from investments accounted for using the equity method

Figures in € k	2014	2013
Equity value as of Jan. 1	13,530	10,860
Changes in consolidation scope	–6,880	–
Additions	–	133
Dividends received	–157	–67
Share of net profit/loss	618	2,539
Other changes	–28	67
Net book value as of Dec. 31	**7,083**	**13,530**

As in the previous year, in fiscal 2014 the company 3S S.A., Katowice (Poland), was accounted for using the equity method at the Group level. The company IGBS S.A., Katowice (Poland), which was accounted for using the equity method in the previous year, was divested in 2014 and is shown as a change in consolidation scope. Fiscal 2014 showed no value adjustments to the goodwill of 3S S.A. As of the closing date of the 2014 financial statements, the debit differential attributable to 3S S.A. was around € 2.6 million (previous year: € 2.6 million). This is a goodwill item. Because of the capital increase undertaken in 2013 at 3S S.A., in the course of which PCC SE increased its shareholding to over 46 %, there was also an increase in this debit differential.

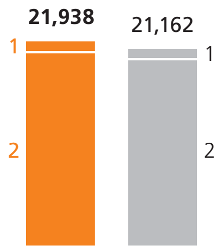
(13) Depreciation and amortisation

Depreciation and amortisation in € k

2014 2013

1 Amortisation of intangible assets
985

2 Depreciation of property, plant and equipment
20,954



1 Amortisation of intangible assets
980

2 Depreciation of property, plant and equipment
20,182

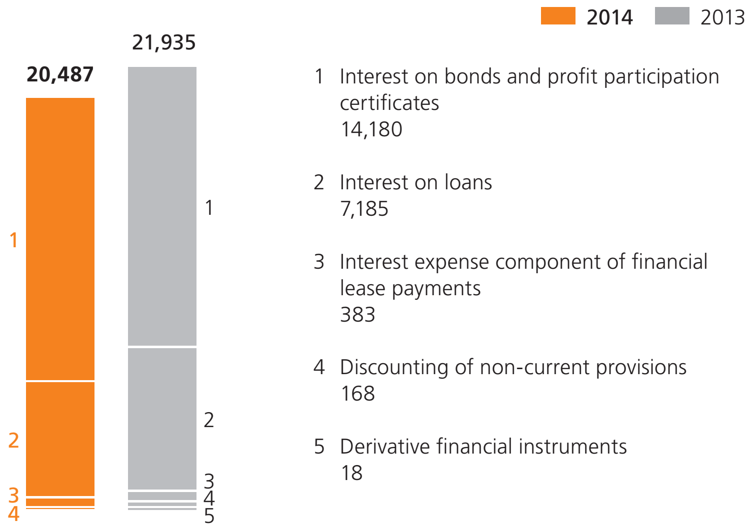
The depreciation of property, plant and equipment increased due to continuation of the extensive capital expenditure programme of the PCC Group put in train in recent years. In the reporting year, amortisation of intangible assets and depreciation of property, plant and equipment amounted to € 21.9 million, an increase of 3.7 % year on year. A significant proportion of the increase is attributable to the small hydropower plants that went into service in the Republic of Macedonia, a new production plant for liquid laundry care and household cleaning detergents in Belarus, and expansion of the infrastructure of the data centre in Poland.

Amortisation of non-current intangible assets relates to industrial property rights and similar rights. There were no impairments of goodwill either in fiscal 2014 or in the previous year. For further information in relation to goodwill, please refer to Note (19).

(14) Interest and similar expenses

This item comprises interest on loans, interest arising from the issuance of bonds and profit participation certificates, and expenses arising from derivative financial instruments. The breakdown for 2014 reads as follows:

Interest and similar expenses in € k



	2014	2013
1 Interest on bonds and profit participation certificates	14,338	14,180
2 Interest on loans	5,780	7,185
3 Interest expense component of financial lease payments	360	383
4 Discounting of non-current provisions	9	168
5 Derivative financial instruments	0	18

Overall, interest expense decreased by € 1.4 million or 6.6 % to € 20.5 million. One reason is that the parent company of the PCC Group and also Polish subsidiaries were able to refinance their borrowings at better conditions in the capital markets. New loans with lower interest rates were also taken out. Although there was an increase in interest-bearing financial liabilities in the total amount of € 37.5 million, this was outweighed by the aforementioned more favourable interest rates.

Interest attributable to investment projects is capitalised during the construction phase in accordance with IAS 23. In the year under review, total interest expenses amounting to € 2.3 million were recognised on the assets side (previous year: € 1.8 million). The capitalisation rate was 7.0 % (previous year: 8.0 %).

As in the previous year, the largest single item was interest on bonds and profit participation certificates. Under Note (29) can be found a detailed breakdown of bond liabilities and their tenors. The weighted interest rate across all interest-bearing liabilities in fiscal 2014 was 5.8 %, a decrease of 0.4 percentage points compared to the rate prevailing in the previous year.

(15) Result from currency translation

Figures in € k	**2014**	2013
Currency translation gains	7,860	7,714
Currency translation losses	13,987	9,206
Currency translation result	**– 6,126**	**– 1,492**

Gains and losses from currency translation are recognised under financial result. In particular, losses arising from currency translation increased considerably compared to the previous year. The significant decline of the Russian ruble, particularly in the second half of the year, and also a weaker Polish zloty were the prime contributors to this outcome.

(16) Taxes on income

Figures in €k	2014	2013
Current taxes on income, Germany	1,159	174
Current taxes on income, international	1,935	1,811
Current income tax expenses	**3,094**	**1,985**
Deferred tax income (–) / expense (+)	– 1,508	– 1,209
Total taxes on income	**1,586**	**776**
Other taxes incl. VAT and other excise duties	5,603	5,075
Total tax expenses	**7,189**	**5,851**

Taxes on income include the income taxes paid or owed in the individual countries, and also deferred taxes recognised through profit or loss. Taxes on income are comprised of municipal trade and corporate income tax, the solidarity surcharge payable in Germany and the corresponding foreign taxes on income. Deferred taxes arising out of consolidation adjustments are likewise recognised under this heading.

In 2014, these amounted to around € 56 k (previous year: income of € 315 k) and are disclosed as part of the deferred taxes balance. They relate primarily to the elimination of intercompany profits.

Other taxes include property taxes, wealth taxes and other comparable tax classes in the amount of € 5.6 million (previous year: € 5.1 million). These are allocated to other operating expenses.

The differences between the income tax rate of 30 % applicable in Germany for 2014 (previous year: 30 %) and the effective tax rate are explained by the following reconciliation table:

	2014		2013	
Effective tax rate reconciliation	€k	%	€k	%
Earnings before taxes (EBT)	7,775	–	12,858	–
Anticipated income tax burden at parent company tax rate	2,332	30.0 %	3,857	30.0 %
Foreign tax rate differentials	– 981	– 12.6 %	– 764	– 5.9 %
Result from investments accounted for using the equity method	– 618	– 8.0 %	– 2,539	– 19.7 %
Non-deductible expenses	504	6.5 %	116	0.9 %
Other effects	349	4.5 %	105	0.8 %
Effective income tax / tax rate	**1,586**	**20.4 %**	**776**	**6.0 %**

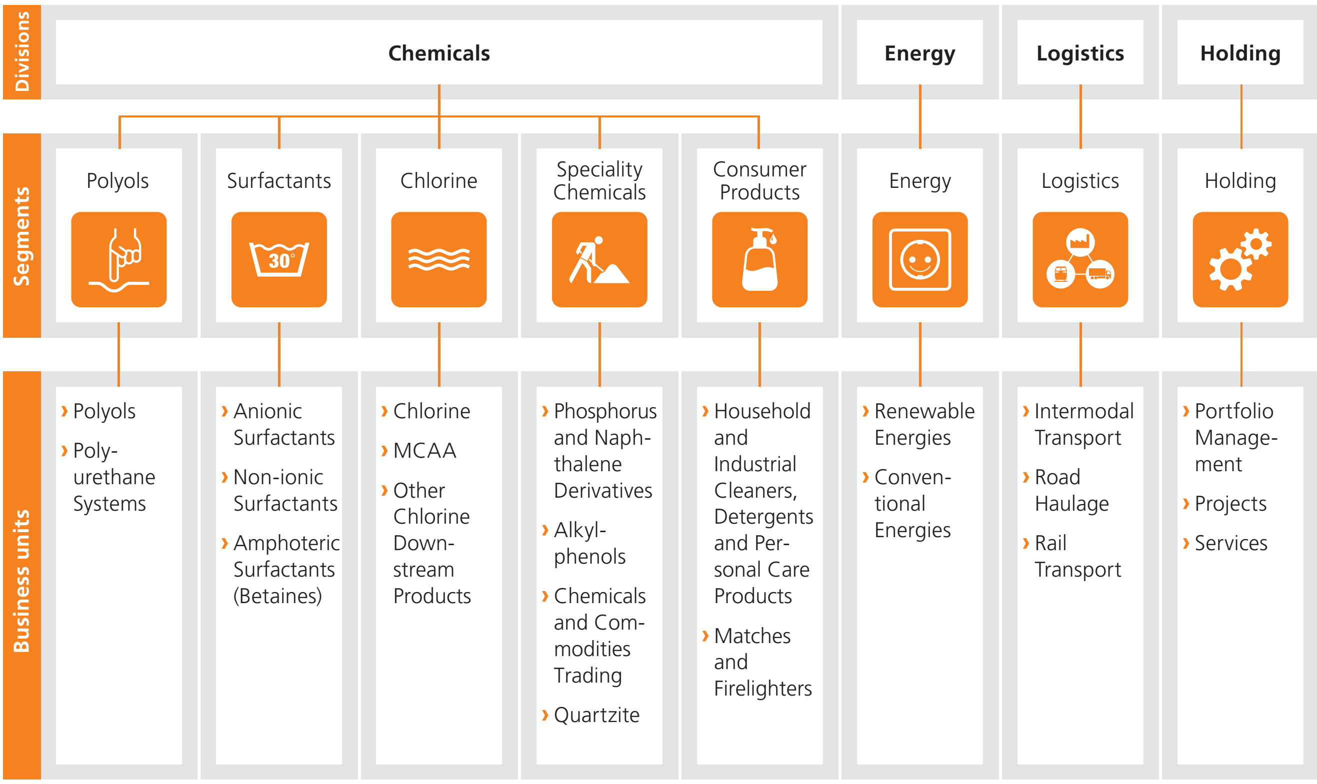
Segment report

(17) Business segment report

The PCC Group is currently active with 2,900 employees at 39 sites in 17 countries. The portfolio of PCC SE is divided into eight segments. The seven segments Polyols, Surfactants, Chlorine, Speciality Chemicals, Consumer Products, Energy and Logistics are assigned full operational responsibility. Allocated to these segments are 19 business units that are managed by the international companies and entities of PCC.

The eighth segment, Holding, includes not only the holding company PCC SE but also other companies and entities and is primarily responsible for providing corporate services in the fields of finance, business development, information technology, environmental protection, site infrastructure management, research & development and engineering & technology.

The divisions, segments and business units of the PCC Group



The assignment of the Group's businesses to the seven operational segments assists in the leverage of synergy effects and sharpens the profile of the individual operations. The adoption of this structure underscores the PCC Group's commitment to its strategy of active portfolio management and ongoing portfolio optimisation. The management of the portfolio assets and affiliates together with examination of potential acquisitions for the purpose of competence-related diversification into new market segments remains at the heart of Group policy. The underlying objective over the long term is to strengthen the basis for sustainable growth and to continuously increase enterprise value.

The Polyols segment is divided into the business units Polyols and Polyurethane Systems. These manufacture products that provide the basis for PU foam materials serving a wide range of applications in numerous industries – from the PCC foam technology iPoltec® for high-comfort mattresses to PU foam systems for the effective thermal insulation of buildings.

Pooled under the Surfactants segment are the business units Anionic Surfactants, Non-ionic Surfactants and Amphoteric Surfactants (Betaines). Because of their multiple effects in foaming, wetting, emulsifying and cleaning, surfactants are a primary ingredient in many products. In toothpastes, they generate the cleaning effect and foaming action, while in dishwashing products they ensure that dirt and grease are effectively dislodged from hard surfaces.

Chlorine marks the starting point in the value chain of many other products in the Chemicals division. It is also essential for everyday living: in swimming baths, for example, it serves as a disinfectant protecting bathers from germs. Produced nowadays by an environmentally friendly process, chlorine and downstream chlorine products manufactured by PCC are also used in water treatment and the petrochemical industry.

The Speciality Chemicals segment is PCC's biggest in terms of revenue. Its products extend from phosphorus-based flame retardants, plasticisers and stabilisers, to additives for hydraulic fluids and superplasticisers that facilitate the laying of fresh concrete. The commodities trading operation of the PCC Group is also currently allocated to this segment.

The Consumer Products segment encompasses the business unit Household & Industrial Cleaners, Detergents and Personal Care Products – with its own Polish brands such as "ROKO" and "Roko Eco" – together with the business unit Matches and Firelighters.

Aside from the on-site power generation activities of the manufacturing plants in Poland, the Energy segment also pursues the construction and operation of power plants based on renewable energies. So far, four environmentally friendly small hydropower plants have been commissioned in the Republic of Macedonia, with one also in service in Bosnia-Herzegovina.

The Logistics segment comprises the three business units Intermodal Transport, Road Haulage and Rail Transport. PCC is one of the leading providers of container transport services in Poland. The logistics network extends from Eastern Europe to the Benelux countries, and the Group entities also operate several wholly owned terminals. Operating throughout Europe, the tanker fleet of PCC specialises in the road transport of liquid chemicals.

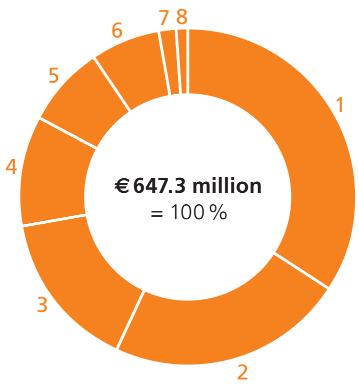
The Holding segment provides corporate and interdivisional services to the Group companies in fields such as finance, information technology, research, and maintenance & servicing. The Holding segment also manages projects in the development phase such as the advanced silicon metal production plant planned for Iceland.

Segment report, figures in € k	Polyols 2014	Polyols 2013	Surfactants 2014	Surfactants 2013	Chlorine 2014	Chlorine 2013
Net external sales	147,046	132,778	98,787	95,173	67,802	88,530
Sales with other PCC segments[3]	0	0	5	3	0	0
Sales revenue	**147,046**	132,778	**98,792**	95,176	**67,802**	88,530
EBITDA	12,576	3,818	6,564	8,293	8,094	16,116
EBITDA margin in %	8.6 %	2.9 %	6.6 %	8.7 %	11.9 %	18.2 %
EBIT	11,354	2,555	4,389	6,166	3,669	11,867
EBIT margin in %	7.7 %	1.9 %	4.4 %	6.5 %	5.4 %	13.4 %
Intangible assets	208	155	1,698	1,732	9,075	9,307
Property, plant and equipment	25,865	25,957	41,850	41,693	127,939	80,028
Financial liabilities	6,263	10,178	48,566	50,239	52,452	36,082
Capital expenditures in intangible assets and property, plant and equipment	2,160	786	2,818	10,889	51,294	26,897
Depreciation and amortisation	1,222	1,263	2,175	2,127	4,425	4,249
Capital employed (average)[2]	27,488	30,560	67,942	69,909	125,944	103,756
ROCE in %[2]	41.3 %	8.4 %	6.5 %	8.8 %	2.9 %	11.4 %
Income from investments accounted for using the equity method	0	0	0	0	0	0
Employees at Dec. 31	146	145	241	237	245	238
Annual average number of employees	143	141	237	233	241	241

1 Holding/Reconciliation contains the Holding segment and consolidation items
2 Related to year-end amounts and therefore deviates from average method
3 Sales revenues with affiliated, non-consolidated entities

Speciality Chemicals		Consumer Products		Energy		Logistics		Holding / Reconciliation[1]		PCC Group	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
220,440	202,307	42,018	43,503	10,869	11,580	50,847	42,833	5,361	5,705	643,170	622,410
1,615	758	495	64	0	0	0	0	2,030	1,057	4,145	1,883
222,055	**203,065**	**42,513**	**43,568**	**10,869**	**11,580**	**50,847**	**42,833**	**7,391**	**6,763**	**647,315**	**624,293**
3,921	1,878	1,145	1,970	5,383	4,331	3,926	2,408	13,076	16,844	54,684	55,659
1.8 %	0.9 %	2.7 %	4.5 %	49.5 %	37.4 %	7.7 %	5.6 %	176.9 %	249.1 %	8.4 %	8.9 %
–136	–1,604	289	1,285	2,933	2,057	1,197	–534	9,051	12,704	32,746	34,497
–0.1 %	–0.8 %	0.7 %	2.9 %	27.0 %	17.8 %	2.4 %	–1.2 %	122.5 %	187.9 %	5.1 %	5.5 %
2,145	2,340	36	39	3,295	490	163	170	8,687	8,414	25,306	22,646
30,335	32,869	13,505	10,013	53,194	46,054	50,956	39,811	56,998	54,868	400,641	331,293
30,163	27,022	14,133	9,307	31,463	15,263	32,919	22,170	176,132	184,422	392,092	354,684
2,738	3,719	4,562	3,911	2,616	2,650	19,126	10,183	13,517	–5,515	98,831	53,520
4,056	3,482	856	685	2,449	2,274	2,730	2,942	4,026	4,140	21,938	21,162
60,615	60,068	15,764	12,785	72,484	62,752	49,989	42,403	165,798	99,267	586,023	481,501
–0.2 %	–2.7 %	1.8 %	10.0 %	4.0 %	3.3 %	2.4 %	–1.3 %	5.5 %	12.8 %	5.6 %	7.2 %
0	0	0	0	0	0	0	0	618	2,539	618	2,539
380	367	617	594	176	178	332	328	753	665	2,890	2,752
376	373	636	593	179	184	326	325	731	624	2,869	2,715

Sales by segment 2014 in %



1	Speciality Chemicals	**34.3 %**
2	Polyols	**22.7 %**
3	Surfactants	**15.3 %**
4	Chlorine	**10.5 %**
5	Logistics	**7.9 %**
6	Consumer Products	**6.6 %**
7	Energy	**1.7 %**
8	Holding	**1.1 %**

(18) Regional segment report

Figures in €k	Germany 2014	Germany 2013	Poland 2014	Poland 2013
Customer location				
Sales revenue	167,660	158,295	227,779	231,828
Sales as % of total revenue	25.9 %	25.4 %	35.2 %	37.1 %
Company location				
Net external sales	148,738	123,062	442,214	441,299
Sales with other PCC segments[1]	0	42	2,531	1,125
Sales revenue	**148,738**	**123,103**	**444,744**	**442,424**
Property, plant and equipment	9,011	7,807	363,016	296,830
Financial liabilities	169,751	182,879	184,561	147,777
Capital expenditures on intangible assets and property, plant and equipment	11,708	2,236	84,706	44,641
Depreciation and amortisation	1,041	964	18,731	17,907
Employees at Dec. 31	133	123	2,576	2,457

1 Sales revenue from affiliated, non-consolidated entities

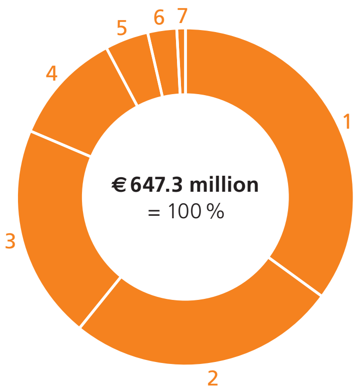
For the purpose of financial communications, the PCC Group pools its businesses within seven regions: Germany, Poland, Other EU Member States, Other Europe, USA, Asia and Other Regions.

Based on company location, Poland accounted for net external sales of €442.2 million, corresponding to 69 % of Group revenues in fiscal 2014. Based on customer location, the figure for Poland was €227.8 million (previous year: €231.8 million) or around 35 %. With revenues from commodity trading increasing, there was a particularly strong rise in Germany of sales by customer location, from €158.3 million to €167.7 million. Revenues by company location increased here from €123.0 million to €148.7 million.

Capital expenditures in Poland amounted to €84.7 million (previous year: €44.6 million) with major investment projects being undertaken in the Chlorine and Logistics segments, primarily in the form of the switch of the chlor-alkali electrolysis process to membrane technology, construction of an MCAA plant and expansion of the container terminal network.

Other EU Member States		Other Europe		USA		Asia		Other Regions		PCC Group	
2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
130,278	142,576	71,225	44,884	18,867	19,233	26,934	23,517	4,572	3,961	647,315	624,293
20.1 %	22.8 %	11.0 %	7.2 %	2.9 %	3.1 %	4.2 %	3.8 %	0.7 %	0.6 %	100.0 %	100.0 %
28,726	33,886	5,148	5,580	18,344	18,583	0	0	0	0	643,170	622,410
0	716	1,615	0	0	0	0	0	0	0	4,145	1,883
28,726	34,602	**6,763**	5,580	**18,344**	18,583	**0**	0	**0**	0	**647,315**	624,293
1,413	1,407	23,467	21,815	3,734	3,434	0	0	0	0	400,641	331,293
4,680	1,537	31,350	20,652	1,751	1,838	0	0	0	0	392,092	354,684
37	53	2,326	6,297	53	293	0	0	0	0	98,831	53,520
22	17	1,919	1,997	224	277	0	0	0	0	21,938	21,162
24	24	117	107	40	41	0	0	0	0	2,890	2,752

Sales by region 2014 in %



1	Poland	**35.2 %**
2	Germany	**25.9 %**
3	Other EU Member States	**20.1 %**
4	Other Europe	**11.0 %**
5	Asia	**4.2 %**
6	USA	**2.9 %**
7	Other Regions	**0.7 %**

Notes to the consolidated balance sheet

(19) Intangible assets

Figures in €k	Industrial property rights and similar rights	Goodwill	Advance payments	Total
Historical cost				
Jan. 1, 2014	18,374	7,829	1,333	**27,535**
Changes in consolidation scope	2,298	–	–	**2,298**
Additions	1,323	9	371	**1,703**
Disposals	884	–1	–	**883**
Reclassifications	120	–	–120	**–**
Currency translation differences	–393	107	–37	**–322**
Dec. 31, 2014	**20,837**	**7,946**	**1,547**	**30,331**
Amortisation				
Jan. 1, 2014	4,796	–	93	**4,889**
Changes in consolidation scope	6	–	–	**6**
Additions	953	–	31	**984**
Disposals	779	–	–	**779**
Reclassifications	–	–	–	**–**
Currency translation differences	–72	–	–3	**–76**
Dec. 31, 2014	**4,903**	**–**	**121**	**5,025**
Net book value on Dec. 31, 2014	**15,934**	**7,946**	**1,426**	**25,306**

Intangible assets comprise commercial proprietary rights, licences and similar rights, goodwill, internally generated intangible assets and advance payments for such assets. The net book values in the year under review increased from €22.6 million to €25.3 million. The changes in consolidation scope are the result of the first-time consolidation of PCC HYDRO DOOEL Skopje and the concessions acquired by this company for the operation of hydropower plants in Macedonia. Effective January 1, 2013, the net book values amounted to €21.7 million.

Figures in € k	Industrial property rights and similar rights	Goodwill	Advance payments	Total
Historical cost				
Jan. 1, 2013	17,968	7,321	493	25,782
Changes in consolidation scope	2	–	–	2
Additions	734	544	1,048	2,326
Disposals	244	–	–	244
Reclassifications	204	–	–199	5
Currency translation differences	–291	–36	–10	–336
Dec. 31, 2013	**18,374**	**7,829**	**1,333**	**27,535**
Amortisation				
Jan. 1, 2013	4,072	–	–	4,072
Changes in consolidation scope	1	–	–	1
Additions	888	–	92	980
Disposals	123	–	–	123
Reclassifications	–	–	–	–
Currency translation differences	–42	–	1	–41
Dec. 31, 2013	**4,796**	**–**	**93**	**4,889**
Net book value on Dec. 31, 2013	**13,578**	**7,829**	**1,239**	**22,646**

Goodwill

Figures in € k	Dec. 31, 2014	Dec. 31, 2013
PCC Silicium S.A.	2,615	2,614
PCC Intermodal S.A.	2,593	2,585
PCC Rokita subgroup	1,330	1,330
PCC Chemax, Inc.	894	787
PCC Exol SA	515	513
Goodwill	**7,946**	**7,829**

A debit differential that cannot be allocated to other assets on the first-time consolidation of subsidiaries is recognised in the consolidated balance sheet as goodwill. Goodwill does not undergo scheduled amortisation; instead, it is subjected at least once a year to an impairment test in accordance with IFRS 3.

The above chart shows all the goodwill present in the Group as of December 31, 2014. It also includes the goodwill assumed from the individual financial statements of the US company PCC Chemax, Inc., Piedmont (South Carolina). As a result of the acquisition of further shares in PCC Silicium S.A., Zagórze (Poland), and in PCC Intermodal S.A., Gdynia (Poland), the goodwill associated with these entities has increased. At the time of IFRS transition on January 1, 2013, goodwill amounted to € 7.3 million, and rose in the course of 2013 as a result of the acquisition of newly created shares in PCC Exol SA.

The annual impairment tests were carried out in each case in the fourth quarter of the fiscal year and were based on management-approved budgets for the three subsequent years. A terminal value was determined on the basis of the last budget year. The achievable amount was determined on the basis of value in use. As in the previous year, the growth rate assumed was 1.0 %. The planning assumptions are based on empirical values and estimates of the respective business management, taking into account centrally defined global positions such as exchange rates, estimates of economic development, market growth or commodity prices, for which purpose external sources were also consulted. The local tax rates assumed were, once again, 19.0 % in the case of the Polish cash-generating units, and 35.0 % in the case of the US cash-generating unit. The tax rates remained unchanged versus the previous year. The discount rate assumed was again 6.0 %, as in the previous year.

As in fiscal 2013, no impairments resulted from the impairment tests performed in fiscal 2014.

(20) Property, plant and equipment

Figures in € k	Land and buildings	Plant and machinery	Factory and office equipment	Advance payments and assets in course of construction	Total
Historical cost					
Jan. 1, 2014	89,050	224,045	126,956	52,370	492,422
Changes in consolidation scope	1,712	559	39	4,831	7,141
Additions	2,524	2,523	664	91,172	96,882
Disposals	299	3,894	1,402	–	5,595
Reclassifications	11,422	22,533	–6,425	–27,530	–
Currency translation differences	–2,477	–12,335	–3,315	–1,333	–19,459
Dec. 31, 2014	**101,932**	**233,432**	**116,518**	**119,509**	**571,390**
Depreciation					
Jan. 1, 2014	18,101	98,223	44,490	315	161,129
Changes in consolidation scope	219	30	20	–	270
Additions	2,546	13,072	4,920	295	20,834
Disposals	105	3,665	1,219	–	4,989
Reclassifications	–47	4,053	–4,007	–	–
Currency translation differences	–543	–4,641	–1,295	–15	–6,494
Dec. 31, 2014	**20,171**	**107,074**	**42,910**	**595**	**170,749**
Net book value on Dec. 31, 2014	**81,761**	**126,358**	**73,608**	**118,914**	**400,641**

Additions to property, plant and equipment in fiscal 2014 amounted to € 96.9 million. Essentially, these investments related to the switch of the chlor-alkali electrolysis process to membrane technology, construction of an MCAA plant and the construction and expansion of the container terminal network. These particular capital expenditures occurred exclusively in Poland, with € 51.3 million falling under the Chlorine segment and € 19.1 million attributable to the Logistics segment. As a result of the first-time consolidation of PCC HYDRO DOOEL Skopje, property, plant and equipment increased by € 8.5 million. Disposals mainly related to assets replaced by new investments.

Depreciation of property, plant and equipment in the reporting year amounted to € 20.8 million. The increase compared to the previous year is primarily the result of completion of investment projects in the course of 2014. Included in the depreciation amount are revaluations amounting to € 49.7 k. There were no unscheduled write-downs in the reporting year.

Figures in € k	Land and buildings	Plant and machinery	Factory and office equipment	Advance payments and assets in course of construction	Total
Historical cost					
Jan. 1, 2013	85,706	211,763	123,246	31,610	**452,324**
Changes in consolidation scope	47	3,445	526	824	**4,843**
Additions	–249	8,237	877	44,470	**53,335**
Disposals	673	4,789	1,952	1,437	**8,851**
Reclassifications	4,708	10,583	6,652	–22,541	**–599**
Currency translation differences	–489	–5,194	–2,393	–555	**–8,631**
Dec. 31, 2013	**89,050**	**224,045**	**126,956**	**52,370**	**492,422**
Depreciation					
Jan. 1, 2013	16,701	90,620	41,267	1,462	**150,050**
Changes in consolidation scope	9	1,005	168	–1,287	**–106**
Additions	2,211	12,310	5,314	165	**20,000**
Disposals	460	3,595	1,674	–	**5,729**
Reclassifications	–50	–128	178	–	**–**
Currency translation differences	–309	–1,990	–763	–26	**–3,088**
Dec. 31, 2013	**18,101**	**98,223**	**44,490**	**315**	**161,129**
Net book value on Dec. 31, 2013	**70,949**	**125,822**	**82,466**	**52,055**	**331,293**

In fiscal 2013, additions to property, plant and equipment amounted to € 53.3 million. Major investments included the start of construction of the MCAA plant, expansion capital expenditures at the chemicals site in Brzeg Dolny, the purchase of further wagons by the Rail Transport business unit in Russia, and the creation of additional production capacities in the Consumer Products segment in Belarus. The first-time consolidation of ZAO Novobalt Terminal, Kaliningrad (Russia), resulted in an increase in property, plant and equipment of € 3.7 million.

Depreciation of property, plant and equipment in fiscal 2013 amounted to € 20.0 million. There were no revaluations offsetting the depreciation amount. There were restrictions of disposal rights in respect of individual assets as of the closing date where these also served as collateral security for liabilities. Investment obligations in the form of already contractually agreed but not yet completed capital expenditures as of December 31, 2014 amounted to € 57.2 million (previous year: € 49.1 million, January 1, 2013: € 7.9 million). An amount of € 0.5 million was also received in fiscal 2014 in relation to insurance claims pertaining to property, plant and equipment (previous year: € 0.3 million).

Included in non-current financial assets are shares held in affiliated companies. These investments rose from € 4.2 million to € 78.3 million in the year under review. The increase is essentially due to the remeasurement of the shares in PCC BakkiSilicon hf at fair value.

(21) Investment property

In fiscal 2014, the net book value of investment property was € 2.6 million (previous year: € 2.6 million). There were no unscheduled write-downs on these assets. Additions in fiscal 2014 amounted to € 148 k, which resulted from modernisation work. In the previous year, additions amounted to € 594 k.

(22) Inventories

Figures in € k	Dec. 31, 2014	Dec. 31, 2013
Raw materials and supplies	16,399	15,892
Work in progress	10,205	9,355
Finished products	6,622	4,237
Merchandise	10,806	9,389
Goods in transit	5,984	3,123
Advance payments	3,289	4,515
Total inventories	**53,304**	**46,511**

Compared to the previous year, inventories increased by € 6.8 million or 14.6 % to € 53.3 million. In particular, the trading companies held inventories at the end of the year from contracts not yet completed, these being recognised in the consolidated balance sheet as merchandise.

The increase also reflects the growth in sales revenues. In particular, the rise in sales generated by the segments of the Chemicals division, and thus the increase in raw materials and supplies and also in semi-finished products, led to this effect.

Write-ups on inventories in 2014 amounted to € 1.1 million, while 2013 saw expenses arising from value adjustments in the amount of € 1.3 million. As of January 1, 2013, the inventories total was € 47.5 million.

(23) Trade accounts receivable

Figures in € k	Dec. 31, 2014	Dec. 31, 2013
Trade accounts receivable	73,730	79,376
Individual value adjustments	−4,133	−4,006
Total trade accounts receivable	**69,597**	**75,369**

Trade accounts receivable as of December 31, 2014 all have a remaining term of up to one year. The total decreased by 7.1 % or € 5.6 million versus the previous year. As the result of strict working capital management, cash-effective potential was successfully leveraged in almost all segments. As of the transition date, trade accounts receivable amounted to € 73.7 million.

(24) Other receivables and other assets

Figures in € k	Dec. 31, 2014 Non-current	Dec. 31, 2014 Current	Dec. 31, 2013 Non-current	Dec. 31, 2013 Current
Accounts receivable from affiliated companies	–	1,780	–	959
Accounts receivable from enterprises in which participating interests are held	–	9,590	–	9,871
Security deposits paid	–	161	–	184
Reimbursement claims for VAT and other duties	–	11,018	–	10,197
Receivables from employees	–	111	–	117
Prepaid expenses and deferred charges	–	3,243	–	2,641
Loans to affiliated companies	–	393	–	1,497
Sundry other current assets	–	35,755	–	24,065
Other receivables and other assets	**–**	**62,052**	–	49,532

Accounts receivable from affiliated companies as of December 31, 2014 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. Receivables from enterprises in which participating interests are held relate to loan receivables from a Polish company in which the PCC Group holds one share and no co-determination rights. The increase in other sundry assets relates primarily to a claim for payment of the purchase price arising from the sale of shares in Group companies to non-Group third parties. The sale of a 16.8 % stake in PCC BakkiSilicon hf resulted in this figure rising compared to the previous year.

As of the transition date of January 1, 2013, other non-current receivables amounted to € 376 k, and other current receivables amounted to € 28.3 million.

(25) Equity

The subscribed capital of PCC SE remained unchanged year on year. It 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 revenue reserves/other reserves as of December 31, 2014 are as follows:

Figures in € k	Dec. 31, 2014	Dec. 31, 2013
Revenue reserves, valuation reserves and debit differentials set off against revenue reserves	143,881	83,767
IFRS transition reserve	21,635	21,635
Share of net profit attributable to Group	2,772	10,826
Total revenue reserves/other reserves	**168,288**	**116,228**

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

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 € 10.8 million, has been brought forward and recognised within consolidated retained earnings. In fiscal 2014, a distribution was made out of retained earnings to the shareholder of PCC SE in the amount of € 1.2 million (previous year: € 1.2 million). This corresponds to a dividend per share in the amount of € 0.24 (previous year: € 0.24).

Recognised within other equity items are differences arising from currency translation. In the year under review, these reduced retained earnings by € –5.6 million to a total of € –21.7 million (January 1, 2013: € –10.7 million). Gains and losses recognised directly in equity without affecting income are divided into two categories: items to be subsequently recycled to profit or loss, and items that are not recycled. Among the items that are recycled are valuations of securities at fair value and fair value changes in derivatives to secure future income streams such as cash flow hedges. Among the items that are not recycled are gains and losses from the remeasurement of defined benefit pension plans. These include gains and losses arising from changes in actuarial assumptions in relation to the calculation of defined benefit pension obligations.

(26) Minority interests

German and international minority shareholders hold non-controlling interests in various entities of the PCC Group. These also participate in the consolidated retained earnings and the Group's net profit. The share of minority interests in consolidated retained earnings as of December 31, 2014 was € 42.3 million, representing an increase of around € 20.8 million year on year. This rise is primarily the result of the flotation of PCC Rokita SA in June 2014, since which time 15.8 % of the shares in this company have been in free float. As of January 1, 2013, minority interests amounted to € 17.8 million.

Subsidiaries with material minority interests are active in various segments of the PCC Group. For details of company names, location of company head offices and share of capital pursuant to IFRS 12 for subsidiaries with material minority interests, please consult the list of shareholdings provided under Note (38), drawn up in accordance with Section 313 (2) HGB.

There are no material restrictions going beyond the usual regulations under company law and contractual regulations.

	PCC Rokita subgroup		PCC Intermodal S.A.		PCC DEG Renewables GmbH	
Figures in € k	**2014**	2013	**2014**	2013	**2014**	2013
Balance sheet						
Minority interests	**19,253**	–	**6,871**	6,686	**7,575**	7,330
Minority interests in %	**15.84**	0.00	**37.59**	37.69	**40.00**	40.00
Dividends paid to minority interests	**–**	–	**–**	–	**–**	–
Non-current assets	**213,399**	–	**40,025**	23,651	**18,048**	15,872
Current assets	**76,885**	–	**10,639**	7,192	**1,412**	3,095
Non-current liabilities	**86,331**	–	**23,542**	6,122	**–**	–
Current liabilities	**65,465**	–	**7,527**	5,890	**108**	30
Statement of income						
Net profit attributable to minority interests	**2,694**	–	**495**	412	**166**	245
Sales	**259,334**	–	**44,290**	35,731	**–**	–
Net profit	**16,997**	–	**1,317**	1,094	**415**	612
Comprehensive income	**16,950**	–	**1,314**	1,094	**415**	612

(27) Provisions for pensions and similar obligations

Most of the employees of the Polish subsidiaries of the PCC Group are covered by defined benefit pension plans in addition to the statutory pension scheme. In the case of employees of the German subsidiaries and the holding company, contributions can also be made to other defined contribution pension schemes in addition to the statutory pension scheme. Defined benefit pension plans are, as a rule, aligned to service duration and remuneration. Defined contribution plans exist primarily in the form of the statutory pension insurance schemes in Germany and those also applicable to foreign subsidiaries. Payments made from defined benefit pension plans are generally granted on attainment of pensionable age, invalidity or death. The pension obligations that exist within the Group are continuously reviewed for financial risk. Typical risk factors for defined benefit obligations are increasing life expectancies, changes in nominal interest rates and increases in inflation and salaries. Defined contribution plans are internally financed.

At December 31, 2014, provisions for pensions and similar obligations amounted to €503.4k, representing an increase of €161.9k above the prior-year figure of €341.4k. Of this amount, €434.9k was classified as non-current provisions with a term of more than one year. On January 1, 2013, provisions for pensions and similar obligations amounted to €513.7k.

In total, 2,438 employees of PCC Group companies have defined benefit pension plans (previous year: 2,412). Of this figure, 73 % are male and 27 % female. The average age at year-end 2014 was 39 years in the case of women, and 42 years in the case of men.

A uniform discount rate of 2.30 % (previous year: 4.00 %) has been applied in calculating pension liabilities. The range adopted for the income trend was 1.50 % to 3.50 % (previous year: 1.50 % to 4.40 %). The Polish mortality table for 2013 published by the Central Office for Statistics, which serves as the basis for pension calculations, anticipates a life expectancy of 73.1 years for men and 81.1 years for women. Changes in the key actuarial parameters would have the following effects on the amounts shown in respect of pension liabilities:

	Increase by 0.25 %-points		Decrease by 0.25 %-points	
Figures in €k	**2014**	2013	**2014**	2013
Change in underlying interest rate	**–13**	–16	**14**	18
Change in salary trend	**14**	13	**–13**	–12
Change in turnover rate	**–14**	–14	**11**	14

When considering these sensitivities, it should be noted that, in the event of several actuarial parameters changing simultaneously, the change in the projected benefit obligation arising from defined benefit pension liabilities is not necessarily cumulative through aggregation of the individual sensitivities.

The following reconciliation table indicates how the figure recognised is calculated:

Figures in €k	2014	2013
Opening balance of defined benefit pension obligations as of Jan. 1	**341**	**514**
Total cost of defined benefit pension obligations	29	27
Payments made	– 11	– 40
Interest expense	13	15
Actuarial gains/losses from changes in demographic assumptions	28	5
Actuarial gains/losses from changes in financial assumptions	61	– 1
Actuarial gains/losses from experience adjustments	59	17
Changes in consolidation scope	–	–
Currency translation differences	– 10	– 10
Other effects	– 7	– 185
Closing balance of defined benefit pension obligations as of Dec. 31	**503**	**341**

Included in the expense for fiscal 2014 is €3.9 million representing employer contributions to the statutory pension scheme (previous year: €3.9 million). In addition to the contributions to the statutory pension scheme, the contributions to defined benefit and other defined contribution pension schemes have been included in the expense figure:

Figures in €k	2014	2013
Expenses for defined benefit pension plans	61	27
Expenses for defined contribution pension plans	45	12
Expenses for pension benefits recognised in income	**106**	**38**

(28) Other provisions

Figures in € k	Dec. 31, 2014 Non-current	Dec. 31, 2014 Current	Dec. 31, 2013 Non-current	Dec. 31, 2013 Current
Accruals for personnel expenses	–	**3,605**	–	2,896
Provisions for obligations to customers	–	**2,340**	–	1,055
Provisions for year-end accounting and audit expenses	–	**348**	–	274
Accruals for litigation risk	**1**	–	1	–
Accrued costs for restructurings	–	–	–	10
Sundry other provisions	**7,022**	**2,906**	9,118	3,084
Other provisions	**7,022**	**9,200**	**9,119**	**7,319**

Accruals for personnel expenses include obligations arising from variable compensation, bonuses and similar payments due, together with the social security contribution applicable in each case. Compared to the previous year, these provisions increased by € 2.9 million to € 3.6 million.

Provisions for obligations to customers essentially comprise rebates and compensation claims.

Other sundry provisions include a recultivation obligation of a subsidiary of the PCC Rokita subgroup in the amount of € 6.6 million as of December 31, 2014 (previous year: € 6.7 million). This is a multi-year obligation arising from local regulations and will remain in place until 2026.

The following table shows the development in other provisions for fiscal 2014. Other changes include foreign exchange effects, changes in the consolidation scope and reclassifications.

Figures in € k	Jan. 1, 2014	Added	Utilised	Released	Discounted	Other changes	Dec. 31, 2014
Accruals for personnel expenses	2,896	3,379	1,385	1,172	–	–113	**3,605**
Accruals for year-end accounting and audit expenses	274	373	268	18	–	–12	**348**
Provisions for obligations to customers	1,055	2,340	1,026	–	–	–29	**2,340**
Accruals for litigation risk	1	–	–	–	–	–	**1**
Accrued costs for restructurings	10	–	10	–	–	–	**–**
Sundry other provisions	12,202	2,693	4,639	20	–27	–280	**9,928**
Other provisions	**16,438**	**8,785**	**7,328**	**1,210**	**–27**	**–435**	**16,222**

(29) Liabilities

The liabilities of the PCC Group comprise non-current and current financial liabilities, trade accounts payable and other liabilities.

Trade accounts payable are exclusively current in nature, and rose as of December 31, 2014 by €7.6 million to €64.9 million. As of January 1, 2013, they totalled €63.4 million.

The maturity structure of the liabilities of the PCC Group as of December 31 of the reporting year and the previous year 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, 2014
Profit participation certificate	299	11,076	–	**11,375**
Bond liabilities	78,232	184,758	–	**262,991**
Bank liabilities	19,092	68,962	21,026	**109,080**
Finance lease liabilities	2,380	5,403	98	**7,880**
Liabilities to affiliates	766	–	–	**766**
Trade accounts payable	64,862	–	–	**64,862**
Other liabilities	40,023	17,873	7,660	**65,556**
Maturity profile	**205,654**	**288,072**	**28,784**	**522,510**

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2013
Profit participation certificate	299	11,076	–	**11,376**
Bond liabilities	61,378	191,666	–	**253,044**
Bank liabilities	21,133	48,903	10,902	**80,937**
Finance lease liabilities	2,203	6,440	66	**8,708**
Liabilities to affiliates	619	–	–	**619**
Trade accounts payable	57,248	–	–	**57,248**
Other liabilities	30,225	8,027	3,440	**41,692**
Maturity profile	**173,104**	**266,112**	**14,408**	**453,624**

Financial liabilities

	Dec. 31, 2014		Dec. 31, 2013	
Figures in €k	Non-current	Current	Non-current	Current
Profit participation certificate	11,076	299	11,076	299
Bond liabilities	184,758	78,232	191,666	61,378
Bank liabilities	89,988	19,092	59,805	21,133
Finance lease liabilities	5,500	2,380	6,506	2,203
Financial liabilities to affiliated companies	–	766	–	619
Total financial liabilities	**291,323**	**100,769**	**269,052**	**85,632**

Liabilities to banks increased year on year from €80.9 million to €109.1 million. The rise is essentially due to non-current liabilities to banks. These are the result of the PCC Group capital expenditure programme, particularly the switch of the chlor-alkali electrolysis process to energy-efficient membrane technology, and the expansion of the container terminal network. However, expansion capital expenditures in the Surfactants segment also had an impact. At the same time, PCC responded to the significant decline in the Russian ruble (RUB) towards the end of 2014 by prematurely redeeming a loan of a local subsidiary in RUB. The distribution of financial liabilities between the individual segments is indicated in the segment report. Liabilities to banks as of January 1, 2013 amounted to €81.8 million.

Secured credit lines within the PCC Group not utilised as of December 31, 2014 amounted to €6.8 million (previous year: €8.1 million).

In 2014, the loans disclosed under bank liabilities were secured in their entirety by mortgages or similar liens, by the assignment of claims, or by chattel mortgages on property, plant and equipment and other assignments. Overall, collateral securities granted increased from €87.8 million to €110.9 million as of the end of fiscal 2014, following a similar trend to that of liabilities to banks, as reflected in the following table:

Figures in €k	Dec. 31, 2014	Dec. 31, 2013
Mortgages and similar liens	64,902	54,062
Assignment of claims on assets or inventories	39,704	26,508
Chattel mortgages	4,993	6,408
Other assignments	1,290	791
Liabilities secured	**110,889**	**87,769**

Bond liabilities

Liabilities result from the issuance of bonds by PCC SE and its international subsidiaries PCC Rokita SA, PCC Exol SA, PCC Consumer Products Kosmet Sp. z o.o., OOO PCC Consumer Products Navigator and PCC Autochem Sp. z o.o. Bonds are issued by the PCC Group in euro and Polish zloty. The bonds in euro (EUR) carry coupons between 4.00 % and 7.25 % p.a., while those in zloty (PLN) carry coupons ranging from 5.5 % to 8.3 % p.a. The following table shows the closing date situations of the last two fiscal years.

Figures in thousands of issuing currency	Dec. 31, 2014	Dec. 31, 2013
Bonds in EUR (ISIN)	**233,017**	**229,173**
DE000A1PGS32	29,995	29,995
DE000A1R1AN5	29,768	29,768
DE000A1H3MS7	26,665	26,665
DE000A1K0U02	21,903	21,903
DE000A1YCSY4	19,996	6,778
DE000A1TM979	15,654	15,414
DE000A1RE798	14,999	14,999
DE000A13R5K3	13,639	–
DE000A1PGNR8	13,078	12,968
DE000A1YCSX6	10,000	4,677
DE000A12T7C5	8,913	–
DE000A11QFD1	8,909	–
DE000A11P9V6	7,311	–
DE000A13R7S2	3,253	–
DE000A13R7R4	2,862	–
DE000A13SH30	2,832	–
DE000A1EWB67	2,702	4,054
DE000A1EWRT6	538	807
DE000A1EKZN7	–	34,968
DE000A1PGS40	–	9,906
DE000A1R1AM7	–	9,048
DE000A0WL5E5	–	7,224
Bonds in PLN (ISIN)	**128,081**	**99,164**
PLPCCRK00043	25,000	25,000
PLPCCRK00050	25,000	25,000
PLPCCRK00092	25,000	–
PLPCCRK00068	22,000	–
PLPCCRK00035	20,000	20,000
PLPCCPK00013	4,164	3,000
PLPCCPK00021	2,451	1,164
PLPCCTH00011	2,319	–
Private placement without ISIN	2,147	–
PLPCCRK00027	–	25,000

The bonds issued in PLN with a total volume of PLN 128.1 million (previous year: PLN 99.2 million) had a value as of the 2014 closing date of € 30.0 million (previous year: € 23.9 million). At the transition date of January 1, 2013, bond liabilities amounted to € 184.8 million.

The maturities of the bond liabilities within the PCC Group are shown in the following table:

Figures in €k	Dec. 31, 2014	Dec. 31, 2013
Following year 1	78,247	67,470
Following year 2	69,362	72,752
Following year 3	39,597	54,844
Following year 4	35,650	35,786
Following year 5	37,303	22,192
Following year 6 and beyond	2,832	–
Total bonds	**262,991**	**253,044**

(30) Other liabilities

	Dec. 31, 2014		Dec. 31, 2013	
Figures in €k	Non-current	Current	Non-current	Current
Deferred income	25,372	519	11,283	465
Income tax and similar taxes payable	–	738	–	524
Advance payments received	–	111	–	280
Social security contributions payable	–	1,757	–	1,745
Interest payment obligations	–	4,252	–	4,020
VAT, customs, excise and other duties payable	–	435	–	481
Accounts payable to employees	–	1,964	–	2,174
Accounts payable to affiliated companies	–	1,039	–	876
Accounts payable to enterprises in which participating interests are held	–	38	–	17
Sundry other liabilities	160	29,171	185	19,643
Total other liabilities	**25,533**	**40,023**	**11,468**	**30,225**

There was a particularly strong increase in non-current deferred income versus previous year of €11.3 million to €25.4 million. Essentially, this was the result of grants received in respect of current investment projects, primarily the switch of the chlor-alkali electrolysis plant to membrane technology, construction of the MCAA plant and construction and expansion of the container terminal network. In fiscal 2014, a total of €0.5 million was released from deferred income payable to subsidies through profit or loss (previous year: €0.6 million).

Current sundry other liabilities increased versus the previous year from €19.6 million to €29.2 million. Liabilities arising from interest payment obligations relate primarily to interest on bonds due at the start of the following quarter.

As of the transition date January 1, 2013, non-current other liabilities amounted to €7.8 million, and current liabilities totalled €29.4 million.

(31) Deferred taxes

Deferred taxes are recognised on temporary differences between the carrying values of assets, liabilities and accruals in the balance sheet, and their tax base. For German affiliates, the tax rate applied is 30 %, as was the case in the previous year. For international companies, 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 items on the balance sheet is shown in the following table. Within the PCC Group, deferred tax assets and liabilities are offset and disclosed as netted balances. For fiscal 2014, this produced a surplus on the liabilities side amounting to € 27.1 million compared to € 5.7 million in the previous year. The increase is due primarily to the fair value approach to measuring PCC SE's interest in the Icelandic project company, the purpose of which is to construct a silicon metal plant in Iceland.

Figures in € k	Deferred tax assets	Deferred tax liabilities
Intangible assets	24	97
Property, plant and equipment	340	11,144
Financial assets	–	23,946
Inventories	105	–
Receivables	755	68
Securities	–	–
Other assets	–	202
Provisions for pensions	96	–
Other provisions and accruals	746	–
Liabilities	548	87
Other liabilities	63	64
Losses carried forward	2,786	–
Sundry deferred taxes	3,099	12
Total deferred taxes	**8,563**	**35,619**

Deferred taxes arising from consolidation adjustments amounted to around € 55.5 k in 2014 (previous year: € 315.1 k) and relate primarily to eliminated intercompany profits.

The largest item within the deferred tax assets total relates to anticipated future tax concessions accruing to the PCC Rokita subgroup, whose production sites are located in an area designated as a special economic zone. These tax concessions are disclosed under other deferred taxes. As of the closing date, the amount recognised was € 3.8 million (previous year: € 3.6 million).

No further deferred tax assets have been recognised with respect to existing loss carry-forwards amounting to over € 80.3 million as, according to estimates by the corporate management, it is uncertain that these will qualify for deduction from future income, and the individual earnings items do not affect the tax result.

(32) Additional disclosures relating to financial instruments

As an internationally active corporation, the PCC Group is exposed to financial risks in the course of its ordinary business operations. A major objective of the corporate policy is to generally restrict market, default and liquidity risks, both in order to secure enterprise value over the long term and also to maintain the Group's earning power so as to extensively cushion the impact of fluctuations in cash flow and earnings.

The Group holding company and the individual subsidiaries cooperate in the management of interest rate and currency risks, and also default risks. Each individual operating unit is responsible for managing its own commodity price risks, while liquidity control is the responsibility of the holding company.

Market risks

Currency risks: Changes in exchange rates can lead to losses in the value of financial instruments and also to disadvantageous changes in future income streams from planned transactions. Currency risks in respect of financial instruments result from the translation of financial receivables, loans, securities, cash sums and financial liabilities into the functional currency of the various companies as of the reporting date. Specifically, currency risks arise both on the purchase side through the procurement of commodities and raw materials, and on the selling side as a result of the sale of end products.

Interest rate risks: These risks arise as a result of potential changes in the market interest rate, causing fluctuations in the fair value of financial instruments bearing a fixed interest rate, and fluctuations in interest payments in the case of financial instruments bearing floating interest rates.

Commodity price risks: These risks result from market price changes in relation to commodity purchases and sales, and also the purchase of electricity and gas. The general risk situation of the PCC Group is greatly affected by the availability and also the price-dependency of relevant raw materials, input products and intermediate products. Within this context, the dependency of important commodity prices on foreign exchange rates and, in particular, the oil price, is particularly relevant to the PCC Group. Price volatilities are hedged, for example, through the agreement of price escalation clauses with suppliers and customers. Moreover, commodity price risks are restricted by internationally aligned sourcing activities. Backward integration along the value chain or along the various production stages of the Chemicals division provide for an additional, high degree of independence in the procurement of raw materials and commodities. The commodities trading business in the Speciality Chemicals segment is exposed to major price fluctuations that can occur from time to time.

Default or credit risks

Default or credit risks arise when contractual partners are unable to meet their contractual obligations. Credit limits are granted based on the continuous monitoring of the creditworthiness of major debtors. Because of the international activity and the diversified customer structure of the PCC Group, there are no major regional or segment-specific clusters of default risks. The carrying value of all receivables, loans and interest-bearing securities plus the nominal values of contingent liabilities excluding potential warranty obligations represent the maximum default risk to which the PCC Group is exposed.

Such risks are regularly monitored and analysed within the framework of a receivables and credit management regime and also by a working capital management unit with responsibility at both the operational and Group levels.

Liquidity risks

Liquidity risks result from income stream fluctuations and are identified at an early stage by a liquidity planning and control system based on an IT-supported solution (Treasury Information Platform) implemented across the Group. The planned expansion of a Group-wide internal credit market should also contribute to optimising the availability and distribution of liquidity across the various businesses and units of the organisation.

Certain precautionary criteria are applied in the selection of short-term capital investments (for example ratings, capital guarantees or protection from Germany's Deposit Guarantee Fund). Because of the selection criteria it applies and its policy of continuously monitoring capital investments, the PCC Group is confident of avoiding uncalculated default risk. The amounts disclosed in the balance sheet essentially represent the maximum default risk.

Liquidity is monitored and controlled on the basis of both short- and long-term corporate planning. Liquidity risks are identified at an early stage through simulation of different scenarios. Current liquidity is measured and monitored with IT-supported systems on a weekly basis.

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. Work is also being carried out on the partial replacement of the liquidity loans granted to the affiliated companies by bank loans.

As of December 31, 2014, the PCC Group did not hold any financial positions regarded as being exposed to interest rate risk.

(33) Contingent liabilities and other financial commitments

Figures in €k	Dec. 31, 2014	Dec. 31, 2013
Contingent liabilities arising from guarantee agreements	–	–
Contingent liabilities arising from warranties	28	155
Other contingent liabilities	108	107
Total contingent liabilities	**136**	**262**

The contingent liabilities arising from guarantee and warranty agreements and other contingent liabilities are attributable to Polish subsidiaries. These are guarantees issued either to non-consolidated companies or third parties. They relate to leases and obligations to government bodies. The PCC Group's current estimates indicate that no claims will be made against any such guarantees or warranties.

Effective December 31, 2014, the commitments arising from operating lease and other financial commitments 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, 2014
Operating lease commitments	3,712	3,913	2,706	10,330
Other commitments (incl. pending transactions)	45	–	–	45
Total financial commitments	**3,756**	**3,913**	**2,706**	**10,375**

There were no other major financial commitments in 2014 to entities not included in the consolidated financial statements.

Notes to the cash flow statement

(34) 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 IAS 7.

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 under cash flow from investing activities. The remaining accounting effects of the purchase or sale are distributed between the respective items within the three categories. In the event that the acquisition or disposal of shares in a company takes place without a change in the control relationship (loss or gain of control), such transactions are disclosed as investing activities.

The sale of the 33 % stake in IGBS S.A. in fiscal 2014 is included under proceeds from the disposal of investments accounted for using the equity method. The proceeds from the flotation of PCC Rokita SA are included in proceeds from the disposal of non-current financial investments. The sale of the minority stake in PCC BakkiSilicon hf to Iceland co-investors has not been included in the cash flow statement as the payment of the purchase price is subject to conditions precedent which were not satisfied until after the closing date. The first-time consolidation of PCC HYDRO DOOEL Skopje has not been included as an addition affecting liquidity, as its only effect was to expand the scope of consolidation. This first-time consolidation effect is reflected in changes in the scope of consolidation. The effects occurring up to the time of first-time consolidation are, however, reflected in the various items and categories of the cash flow statement.

Cash flow from operating activities includes taxes paid in the amount of € 0.5 million (previous year: € 0.3 million), interest paid in the amount of € 22.8 million (previous year: € 20.6 million) and interest received in the amount of € 1.8 million (previous year: € 1.8 million).

Dividends paid are a component of the financing activities category. Dividends paid within the Group from income attributable to the previous year are eliminated. Dividend payments to the shareholder of PCC SE and also dividend payments to co-shareholders at subsidiaries are reflected in the cash flow from financing activities and are shown separately.

Capital structure management

The purpose of capital structure management is to remain financially flexible so that the business portfolio can be effectively further developed and strategic options seized. The purpose of the financial policy of the Group is to secure its liquidity and solvency, limit financial risks and optimise capital costs. The control metric adopted is the Net debt/EBITDA ratio. In reflecting the relationship between net financial liabilities including current and non-current pension provisions, and earnings before interest, tax, depreciation and amortisation, this constitutes a dynamic indicator of financial performance. With a net debt in the amount of € 346.7 million (previous year: € 313.8 million) and a disclosed EBITDA figure of € 54.7 million (previous year: € 55.7 million), the Net debt/EBITDA ratio for the year under review comes in at 6.3 (previous year: 5.6).

Other disclosures

(35) Related party disclosures

For explanations on transactions with shareholders, particularly within the context of capital increases and the issuance of PCC SE bonds, please refer to the sections Equity (25), Other receivables and other assets (24) and Liabilities (29).

Sundry other assets include a receivable from the sole shareholder of PCC SE in the amount of €316 k (previous year: €82 k). This receivable is current in nature and carries an interest rate of 6.0 % p.a. (previous year: 6.0 %).

Within the PCC Group as of the closing date December 31, 2014, € 15.0 million (previous year: € 14.3 million) has been granted in the form of loans to affiliated entities not included in the consolidated financial statements. These are non-current loans granted to local project companies for project development purposes. These loans carry interest rates between 6.5 % and 8.0 % p.a. and generally have tenors of between 3 and 5 years.

For compensation to Board members, please refer to the notes under the section Corporate Bodies (36).

For compensation of the Administrative Board, again please refer to the notes under Corporate Bodies (36).

Essentially, sales made to related parties, or purchases from related parties, are transacted at prevailing market prices. Open positions as of the end of the fiscal year are not secured, are non-interest-bearing and will be settled in cash. There are no guarantees covering receivables from related parties or payables to related parties. As in the previous year, no value adjustment on receivables from related parties was necessary in fiscal 2014.

(36) 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 €494 k (previous year: €660 k) in fiscal 2014, recorded in full as short-term employee benefits.

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

The Administrative Board received emoluments amounting to € 132 k in fiscal 2014 (previous year: € 132 k), recorded in full as short-term employee benefits.

Annual General Meeting:
The Annual General Meeting of PCC SE took place on June 16, 2014. The consolidated financial statements and the Group management report for 2013 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 2014.

(37) 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 € 80.8 k (previous year: € 79.3 k). The fee for other services performed in the course of fiscal 2014 was € 80.0 k (previous year: € 1.0 k).

Duisburg, June 30, 2015
PCC SE

Ulrike Warnecke
Managing Director

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

(38) Schedule of shareholdings in accordance with section 313 (2) HGB

Name and head office of company	Segment	Currency	Exchange rate as of Dec. 31, 2014 1 euro =	PCC SE participating interest in % Direct	Indirect	Total	2013
Parent company							
PCC SE, Duisburg	Holding	EUR	1.0000	–	–	**–**	–
Fully consolidated companies							
PCC Prodex GmbH, Essen	Polyols	EUR	1.0000	–	84.16	**84.16**	–
PCC Prodex Sp. z o.o., Warsaw	Polyols	PLN	4.2732	–	84.16	**84.16**	100.00
PCC PU Sp. z o.o., Brzeg Dolny	Polyols	PLN	4.2732	–	84.16	**84.16**	–
PCC Rokita SA, Brzeg Dolny	Polyols, Chlorine, Speciality Chemicals, Energy, Holding	PLN	4.2732	84.16	–	**84.16**	100.00
PCC Chemax, Inc., Piedmont, SC	Surfactants	USD	1.2141	–	80.04	**80.04**	80.05
PCC Exol SA, Brzeg Dolny	Surfactants	PLN	4.2732	80.04	–	**80.04**	80.05
Tensis Sp. z o.o., Brzeg Dolny	Surfactants	PLN	4.2732	–	84.16	**84.16**	100.00
MCAA SE, Brzeg Dolny	Chlorine	PLN	4.2732	100.00	–	**100.00**	100.00
PCC MCAA (formerly PCC P4) Sp. z o.o., Brzeg Dolny	Chlorine	PLN	4.2732	–	100.00	**100.00**	100.00
PCC MORAVA-CHEM s.r.o., Český Těšín	Speciality Chemicals	CZK	27.7350	98.00	2.00	**100.00**	100.00
PCC Silicium S.A., Zagórze	Speciality Chemicals	PLN	4.2732	99.96	–	**99.96**	99.95
PCC Synteza S.A., Kędzierzyn-Koźle	Speciality Chemicals	PLN	4.2732	100.00	–	**100.00**	100.00
PCC Trade & Services (formerly Petro Carbo Chem) GmbH, Duisburg	Speciality Chemicals	EUR	1.0000	100.00	–	**100.00**	100.00
S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea	Speciality Chemicals	RON	4.4823	58.72	–	**58.72**	58.72
ZAO NOVOBALT Terminal, Kaliningrad	Speciality Chemicals	RUB	72.3370	–	100.00	**100.00**	100.00
Kosmet Sp. z o.o., Brzeg Dolny	Consumer Products	PLN	4.2732	–	100.00	**100.00**	100.00
OOO PCC Consumer Products Navigator (formerly OOO NPK Navigator), Grodno	Consumer Products	BYR	13,395.61	–	100.00	**100.00**	75.00
OOO PCC Consumer Products, Moscow	Consumer Products	RUB	72.3370	–	100.00	**100.00**	100.00
PCC Consumer Products Czechowice (formerly Fabryka Zapałek "Czechowice") S.A., Czechowice-Dziedzice	Consumer Products	PLN	4.2732	–	99.15	**99.15**	85.00
PCC Consumer Products Kosmet Sp. z o.o., Brzeg Dolny	Consumer Products	PLN	4.2732	–	100.00	**100.00**	100.00
PCC Consumer Products S.A., Warsaw	Consumer Products	PLN	4.2732	100.00	–	**100.00**	100.00
GRID BH d.o.o., Sarajevo	Energy	BAM	1.9558	–	51.37	**51.37**	51.37
PCC DEG Renewables GmbH, Duisburg	Energy	EUR	1.0000	60.00	–	**60.00**	60.00
PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle	Energy	PLN	4.2732	84.46	–	**84.46**	84.46
PCC Energy Trading GmbH, Duisburg	Energy	EUR	1.0000	100.00	–	**100.00**	100.00
PCC HYDRO DOOEL Skopje, Skopje	Energy	MKD	61.4814	–	60.00	**60.00**	60.00
PCC Autochem Sp. z o.o., Brzeg Dolny	Logistics	PLN	4.2732	51.30	40.99	**92.29**	100.00
PCC Intermodal GmbH, Duisburg	Logistics	EUR	1.0000	–	62.41	**62.41**	62.31
PCC Intermodal S.A., Gdynia	Logistics	PLN	4.2732	62.41	–	**62.41**	62.31
ZAO PCC Rail, Moscow	Logistics	RUB	72.3370	100.00	–	**100.00**	100.00
3Services Factory S.A., Katowice	Holding	PLN	4.2732	51.00	22.69	**73.69**	73.70
Ekologistyka Sp. z o.o., Brzeg Dolny	Holding	PLN	4.2732	–	84.16	**84.16**	100.00
LabMatic Sp. z o.o., Brzeg Dolny	Holding	PLN	4.2732	–	83.94	**83.94**	99.74
PCC Apakor (formerly Apakor-Rokita) Sp. z o.o., Brzeg Dolny	Holding	PLN	4.2732	–	83.81	**83.81**	99.57
PCC IT S.A., Brzeg Dolny	Holding	PLN	4.2732	100.00	–	**100.00**	100.00

Name and head office of company	Segment	Currency	Exchange rate as of Dec. 31, 2014 1 euro =	PCC SE participating interest in %				Equity in local currency ('000)	Net result in local currency ('000)
				Direct	Indirect	Total	2013		
Accounted for using the equity method									
3S S.A. (formerly TKP S.A.), Katowice	Holding	PLN	4.2732	46.31	–	**46.31**	46.33	49,179.5	5,575.0
Non-consolidated companies									
PCC Rokita Polyurethanes Sp. z o.o., Brzeg Dolny	Polyols	PLN	4.2732	–	84.16	**84.16**	100.00	26.1	– 5.6
SOO PCC Prodex Bel, Smilavichy	Polyols	BYR	13,395.61	–	42.92	**42.92**	51.00	– 2,731,000.0	– 1,342,000.0
PCC EXOL Kýmya Sanayý Ve Týcaret Lýmýted Ţýrketý, Istanbul	Surfactants	TRY	2.8320	–	80.04	**80.04**	80.05	– 29.9	– 37.0
PCC Exol Philippines Inc., Batangas	Surfactants	PHP	54.4360	–	80.04	**80.04**	–	–	–
ZAO Exol, Nizhny Novgorod	Surfactants	RUB	72.3370	100.00	–	**100.00**	50.00	– 397.0	– 438.0
PCC Chlor-Alkali Sp. z o.o., Brzeg Dolny	Chlorine	PLN	4.2732	–	84.16	**84.16**	100.00	15.0	– 5.4
OOO DME Aerosol, Pervomaysky	Speciality Chemicals	RUB	72.3370	50.00	–	**50.00**	50.00	– 19,924.00	– 21,667.0
PCC Organic Oils Ghana Ltd., Accra	Speciality Chemicals	GHS	3.8913	89.00	–	**89.00**	75.10	–	–
PCC Slovakia s.r.o., Košice	Speciality Chemicals	EUR	1.0000	–	100.00	**100.00**	100.00	178.2	– 12.0
TzOW Petro Carbo Chem, Lviv	Speciality Chemicals	UAH	19.0258	92.32	–	**92.32**	92.32	6,538.2	73.5
Novi Energii OOD, Sofia	Energy	BGN	1.9558	–	36.00	**36.00**	36.00	– 1,302.0	– 146.0
PCC Energia EOOD, Sofia	Energy	BGN	1.9558	100.00	–	**100.00**	100.00	– 470.0	– 19.0
PCC Envolt Sp. z o.o., Brzeg Dolny	Energy	PLN	4.2732	100.00	–	**100.00**	100.00	223.4	– 7.1
PCC Izvorsko EOOD, Sofia	Energy	BGN	1.9558	–	60.00	**60.00**	60.00	– 1,324.0	– 14.0
PCC NEW HYDRO DOOEL Skopje, Skopje	Energy	MKD	61.4814	–	60.00	**60.00**	100.00	– 10,196.0	– 5,029.0
PCC Power Sp. z o.o., Brzeg Dolny	Energy	PLN	4.2732	100.00	–	**100.00**	100.00	– 82.8	– 26.8
PCC Utilities S.A. i.L., Brzeg Dolny	Energy	PLN	4.2732	100.00	–	**100.00**	100.00	72.2	23.9
BiznesPark Rokita Sp. z o.o. i.L., Brzeg Dolny	Holding	PLN	4.2732	–	84.16	**84.16**	100.00	1,473.9	– 242.3
Chemia-Profex Sp. z o.o., Brzeg Dolny	Holding	PLN	4.2732	–	84.16	**84.16**	100.00	1.8	– 3.2
Chemia-Serwis Sp. z o.o., Brzeg Dolny	Holding	PLN	4.2732	–	84.16	**84.16**	100.00	29.7	25.4
ChemiPark Technologiczny Sp. z o.o., Brzeg Dolny	Holding	PLN	4.2732	–	84.16	**84.16**	100.00	4,633.8	383.2
Chemi-Plan S.A., Brzeg Dolny	Holding	PLN	4.2732	–	84.16	**84.16**	100.00	58.2	– 12.0
CWB Partner Sp. z o.o., Brzeg Dolny	Holding	PLN	4.2732	–	84.16	**84.16**	100.00	65.3	– 60.4
GEKON S.A. i.L., Brzeg Dolny	Holding	PLN	4.2732	–	84.16	**84.16**	100.00	–	–
Interaktywny Dom Sp. z o.o., Gliwice	Holding	PLN	4.2732	–	25.54	**25.54**	21.60	27.7	– 1.4
LabAnalityka Sp. z o.o., Brzeg Dolny	Holding	PLN	4.2732	–	84.16	**84.16**	100.00	– 806.3	– 1,019.9
PCC BakkiSilicon hf, Húsavík	Holding	EUR	1.0000	83.12	–	**83.12**	95.00	– 156.8	– 69.0
PCC Packaging Sp. z o.o., Brzeg Dolny	Holding	PLN	4.2732	–	84.16	**84.16**	–	25.9	– 24.1
SGT S.A., Gliwice	Holding	PLN	4.2732	–	25.54	**25.54**	21.60	2,120.4	1,213.6
SSH Sp. z o.o., Katowice	Holding	PLN	4.2732	–	36.16	**36.16**	30.62	4,174.1	– 530.9
TEC artec valves GmbH & Co. KG i.L., Oranienburg	Holding	EUR	1.0000	68.85	–	**68.85**	68.85	–	–
Technochem Sp. z o.o., Brzeg Dolny	Holding	PLN	4.2732	–	72.21	**72.21**	85.80	3.5	– 1.6
TRANSGAZ S.A., Rybnik	Holding	PLN	4.2732	9.64	–	**9.64**	9.64	–	–

Glossary

Additives
Additives are substances which, incorporated in formulations in very small quantities, optimise the properties and performance profile of products such as concrete, 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.

Chlor-alkali electrolysis
Electrochemical process in which the base chemicals chlorine, caustic soda (sodium hydroxide) and hydrogen are generated.

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.

CSR
Abbreviation for Corporate Social Responsibility, referring to the self-regulatory, responsible attitude of businesses towards all stakeholders and the social and ecological environment.

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.

Global Compact of the United Nations
The UN Global Compact is the world's largest initiative in the field of Corporate Social Responsibility (↑CSR). It is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption.

Hydroxyl groups
Functional groups of alcohols and phenols.

Intermodal transport
Combined transport (CT) involving the conveyance of goods, primarily in containers, which are transferred one or more times between different modes of carriage such as train, truck and ship.

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 (↑PU 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.

Membrane process
Modern process in ↑chlor-alkali electrolysis used in the manufacture of chlorine. The membrane process is more energy-efficient than, for example, the amalgam process, and functions without the use of mercury.

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.

PU foams
PU is the abbreviation for polyurethane (also abbreviated PUR), 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.

Responsible Care®
Global initiative of the chemicals industry aimed at continuously improving sustainability in terms of environmental protection, health and safety.

ROCE
Return On Capital Employed; ↑EBIT ÷ [Average equity + Average interest-bearing borrowings 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
A sequence of processing steps performed in manufacturing, turning raw materials into finished products via a number of intermediary stages.

Credits

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

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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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www.pcc-financialdata.eu

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