2019 Separate Financial Statements

of PCC SE per IFRS

PCC. Creating value together

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of PCC SE per IFRS

Contents

Statement of comprehensive income

Figures in € k	(Note)	2019	2018
Result from participating interests and affiliated companies	(4)	38,036	36,898
Other operating income	(5)	7,559	7,816
Other operating expenses	(6)	14,155	12,211
Depreciation and amortization	(7)	827	825
Interest result, net	(8)	–4,558	–8,576
Other financial income (+), expenses (–)	(9)	–1,721	–1,716
Earnings before taxes (EBT)		**24,334**	21,385
Taxes on income	(10)	436	–206
Net result		**23,898**	21,591
Remeasurement of financial assets		–65,780	–15,367
Deferred taxes on items recognized in OCI		19,734	4,610
Total income and expenses recognized in equity		**–46,046**	–10,757
Total comprehensive income		**–22,148**	10,834

Balance sheet

Figures in € k	(Note)	Dec. 31, 2019	Dec. 31, 2018
Non-current assets		**1,096,572**	1,076,048
Intangible assets	(11)	256	308
Property, plant and equipment	(11)	2,153	9,865
Right-of-use assets	(21)	7,094	–
Non-current financial assets	(12)	1,087,068	1,065,875
Current assets		**55,074**	58,916
Other receivables and other assets	(13)	19,461	17,988
Current financial assets	(12)	17,323	18,366
Cash and cash equivalents	(23)	18,289	22,562
Assets held for sale	(11)	–	2,291
Total assets		**1,151,646**	1,137,255

Balance sheet

CONTINUED

Figures in € k	(Note)	Dec. 31, 2019	Dec. 31, 2018
Equity	(14)	**536,181**	562,329
Non-current provisions and liabilities		**527,393**	495,374
Deferred tax liabilities	(19)	196,436	215,863
Non-current financial liabilities	(17)	330,957	279,510
Current provisions and liabilities		**88,071**	78,804
Other provisions	(15)	858	836
Trade accounts payable	(16)	2,430	1,621
Current financial liabilities	(17)	80,166	65,998
Other liabilities	(18)	4,618	10,349
Liabilities associated with assets held for sale	(11)	**–**	748
Total equity and liabilities		**1,151,646**	1,137,255

Statement of changes in equity

Figures in € k	Subscribed capital	Capital reserve	Revenue reserves/ Other reserves	Other equity items/ OCI	Equity
Jan. 1, 2018	5,000	56	430,932	117,357	**553,345**
Dividends paid to shareholder and owner	–	–	–1,850	–	**–1,850**
Total comprehensive income	**–**	**–**	**21,591**	**–10,757**	**10,834**
Net result for the year	–	–	21,591	–	**21,591**
Other income and expenses recognized in equity	–	–	–	–10,757	**–10,757**
Fair value measurement of financial assets	–	–	–	–15,367	**–15,367**
Deferred taxes recognized in OCI	–	–	–	4,610	**4,610**
Dec. 31, 2018	5,000	56	450,673	106,600	**562,329**

Figures in € k	Subscribed capital	Capital reserve	Revenue reserves/ Other reserves	Other equity items/ OCI	Equity
Dec. 31, 2019	5,000	56	450,673	106,600	**562,329**
Dividends paid to shareholder and owner	–	–	–4,000	–	**–4,000**
Total comprehensive income	**–**	**–**	**23,898**	**–46,046**	**–22,148**
Net result for the year	–	–	23,898	–	**23,898**
Other income and expenses recognized in equity	–	–	–	–46,046	**–46,046**
Fair value measurement of financial assets	–	–	–	–65,780	**–65,780**
Deferred taxes recognized in OCI	–	–	–	19,734	**19,734**
Dec. 31, 2019	5,000	56	470,571	60,554	**536,181**

Statement of cash flows (condensed)

Figures in € k	2019	2018
Net result for the year	23,898	21,591
Depreciation and amortization	827	825
Write-ups of financial assets	–16	–8
Write-downs of financial assets	133	798
Changes in provisions	22	218
Dividend result	–37,874	–37,674
Dividends received	37,874	37,674
Interest result	4,558	8,576
Interest received	1,113	506
Income taxes paid	–262	–
Increase (+), decrease (–) in value adjustments for receivables and other assets	–124	–5
Gains (–), losses (+) from disposal of non-current assets	–295	–23
Other non-cash changes	10,562	9,924
Changes in working capital	–6,089	–664
Cash flow from operating activities	**34,329**	**41,740**
Net change from the sale (+)/acquisition (–) of intangible assets	–	–12
Net change from the sale (+)/acquisition (–) of property, plant and equipment, right-of-use assets and investment property	2,133	–2,517
Net change from the sale (+)/acquisition (–) of financial assets	–85,753	–56,418
Cash flow from investing activities	**–83,620**	**–58,947**
Dividends paid to shareholder and owner	–4,000	–1,850
Net change in receipts from banks (+)/payments to banks (–) and payments in respect of leases	–604	–1,809
Net change from receipts (+)/payments (–) in respect of bonds	66,218	39,570
Net change from receipts (+)/payments (–) in respect of profit participation certificates	–	–10,997
Net change from receipts (+)/payments (–) in respect of financial liabilities to affiliated companies	–	–2,920
Interest paid	–16,596	–16,846
Cash flow from financing activities	**45,018**	**5,148**
Changes in cash and cash equivalents due to cash transactions	–4,273	–12,060
Cash and cash equivalents at the beginning of the period	22,562	34,622
Cash and cash equivalents at the end of the period	**18,289**	**22,562**

Notes to the financial statements

Summary of the main accounting and valuation principles

(1) General disclosures

PCC Societas Europaea (PCC SE) is a non-listed corporation under European law headquartered in Duisburg, Moerser Str. 149, 47198 Duisburg, Germany. It is recorded in the Commercial Register of Duisburg District Court under reference HRB 19088.

At the core of the business activities undertaken by PCC SE is a commitment to the long-term engagement in and development of its portfolio business investments, with generating and growing enterprise value among its primary aims. As a growth-led investor predominantly aligned to the long term, PCC SE supports its affiliated companies in their development and in the expansion of their various specific strengths. Aside from the active management of the investment portfolio, the main tasks of PCC SE include the strategic management and control of its affiliates at home and abroad. A further major responsibility lies in cross-group financing activities together with market observation and advisory services, with the purpose of further developing the PCC Group through competence-related diversification. In pursuit of the latter, PCC SE focuses on positioning itself in less competitive submarkets and market niches. Its investments are aligned primarily to the higher-growth regions of Eastern and Southeast Europe, and also in Asia.

The separate financial statements of PCC SE as of December 31, 2019 have been prepared in accordance with the provisions of the International Financial Reporting Standards (IFRSs) 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).

Assets, liabilities and all other balance sheet items are recognized and measured in accordance with those IFRSs applicable and mandatory as of December 31, 2019. The closing date for preparation of the separate financial statements is December 31, 2019. PCC SE's fiscal year corresponds to the calendar year.

The currency employed in the preparation of the separate financial statements of PCC SE is the euro. Unless otherwise indicated, all amounts are given in thousand euros (€ k). Rounding differences may occur in the accounting calculations.

Individual items of the balance sheet and the statement of comprehensive income have, in part, been aggregated in order to improve clarity of presentation. These items are explained in the notes. The statement of comprehensive income is structured according to the nature-of-expense method.

Aside from its separate financial statements, PCC SE also prepares consolidated financial statements for the largest scope of consolidation. This is published in the electronic Federal Gazette.

(2) Changes in accounting policy; standards and interpretations for which application is not yet mandatory

Mandatory standards and interpretations applied for the first time

Application of the following standards and interpretations, or changes thereto, became mandatory for the first time as of December 31, 2019.

Standard / Interpretation	Mandatory first-time adoption per IASB as of	Mandatory first-time adoption in the EU as of
IFRS 16 "Leases"	January 1, 2019	January 1, 2019
Amendments to IFRS 9 "Financial Instruments": Prepayment Features with Negative Compensation	January 1, 2019	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019	January 1, 2019
Amendments to IAS 19 "Employee Benefits": Plan Amendment, Curtailment or Settlement	January 1, 2019	January 1, 2019
Amendments to IAS 28 "Investments in Associates and Joint Ventures": Long-term Interests in Associates and Joint Ventures	January 1, 2019	January 1, 2019
Annual Improvements Project Cycle 2015 - 2017	January 1, 2019	January 1, 2019

Unless otherwise stated in the following, the accounting standards to be applied for the first time as listed in the table have not had any material impact on the separate financial statements of PCC SE.

IFRS 16 "Leases"

In January 2016, the IASB published the new standard IFRS 16 "Leases". IFRS 16 establishes principles for the recognition and measurement, disclosure and notes required in respect of leases. The objective is to ensure that lessees and lessors are provided with relevant information with respect to the effects of leasing transactions. At the same time, the previous accounting model according to IAS 17, in which leases were classified as either operating or financial, was discarded in favor of a uniform lease accounting concept in keeping with the concept of control. Adoption into European law took place in October 2017. First-time application of IFRS 16 "Leases" becomes mandatory as of fiscal years starting on or after January 1, 2019. For the lessee, the standard provides for a single accounting model, whereby all assets and liabilities arising from a lease agreement must be disclosed in the balance sheet where the term exceeds 12 months, and where the asset concerned is not classed as minor (option). For accounting purposes, the lessor continues to distinguish between finance and rental lease agreements (finance or operating leases).

The transition to IFRS 16 at PCC SE has been based on the modified retrospective method without restating the previous year's figures, which continue to be presented in accordance with the previous provisions of IAS 17. All contractually agreed lease payments to a lessor have been included in the valuation of lease liabilities. Payments for lease and any non-lease components (e.g. payments for maintenance or repair costs) have not been separated. Contractually agreed extension, purchase and cancelation options required discretionary decisions. Lease payments arising from extension and purchase options have been included in the valuation where their exercise has been sufficiently certain, based on current knowledge. Lease payments have been discounted as of January 1, 2019 and the present values thus determined have been recognized as lease liabilities in the amount of € 191 k. The marginal borrowing rate applied was 5.03 %. The carrying amount of the right-of-use assets corresponds to the carrying amount of the lease liabilities as of the transition date. In addition, right-of-use assets from finance leases in the amount of € 7,315 k, which were still reported under property, plant and equipment until December 31, 2018 in accordance with IAS 17, have been reclassified to the right-of-use assets now reported separately. In the course of subsequent measurement, the right-of-use assets are depreciated on a straight-line basis and the lease liabilities are amortized using the effective interest method.

PCC SE has elected to exclude intangible assets from the scope of IFRS 16. In addition, short-term leases with a life of less than one year and leases in which the underlying asset is of low value continue to be expensed on a straight-line basis in accordance with exemption regulations. The effects of the introduction of IFRS 16 on the balance sheet are shown in the following table:

Figures in € k	Dec. 31, 2018	Effects of IFRS 16 Reclassification	Effects of IFRS 16 Remeasurement	Jan. 1, 2019
Non-current assets	1,076,048	–	191	**1,076,239**
of which property, plant, and equipment	9,865	–7,315	–	2,550
of which right-of-use assets	–	7,315	191	7,507
Non-current liabilities	495,374	–	170	**495,543**
of which financial liabilities	279,510	–	170	279,680
Current liabilities	78,804	–	22	**78,826**
of which financial liabilities	65,998	–	22	66,020

Based on the operating lease commitments as of December 31, 2018, the following table shows the reconciliation to the balance sheet opening value of the lease liabilities as of January 1, 2019:

Figures in € k	
Operating lease commitments as of December 31, 2018	235
Gross lease liabilities as of January 1, 2019	**235**
Discount	44
Lease liabilities as of January 1, 2019	**191**
Finance lease liabilities as of December 31, 2018	1,808
Lease liabilities arising from initial application of IFRS 16 as of January 1, 2019	**1,999**

Standards and interpretations for which application is not yet mandatory

The IASB has published standards and interpretations and/or amendments thereto as listed in the following, application of which is not yet mandatory as of fiscal 2019. Some of these standards and interpretations have not yet come into force and / or have not yet been endorsed or adopted in the EU, and have therefore not been applied by PCC SE.

Standard / Interpretation	Mandatory first-time adoption per IASB as of	Mandatory first-time adoption in the EU as of
Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of "Material"	January 1, 2020	January 1, 2020
Amendments to IFRS 3 "Business Combinations": Definition of a Business	January 1, 2020	January 1, 2020
Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures": Interest Rate Benchmark Reform	January 1, 2020	January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020	January 1, 2020
IFRS 17 "Insurance Contracts"	January 1, 2021	Not yet known
Amendments to IAS 1 "Presentation of Financial Statements": Classification of Liabilities as Current or Non-current	January 1, 2022	Not yet known
Amendments to IFRS 3 "Business Combinations": References to the Conceptual Framework	January 1, 2022	Not yet known
Amendments to IAS 16 "Property, Plant and Equipment": Proceeds before Intended Use	January 1, 2022	Not yet known
Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets": Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	Not yet known
Amendments to IFRS 4 "Insurance Contracts": Postponement of IFRS 9 Implementation	January 1, 2021	Not yet known
Amendments to IFRS 16 "Leases" Covid-19-Related Rent Concessions	June 1, 2020	Not yet known
Annual Improvements Project Cycle 2018-2020	January 1, 2022	Not yet known
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016	No EU endorsement

PCC SE is currently determining the extent to which new, not yet mandatory standards and interpretations will influence the separate financial statements. The current expectation is that the standards and interpretations listed above as not yet mandatory will not have a material impact on said separate financial statements.

(3) Notes to the accounting and valuation principles

Income recognition
PCC SE is the ultimate parent company of the PCC Group and, as a holding company, does not generate any sales revenue of its own. Interest income is recognized pro rata temporis using the effective interest method. Dividend income is recognized once the right to collect payment arises.

Intangible assets
Acquired intangible assets are recognized at cost less accumulated amortization and accumulated impairment losses. Where the prerequisites for capitalization of internally generated intangible assets are satisfied, such assets are duly recognized. Intangible assets are amortized on a straight-line basis over their estimated useful lives. These range from 3 to 44 years. The intangible assets of PCC SE mainly comprise IT licenses and the naming rights to the PCC stadium of VfB Homberg e.V.

Property, plant and equipment
In accordance with IAS 16, property, plant and equipment are carried at historical cost and – except for land – depreciated using the straight-line method over their estimated useful economic lives. The initial cost recognized includes all expenses directly attributable to acquisition, construction or manufacture. The scheduled straight-line depreciation amounts are based on the following useful lives:

In years	2019	2018
Buildings and structures	9 – 17	9 – 17
Other facilities, factory and office equipment	2 – 15	2 – 21

An item of property, plant and equipment is derecognized either on disposal or when the further use of the asset is no longer expected to generate economic benefit. The gains or losses arising from the derecognition of the asset are determined as the difference between the net proceeds and the book value/carrying amount of the asset, and recognized through profit or loss in the period in which the asset is derecognized. Value write-ups arising from impairment reversals are recognized in other operating income.

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

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

Financial instruments
Financial assets and financial liabilities are recognized in the balance sheet once PCC SE becomes a party to a financial instrument. Financial assets are derecognized 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 derecognized once the contractual obligations are settled, canceled or have expired. Regular-way purchases and sales of financial instruments are recognized as of the transaction date, that is to say the date on which the company commits to the purchase or sale of the asset.

Classification and measurement of financial instruments per IFRS 9
In accordance with IFRS 9, financial assets and liabilities are classified into the following measurement categories based on their nature and their intended use:

(a) Financial instruments measured at amortized cost (AC)
Financial assets are classified in the AC category if they are held within the framework of a business model geared to the collection of contractual cash flows (strict business model condition). In addition, the asset value must be structured in such a way that it only leads to fixed-term cash flows that represent interest and principal payments on the outstanding nominal amount (cash flow condition). Financial liabilities are generally classified as AC unless they are financial instruments, derivatives or liabilities held exclusively for trading and for which the fair value option has been exercised. At PCC SE, "Other receivables and other assets" as well as receivables and loans reported under "Non-current financial assets" and "Current financial assets" are allocated to the AC measurement category. The shares in the joint venture OOO DME Aerosol, Pervomaysky (Russia), as well as other participating interests are also valued at amortized cost. "Cash and cash equivalents" likewise fall under this measurement category. All financial liabilities, with the excep-

tion of derivatives that are measured at fair value through profit or loss are also measured at amortized cost. Additions to financial assets and liabilities are measured at fair value, which generally corresponds to the nominal value of the receivable or the loan amount granted. Non-interest-bearing or low-interest-bearing non-current loans and receivables are carried at their present value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added to the fair value of those financial assets or financial liabilities. Financial instruments in the AC category are subsequently measured at amortized cost using the effective interest method. The changes in value are recognized in the statement of comprehensive income.

(b) Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets are classified in the FVOCI category if they are held in a business model both to collect contractually agreed cash flows and to transact sales (moderated business model condition). In addition, the asset must be structured in such a way that it only results in fixed-term cash flows that represent interest and principal payments in respect of a capital transfer (cash flow condition). Equity instruments never fulfill the cash flow condition, but can be voluntarily measured at FVOCI. At PCC SE, this option is exercised with shares in subsidiaries being assigned to the FVOCI measurement category, as are securities held as financial assets. In principle, financial liabilities cannot be allocated to the FVOCI category. Initial recognition is at fair value, which in the majority of cases corresponds to the cost of acquisition. Transaction costs directly attributable to the acquisition or issue of financial assets are added to the fair value of those financial assets. Changes in fair value on subsequent measurement are recognized directly in equity and only recognized in profit or loss on disposal (recycling). Conversely, amounts recognized in respect of equity instruments on disposal of the financial instrument are reclassified within equity without affecting income (no recycling).

c) Financial instruments recognized at fair value through profit or loss (FVTPL)

All financial instruments that do not meet the entry requirements of the first two categories are generally assigned to the FVTPL category. This includes equity instruments not voluntarily assigned to the FVOCI category, plus derivatives and all other financial instruments held for trading. In addition, in certain cases the fair value option for the classification of financial instruments may be exercised voluntarily, but irrevocably. Financial instruments in the FVTPL category are measured at fair value both initially and subsequently. The changes in value are recognized in the statement of comprehensive income. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities are immediately recognized through profit or loss.

Financial assets and liabilities are only offset and disclosed as a netted amount in the balance sheet where there is a legal entitlement to do so and the intention is to settle on a net basis or to discharge the associated liability simultaneously with realization of the associated asset.

Impairment of financial assets

For financial assets measured at amortized cost, a provision for expected impairment must be recognized in the balance sheet. For trade accounts receivable, expected default rates (Stage 2 of the impairment model) must be calculated on the basis of historical defaults and future estimates. If there are objective indications that trade accounts receivable or other financial assets measured at amortized cost are to be regarded as impaired, they are individually tested for impairment (Stage 3 of the impairment model). This is the case, for example, if insolvency proceedings have been opened against the debtor of a receivable or if there are other substantial indications of impairment, such as a significant deterioration in creditworthiness. The allowances are recorded via a value adjustment account on the asset side. The gross value and the allowance (value adjustment) are only derecognized when the receivable becomes uncollectible.

For reasons of materiality, PCC SE does not determine expected impairment in respect of trade accounts receivable or other financial assets.

Cash and cash equivalents

Cash and cash equivalents encompass cash balances and checks, credit balances at banks with an initial term of up to three months, and also highly liquid financial assets available at short notice. These items are recognized at amortized cost.

Assets held for sale and associated liabilities

Assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Scheduled depreciation/amortization is suspended. Assets held for sale and associated liabilities are shown separately in the balance sheet.

Trade accounts payable; overdrafts

Trade accounts payable, overdraft liabilities and other liabilities are recognized at their repayable or settlement amount.

Provisions

Provisions are created where a past event has given rise to a legal or constructive obligation toward third parties that is likely to lead in the future to an outflow of funds, and where the amount involved can be reliably estimated. Non-current provisions are recognized at the present value of the future outflow of resources and accrue interest over the period until the expected claim is made.

Taxes on income
PCC SE recognizes deferred taxes in accordance with IAS 12 for differences between the carrying amounts of assets and liabilities in the balance sheet and their tax base. Deferred tax liabilities are essentially recognized on all taxable temporary differences, while deferred tax assets are only recognized where it is probable that taxable profits will be available to enable their monetization. The carrying amount 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 monetized. Deferred income tax assets not recognized in an earlier period are reassessed at each closing date and recognized to the extent that it currently appears probable that future taxable profits will allow monetization 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, with the tax rate prevailing as of the balance sheet date being applied.

Leases
For the principles and methods of accounting for leases in accordance with IFRS 16, please refer to Note (2).

Foreign currency translation
The currency employed in the preparation of the separate financial statements of PCC SE is the euro.

Accounts receivable and payable in foreign currencies are measured at the exchange rate prevailing at the time of the transaction. Current foreign currency receivables or payables with a remaining term of one year or less are measured at the year-end rate of exchange.

Foreign currency credit balances are measured at the year-end rate of exchange.

Use of assumptions and estimates
Preparation of the separate financial statements as of December 31, 2019 in compliance with IFRSs requires certain estimates and assumptions to be made by the management that influence the amounts attributed to recognized assets, liabilities, contingent assets 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, the recognition and measurement of other provisions, and also that of taxes on income. In addition, calculation of the fair values of investments for which no market prices are publicly available is based on assumptions and estimates. They are continuously reviewed and may deviate from the actual values and figures that come to light. The book values / carrying amounts of items affected by estimates can be found in the following notes and also in the balance sheet.

Notes to the individual items of the statement of comprehensive income

(4) Result from participating interests and affiliated companies

The net result of income and expenses relating to participating interests and affiliated companies improved versus the previous year by €1,138 k to €38,036 k. Included in this figure is dividend income amounting to €37,874 k (previous year: €37,674 k) and impairment write-downs on individual financial assets in the investment portfolio totaling €133 k (previous year: €798 k). Income from profit distributions from the individual entities are as follows:

Figures in € k	2019	2018
PCC Rokita SA	32,484	33,368
PCC Exol SA	3,103	3,195
PCC Synteza S.A.	1,506	607
PCC Trade & Services GmbH	500	-
PCC Energetyka Blachownia Sp. z o.o.	178	458
PCC IT S.A.	104	46
Total	**37,874**	37,674

The impairment write-downs on financial assets break down as follows: Due to the regulated liquidation of PCC Power Sp. z o.o., Brzeg Dolny (Poland), the capital increase of €93 k implemented in the year under review was completely written down.

Further impairment losses on financial assets in the year under review relate to interest receivables from PCC Izvorsko EOOD, Sofia (Bulgaria), amounting to €37 k (previous year: €34 k) and from PCC Power Sp. z o.o. amounting to €3 k (previous year: €4 k), each of which were capitalized and written down in the same amounts due to a lack of earnings prospects.

(5) Other operating income

Figures in € k	2019	2018
Income from costs recharged	7,007	6,410
Rent and similar income	202	369
Income from the reversal of individual value adjustments on accounts receivable	124	5
Income from the reversal of other provisions	26	66
Income from write-ups of financial assets	16	15
Insurance reimbursements	7	2
Sundry other operating income	178	949
Other operating income	**7,559**	**7,816**

Other operating income decreased slightly by €257 k from €7,816 k in the previous year to €7,559 k in the fiscal year under review. As in the previous year, the largest single item is income from costs recharged, which increased slightly by €598 k to €7,007 k, countering the overall development of other operating income. This item comprises primarily revenue-based license fees and cost allocations from service charges.

As in the previous year, sundry other operating income is comprised of various individual items that are not in themselves material.

(6) Other operating expenses

Figures in € k	2019	2018
Personnel expenses	6,258	5,294
Legal, consultancy and auditing expenses	3,618	3,032
Travel and hospitality expenses	1,355	1,326
Marketing, selling and distribution expenses	1,063	976
Maintenance and repair expenses	360	67
General business expenses	355	350
IT and telecommunication expenses	311	375
Rent and similar expenses	106	177
License expenses and similar holding company charges	209	92
Sundry other operating expenses	520	522
Other operating expenses	**14,155**	**12,211**

Other operating expenses increased by €1,944 k or 15.9 %, from €12,211 k in the previous year to €14,155 k in the 2019 reporting year.

As in the previous year, personnel expenses were the biggest single item under other operating expenses. Personnel expenses increased by €964 k year on year, from €5,294 k to €6,258 k.

This is due to an increase in the average number of people working for PCC SE in fiscal 2019 and also to the fact that the bonus payments made to the Managing Directors rose owing to higher consolidated net income generated in 2018 compared to 2017.

Legal, consultancy and auditing costs rose by €586 k year on year to €3,618 k due among other things to PCC SE's commencement of new projects.

While maintenance and repair costs also rose versus the previous year – by €293 k to €360 k in the year under review – rental expenses fell by €72 k to €106 k in fiscal 2019. This is mainly due to the first-time application of IFRS 16, according to which leases are to be recognized in the balance sheet and no longer as rental expenses. All the other expense items hovered around the same level as in the previous year.

(7) Depreciation and amortization

Figures in € k	2019	2018
Amortization of intangible assets	52	60
Depreciation of property, plant, and equipment and of right-of-use assets	775	765
Depreciation and amortization	**827**	**825**

Amortization of intangible assets and depreciation of property, plant and equipment and of right-of-use assets increased only marginally from €825 k in the previous year to €827 k in the year under review. While amortization charges on intangible assets declined, depreciation of property, plant and equipment and of right-of-use assets increased by €10 k to €775 k, mainly due to the treatment of right-of-use assets which, following application of IFRS 16, were capitalized for the first time in the year under review. There were no impairment losses either in fiscal 2019 or in the previous year.

(8) Interest result

Figures in € k	2019	2018
Interest and similar income	**12,093**	**7,933**
Interest income on bank balances	4	39
Interest income on loans to affiliated companies	10,958	7,119
Other interest income	1,132	774
Interest and similar expenses	**16,652**	**16,509**
Interest payable on bonds	16,584	16,291
Interest payable on bank liabilities	18	49
Interest payable on leases	41	48
Interest expense on loans received from affiliated companies	9	121
Interest result	**–4,558**	**–8,576**

The net result from interest income and interest expenses improved versus the previous year by €4,018 k or 46.9 % from € –8,576 k to € –4,558 k in the year under review. As in the previous year, the largest single item was interest payable on bonds, which increased slightly year on year by €293 k to €16,584 k. Despite increased financial liabilities arising from the investment programs being pursued within the PCC Group, PCC SE benefited from the continued low interest rate environment for new issuances in the market.

PCC SE issued bonds in order, among other things, to fund investments and refinance maturing liabilities. Under Note (17) "Financial liabilities" can be found a detailed breakdown of bond liabilities and their tenors.

Interest income from loans granted to affiliated companies increased from €7,119 k in the previous year to €10,958 k in the year under review. The rise of €3,838 k is mainly due to the higher level of loans to affiliated companies.

(9) Other financial income and expenses

Figures in € k	2019	2018
Foreign exchange rate gains	167	2,052
Foreign exchange rate losses	1,794	3,570
Sundry other financial expenses	93	199
Other financial result	**–1,721**	**–1,716**

Gains and losses arising from foreign exchange/currency translation differences are recognized under financial result. Both income and expenses from currency translation fell sharply by almost the same amount compared to the previous year. At €93 k, other financial expenses were €105 k lower than in the previous year. The net effect on earnings was € –1,721 k, which constitutes no more than a marginal decline versus the prior-year figure of € –1,716 k.

(10) Taxes on income / Tax expense

Figures in € k	2019	2018
Foreign income taxes	130	168
Current income tax expense	**130**	**168**
Expenses (+) / income (–) from deferred taxes	307	–373
Taxes on income	**436**	**–206**
Other taxes and excise duties	50	–16
Tax expenses (+) / income (–)	**486**	**–222**

Taxes on income include the income taxes paid or owed and also deferred taxes recognized through profit or loss. This item exclusively comprises foreign taxes on income. Due to the negative taxable income of PCC SE, no corporate income tax, no solidarity surcharge and no trade taxes were due in the year under review or in the previous year. Other taxes include property taxes, wealth taxes and other comparable tax classes. These are allocated to other operating expenses. PCC SE is subject to the German corporate income tax rate of 15 % plus solidarity surcharge. PCC SE has tax loss carry-forwards for which no deferred taxes have been recognized. These can be carried forward indefinitely and amount to € 108.9 million (previous year: € 101.9 million).

The difference between the overall income tax rate of 30 % applicable in Germany for 2019, unchanged versus the prior year, and the effective tax rate is indicated in the following reconciliation statement:

Figures in € k	2019	2018
Earnings before taxes (EBT)	**24,334**	**21,385**
Anticipated tax expense	7,300	6,416
Permanently non-taxable income	–48,074	–43,723
Permanently non-deductible expenses	16,562	8,634
Withholding taxes	130	168
Income (–) / expenses (+) from deferred taxes	307	–373
Other effects	–995	7,288
Effective income tax	**–436**	**–206**

Notes to the individual items of the balance sheet

(11) Intangible assets and property, plant, and equipment

Figures in € k	Jan. 1, 2019	Historical cost Additions	Disposals	Reclassifications	Dec. 31, 2019
Intangible assets					
Industrial property rights and similar rights	826	–	–	–	826
Total	**826**	**–**	**–**	**–**	**826**
Property, plant and equipment					
Land and buildings	3,474	–	4	–	3,470
Other facilities, factory and office equipment	9,660	221	432	−8,304	1,144
Total	**13,134**	**221**	**436**	**−8,304**	**4,614**

Figures in € k	Jan. 1, 2018	Historical cost Additions	Disposals	Reclassifications	Dec. 31, 2018
Intangible assets					
Industrial property rights and similar rights	815	12	–	–	826
Total	**815**	**12**	**–**	**–**	**826**
Property, plant and equipment					
Land and buildings	3,474	–	–	–	3,474
Other facilities, factory and office equipment	9,579	242	161	–	9,660
Total	**13,053**	**242**	**161**	**–**	**13,134**

	Depreciation and amortization					
Jan. 1, 2019	Additions	Disposals	Reclassifications	**Dec. 31, 2019**	**Net carrying amount on Dec. 31, 2019**	Net carrying amount on Dec. 31, 2018
518	52	–	–	570	256	308
518	**52**	**–**	**–**	**570**	**256**	**308**
1,610	202	1	–	1,811	1,659	1,864
1,659	150	170	−989	650	494	8,001
3,269	**352**	**171**	**−989**	**2,461**	**2,153**	**9,865**

	Depreciation and amortization					
Jan. 1, 2018	Additions	Disposals	Reclassifications	**Dec. 31, 2018**	**Net carrying amount on Dec. 31, 2018**	Net carrying amount on Dec. 31, 2017
458	60	–	–	518	308	356
458	**60**	**–**	**–**	**518**	**308**	**356**
1,408	202	–	–	1,610	1,864	2,066
1,241	563	145	–	1,659	8,001	8,338
2,649	**765**	**145**	**–**	**3,269**	**9,865**	**10,404**

Intangible assets include licenses and similar rights, mainly for software and for the naming rights to the PCC stadium of VfB Homberg e.V. The total net carrying amounts here decreased from €308 k in the previous year to €256 k as of the 2019 balance sheet date. The change is due exclusively to scheduled amortization.

The net carrying amount of property, plant and equipment decreased from €9,865 k in the previous year to €2,153 k in the year under review. The decline is due primarily to the reclassification of the company airplane, which is now shown separately as a right-of-use asset due to the adoption of IFRS 16. Scheduled depreciation also contributed to the reduction in the overall total.

In the fourth quarter of 2017, PCC SE made the decision to dispose of investment properties. Investment properties with a carrying amount of €2,291 k were therefore reclassified as held for sale. The sale had not, however, been completed by the balance sheet date of the previous year. Disposal took place at the end of June 2019. Liabilities directly relating to these assets were reported in the previous year with a value of €748 k under "Liabilities associated with assets held for sale".

(12) Financial assets

Non-current financial assets are comprised primarily of shares in affiliated companies, the shares in the joint venture OOO DME Aerosol, Pervomaysky (Russia) and shares in S.C. Oltchim S.A., Râmnicu Vâlcea (Romania), which are classified as securities held as financial assets. Also included in non-current financial assets are loans to individual companies within the investment portfolio, and to third parties. Loans to affiliated companies and third parties with a term of one year or less are reported under current financial assets.

Figures in € k	Dec. 31, 2019		Dec. 31, 2018	
	Non-current	Current	Non-current	Current
Shares in affiliated companies	895,624	–	932,776	–
Shares in joint ventures	37	–	37	–
Participating interests	–	–	3	–
Securities held as financial assets	34	–	876	–
Total shares	**895,696**	–	933,692	–
Loans to affiliated companies	182,804	5,716	126,080	6,840
Loans to joint ventures	8,224	–	5,774	–
Loans to participations	–	–	–	11,526
Loans to third parties	344	11,607	328	–
Total loans	**191,372**	**17,323**	132,182	18,366
Financial assets	**1,087,068**	**17,323**	1,065,875	18,366

Investment portfolio

PCC SE is the holding company of the PCC Group. Its operational focus is on the sustainable management and growth-aligned optimization of its investment portfolio comprising majority and minority shareholdings. Its primary aims in this regard include that of generating and continuously growing enterprise value.

PCC Rokita SA and PCC Exol SA, both based in Brzeg Dolny, are listed as subsidiaries on the Warsaw Stock Exchange (GPW), meaning that market prices are regularly available for them. These form the basis for determining their associated fair values. As expected, S.C. Oltchim S.A. filed for insolvency in fiscal 2019 and its shares were excluded from stock exchange trading, resulting in a corresponding write-down in its value to zero at PCC SE. In the case of investments for which there are no publicly available market prices (Level 1), the valuation basis is provided either by recent transactions (Level 2) or valuation models (Level 3). The annual company valuations are carried out in the fourth quarter of each fiscal year using the discounted cash flow method (DCF) and are based on the budgets for the three subsequent years approved by the corporate management. Using a perpetuity growth model, a terminal value was determined on the basis of the last budget year. The achievable amount was ascertained on the basis of value-in-use. As in the previous year, the growth rate assumed was 1.0 %. The budget assumptions derive from empirical values and estimates of the various business managements, 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. Local tax rates of 19% were applied to the Polish companies in the investment portfolio, with rates of 30 % being applied to the German companies in the investment portfolio. The tax rates remained unchanged year on year. As in the previous year, the weighted average cost of capital (WACC) was determined on a regional basis. This was 7.0 % for Poland (previous year: 7.2 %) and 5.7 % for Germany (previous year: 6.2 %). Changes in the valuation of companies in the investment portfolio are recognized per IFRS in equity under other comprehensive income.

In the case of companies that are, for example, still in development or in their start-up phase or where profit contributions from investments will only arise over a longer period of time, the planning horizon may also be longer than three years.

In the case of investments that are newly established or have only recently commenced operations, the acquisition costs – usually in the form of capital measures implemented – are regarded as a realistic estimate of their fair values. In fiscal 2019, this mainly relates to the shares in PCC Oxyalkylates Malaysia Sdn. Bhd., Kuala Lumpur (Malaysia), and the newly established PCC Integrated Chemistries GmbH, Duisburg (Germany).

Figures in € k	Dec. 31, 2019	Dec. 31, 2018	Absolute change	Relative change
Stock-exchange listed subsidiaries [1]	**255,982**	**368,168**	**–112,186**	**–30.5 %**
PCC Rokita SA	**191,951**	316,201	–124,250	–39.3 %
PCC Exol SA	**64,031**	51,967	12,064	23.2 %
Stock-exchange listed securities [1]	**–**	**876**	**–876**	**–100.0 %**
S.C. Oltchim S.A.	**–**	876	–876	–100.0 %
Non-listed investments	**639,714**	**564,648**	**75,066**	**13.3 %**
PCC Intermodal S.A.	**224,033**	159,810	64,223	40.2 %
PCC BakkiSilicon hf.	**117,159**	134,668	–17,508	–13.0 %
PCC-MCAA Group [2]	**109,637**	79,101	30,536	38.6 %
PCC Consumer Products S.A.	**41,471**	25,066	16,405	65.4 %
ZAO PCC Rail	**34,527**	32,665	1,862	5.7 %
PCC Trade & Services GmbH	**30,382**	57,248	–26,866	–46.9 %
PCC Synteza S.A.	**14,181**	19,970	–5,790	–29.0 %
PCC Silicium S.A.	**12,196**	19,522	–7,326	–37.5 %
PCC Prodex GmbH	**6,493**	2,406	4,087	169.9 %
PCC Energetyka Blachownia Sp. z o.o.	**5,435**	1,729	3,706	214.4 %
PCC IT S.A.	**5,362**	7,100	–1,738	–24.5 %
PCC Insulations GmbH	**4,479**	2,500	1,979	79.2 %
PCC Seaview Residences ehf.	**2,860**	2,838	22	0.8 %
PCC Morava-Chem s.r.o.	**2,448**	3,244	–795	–24.5 %
Other investments [3]	**29,051**	16,783	12,268	73.1 %
Total	**895,696**	**933,692**	**–37,997**	**–4.1 %**

1 Relates exclusively to the specific shareholding held by PCC SE as of the reporting date, translated to euro as of that date if quoted in a foreign currency.
2 The new PCC-MCAA Group comprises MCAA SE and PCC MCAA Sp. z o.o.
3 The other investments include the shares in the joint venture OOO DME Aerosol as well as sundry shareholdings valued at acquisition cost.

The table above shows the fair values of the investment portfolio of PCC SE. In all, the investment portfolio of PCC SE comprising affiliated companies, joint ventures, securities held as financial assets and other investments had a fair value of €895,696 k as of December 31, 2019 (previous year: €933,692 k). Of this figure, €255,982 k (28.6 %) is accounted for by shares held by PCC SE in the two listed companies PCC Rokita SA and PCC Exol SA. The following table shows the entire investment portfolio of PCC SE.

Schedule of shareholdings

Name and head office of company	Currency	Exchange rate as of Dec. 31, 2019 1 euro =	PCC SE participating interest in % Direct	Indirect	2019	2018	Equity in local currency ('000)	Net result in local currency ('000)
Abwicklungsgesellschaft TEC artec valves GmbH & Co. KG, Oranienburg	EUR	1.0000	68.85	–	**68.85**	68.85	unknown	unknown
AO Novobalt Terminal, Kaliningrad	RUB	69.9563	–	100.00	**100.00**	100.00	112,192.0	29,769.1
Aqua Łososiowice Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	1,704.8	389.0
BiznesPark Rokita Sp. z o.o. i.L., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	1,138.8	–59.6
Brama Pomorza Sp. z o.o., Gdańsk	PLN	4.2568	7.41	–	**7.41**	7.41	–585.4	–496.5
CATCH66 GmbH, Duisburg	EUR	1.0000	100.00	–	**100.00**	100.00	6.6	–137.5
Chemia-Profex Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	40.1	14.8
Chemia-Serwis Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	199.4	112.0
ChemiPark Technologiczny Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	5,571.1	279.1
Chemi-Plan S.A., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	–5.0	–17.2
CWB Partner Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	636.2	332.7
distripark.com Sp. z o.o., Brzeg Dolny	PLN	4.2568	50.00	50.00	**100.00**	100.00	–2,865.5	–2,624.6
distripark GmbH, Oberhausen	EUR	1.0000	100.00	–	**100.00**	100.00	–655.6	–277.8
Ekologistyka Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	18,698.8	180.9
Elpis Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	9,863.2	–862.1
Fate Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	–35.3	–11.5
Gaia Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	70.2	–10.5
GEKON S.A. i.L., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	unknown	unknown
GRID BH d.o.o., Sarajevo	BAM	1.9558	–	85.62	**85.62**	85.62	78.7	–18.4
Hebe Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	–82.2	–57.2
IRPC Polyol Company Ltd., Bangkok	THB	33.4150	–	50.00	**50.00**	50.00	–33,786.1	–130,011.4
Kosmet Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	–	**–**	100.00	N/A	N/A
LabAnalityka Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	–175.1	–10.6
LabMatic Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	3,672.6	1,608.3
Locochem Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	185.7	161.7
LogoPort Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	116.1	71.0
MCAA SE, Brzeg Dolny	PLN	4.2568	100.00	–	**100.00**	100.00	82,724.2	–87.5
New Better Industry Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	–26.7	–9.7
Novi Energii OOD, Sofia	BGN	1.9558	–	60.00	**60.00**	60.00	–1,573.4	–36.5
OOO DME Aerosol, Pervomaysky	RUB	69.9563	50.00	–	**50.00**	50.00	–166,936.6	–18,822.4
OOO PCC Consumer Products, Moscow	RUB	69.9563	–	100.00	**100.00**	100.00	–83,142.2	–3,942.6
OOO PCC Consumer Products Navigator, Grodno	BYN	2.3524	–	100.00	**100.00**	100.00	3,384.0	–85.0
Pack4Chem Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	–383.4	–353.6
PCC ABC Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	–14.7	–9.5
PCC Apakor Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	99.59	**99.59**	99.59	14,041.3	6,658.7
PCC Autochem Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	8,823.9	1,794.9
PCC BakkiSilicon hf., Húsavík	USD	1.1234	86.50	–	**86.50**	86.50	29,401.3	–10,396.6
PCC Bulgaria EOOD, Sofia	BGN	1.9558	100.00	–	**100.00**	100.00	151.8	–105.5
PCC Chemax, Inc., Piedmont, SC	USD	1.1234	–	100.00	**100.00**	100.00	8,616.4	318.7
PCC Consumer Products Czechowice S.A., Czechowice-Dziedzice	PLN	4.2568	–	99.74	**99.74**	99.74	1,207.5	–5,445.8
PCC Consumer Products Kosmet Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	38,073.7	–13,102.2
PCC Consumer Products S.A., Brzeg Dolny	PLN	4.2568	100.00	–	**100.00**	100.00	41,668.0	–2,817.0
PCC DEG Renewables GmbH, Duisburg	EUR	1.0000	60.00	–	**60.00**	60.00	16,881.7	603.7
PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle	PLN	4.2568	84.46	–	**84.46**	84.46	16,497.7	1,213.1
PCC Envolt Sp. z o.o., Brzeg Dolny	PLN	4.2568	100.00	–	**100.00**	100.00	105.1	–3.7
PCC EXOL Kimya Sanayi ve Ticaret Limited Şirketi, Istanbul	TRY	6.6843	–	100.00	**100.00**	100.00	583.9	76.6
PCC Exol Philippines Inc. i.L., Batangas	PHP	56.9000	–	99.99	**99.99**	99.99	unknown	unknown
PCC EXOL SA, Brzeg Dolny	PLN	4.2568	85.80	–	**85.80**	85.82	255,638.0	26,198.6
PCC HYDRO DOOEL Skopje, Skopje	MKD	61.4856	–	100.00	**100.00**	100.00	–349,560.5	–55,660.5

Schedule of shareholdings

CONTINUED

Name and head office of company	Currency	Exchange rate as of Dec. 31,2019 1 euro =	Direct	Indirect	2019	2018	Equity in local currency ('000)	Net result in local currency ('000)
			PCC SE participating interest in %					
PCC Insulations GmbH, Duisburg	EUR	1.0000	100.00	–	**100.00**	100.00	2,488.8	16.5
PCC Integrated Chemistries GmbH, Duisburg	EUR	1.0000	100.00	–	**100.00**	–	2,994.0	–6.0
PCC Intermodal GmbH, Duisburg	EUR	1.0000	–	100.00	**100.00**	100.00	235.6	194.3
PCC Intermodal S.A., Gdynia	PLN	4.2568	98.80	–	**98.80**	98.40	142,105.3	21,339.9
PCC IT S.A., Brzeg Dolny	PLN	4.2568	100.00	–	**100.00**	100.00	8,105.8	779.5
PCC Izvorsko EOOD, Sofia	BGN	1.9558	–	100.00	**100.00**	100.00	–1,374.1	–6.1
PCC MCAA Sp. z o.o., Brzeg Dolny	PLN	4.2568	26.03	71.98	**98.00**	97.30	30,826.8	4,036.1
PCC Morava-Chem s.r.o., Český Těšín	CZK	25.4080	98.00	2.00	**100.00**	100.00	58,656.9	–32,136.7
PCC NEW HYDRO DOOEL Skopje, Skopje	MKD	61.4856	–	100.00	**100.00**	100.00	–52,928.9	–11,302.1
PCC Organic Oils Ghana Ltd., Accra	GHS	6.2114	100.00	–	**100.00**	100.00	–13,916.0	–8,842.2
PCC Oxyalkylates Malaysia Sdn. Bhd., Kuala Lumpur	MYR	4.5953	100.00	–	**100.00**	100.00	13,614.7	–2,791.5
PCC Packaging Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	–4,071.5	–2,104.0
PCC Power Sp. z o.o., Brzeg Dolny	PLN	4.2568	100.00	–	**100.00**	100.00	38.7	–25.0
PCC Prodex GmbH, Essen	EUR	1.0000	100.00	–	**100.00**	100.00	–477.8	–772.8
PCC Prodex Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	–6,962.4	–848.3
PCC PU Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	–12,059.1	–12,263.8
PCC Rokita SA, Brzeg Dolny	PLN	4.2568	84.17	–	**84.17**	84.16	790,525.0	105,579.0
PCC Seaview Residences ehf., Húsavík	ISK	135.8000	100.00	–	**100.00**	100.00	256,487.1	–26,004.2
PCC Silicium S.A., Zagórze	PLN	4.2568	99.99	–	**99.99**	99.99	4,182.8	2,774.9
PCC Slovakia s.r.o., Košice	EUR	1.0000	–	100.00	**100.00**	100.00	25.5	–33.0
PCC Specialties GmbH, Oberhausen	EUR	1.0000	100.00	–	**100.00**	100.00	–1,457.0	–2,131.5
PCC Synteza S.A., Kędzierzyn-Koźle	PLN	4.2568	100.00	–	**100.00**	100.00	22,799.4	7,308.5
PCC Therm Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	100.00	**100.00**	100.00	–4,383.7	–2,947.6
PCC Trade & Services GmbH, Duisburg	EUR	1.0000	100.00	–	**100.00**	100.00	15,050.6	2,126.8
PolyU GmbH, Essen	EUR	1.0000	100.00	–	**100.00**	100.00	238.4	–498.2
S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea	RON	4.7830	58.72	–	**58.72**	58.72	4,181.4	–66.0
S.C. Oltchim S.A. i.L., Râmnicu Vâlcea	RON	4.7830	32.34	–	**32.34**	32.34	unknown	unknown
Technochem Sp. z o.o., Brzeg Dolny	PLN	4.2568	–	85.80	**85.80**	85.80	–11.8	–3.2
TRANSGAZ S.A., Rybnik	PLN	4.2568	9.64	–	**9.64**	9.64	unknown	unknown
TzOW Petro Carbo Chem, Lviv	UAH	26.4220	92.32	–	**92.32**	92.32	7,000.6	–411.3
Valcea Chemicals S.R.L. i.L., Bucharest	RON	4.7830	–	100.00	**100.00**	100.00	12.1	0.0
ZAO Exol, Nizhny Novgorod	RUB	69.9563	100.00	–	**100.00**	100.00	–2,786.4	1,158.9
ZAO PCC Rail, Moscow	RUB	69.9563	100.00	–	**100.00**	100.00	–331,041.1	188,845.8

Loans

Non-current and current loans totaling €208,696 k (previous year: €150,548 k) as of December 31, 2019 are primarily comprised of loans to affiliated companies in the amount of €188,521 k (previous year: €132,919 k). The €55,601 k increase in loans to affiliated companies is predominantly due to interest capitalized in the year under review and loans granted to PCC BakkiSilicon hf., Húsavík (Iceland) totaling €53,032 k. Due to various technical problems, the silicon metal plant was unable to commence regular operations until the fourth quarter of 2019. The resulting liquidity bottlenecks were offset by the shareholder loans granted.

(13) Other receivables and other assets

Figures in € k	Dec. 31, 2019	Dec. 31, 2018
Receivables from affiliated companies	12,797	11,197
Purchase price receivable from the sale of company shares	4,705	4,883
Amounts receivable from shareholder	–	246
Receivables from VAT and other levies	437	186
Prepaid expenses and deferred charges	215	185
Sundry other assets	1,307	1,291
Other receivables and other assets	**19,461**	17,988

As in the previous year, other receivables and other assets all had a remaining term of up to one year as of December 31, 2019. The largest single item is receivables from affiliated companies, which increased by €1,599 k from €11,197 k as of December 31, 2018 to €12,797 k as of December 31, 2019.

The purchase price receivables of €4,705 k (previous year: €4,883 k) from the sale of company shares are owed by an international investment fund in respect of shares in PCC Exol SA. These claims are secured against the sold shares in PCC Exol SA. In the previous year, other assets and other receivables contained claims amounting to €246 k against the shareholder and Chairman of the Administrative Board of PCC SE. A liability has been recognized in the reporting year. The clearing account balance attracts interest at the rate of 6.0 % p.a.

The sundry other assets in both the previous year and the year under review consisted of various individual items that were not in themselves material. As in the previous year, no impairment losses were recognized on other assets or on receivables from affiliated companies.

(14) Equity

The subscribed capital of PCC SE remained unchanged year on year. It amounts to €5,000 k and is fully paid up. It is divided into 5,000,000 individual share certificates with a par value of €1 per share.

Revenue reserves/other reserves include the net income of PCC SE for the period under review of €23,898 k (previous year: €21,591 k). In fiscal 2019, the shareholder was paid out of these retained earnings of PCC SE a dividend in the amount of € 4,000 k (previous year: €1,850 k). This corresponds to a dividend per share amounting to €0.80 (previous year: €0.37). Other equity items mainly comprise the fair value of financial assets and deferred taxes attributable to them.

(15) Other provisions

Other provisions increased by €22 k year on year, from €836 k in the previous year to €858 k as of December 31, 2019. The main item driving the rise was provisions for year-end accounting and audit expenses, which increased by €19 k to €135 k. Accruals for personnel expenses remained virtually flat versus prior year. These relate primarily to claims for bonus and vacation payments. As in the previous year, both accruals for personnel expenses and the provisions for year-end accounting and audit expenses are of a short-term nature and current in respect of the year under review. The following table shows the development in other provisions for fiscal 2019.

Figures in € k	Jan. 1, 2019	Added	Utilized	Released	Dec. 31, 2019
Accruals for personnel expenses	720	491	488	–	723
Provisions for year-end accounting and audit expenses	116	135	113	3	135
Other provisions	**836**	626	601	3	**858**

(16) Trade accounts payable

Trade accounts payable increased by €808 k from €1,621 k as of December 31, 2018 to €2,430 k as of December 31, 2019. They consist of trade payables to affiliated companies of €1,495 k (previous year: €749 k) and to third parties of €934 k (previous year: €872 k).

(17) Financial liabilities

The financial liabilities of PCC SE in the reporting year comprised non-current and current liabilities arising from bonds, leases and amounts owed to affiliated companies. The figure for the previous year also included current and non-current liabilities to banks.

Figures in € k	Dec. 31, 2019		Dec. 31, 2018	
	Non-current	Current	Non-current	Current
Bond liabilities	329,984	79,389	278,416	64,739
Liabilities to banks	–	–	23	23
Lease liabilities	473	777	1,071	736
Financial liabilities to affiliated companies	500	–	–	500
Financial liabilities	**330,957**	**80,166**	279,510	65,998

The financial liabilities of PCC SE had the following maturity profile as of the balance sheet date:

Figures in € k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	**Dec. 31, 2019**
Bond liabilities	79,389	286,307	43,677	**409,373**
Lease liabilities	777	401	72	**1,250**
Financial liabilities to affiliated companies	–	500	–	**500**
Financial liabilities	**80,166**	**287,208**	**43,749**	**411,123**

Figures in € k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	Dec. 31, 2018
Bond liabilities	64,739	258,123	20,293	**343,155**
Liabilities to banks	23	23	–	**46**
Finance lease liabilities	736	1,071	–	**1,808**
Financial liabilities to affiliated companies	500	–	–	**500**
Financial liabilities	**65,998**	**259,217**	**20,293**	**345,509**

The relevant factors when presenting the maturities of contractual cash flows from financial liabilities are interest payments and redemption of principal. The following table shows non-discounted future cash flows. Trade accounts payable are essentially non-interest-bearing and due within one year. The carrying amount of trade accounts payable therefore corresponds to the total of the future cash flows.

Figures in € k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	**Dec. 31, 2019**
Bond liabilities	95,357	318,290	43,677	**457,324**
Lease liabilities	821	542	316	**1,679**
Financial liabilities to affiliated companies	–	510	–	**510**
Cash outflows for financial liabilities	**96,178**	**319,342**	**43,993**	**459,513**

Figures in € k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	Dec. 31, 2018
Bond liabilities	68,384	269,429	21,105	**358,917**
Liabilities to banks	119	360	390	**869**
Finance lease liabilities	769	1,089	–	**1,858**
Financial liabilities to affiliated companies	515	–	–	**515**
Cash outflows for financial liabilities	**69,787**	**270,878**	**21,494**	**362,159**

The lease liabilities reported under financial liabilities were secured in their entirety in 2019 by first-rank and subordinated mortgages, land charges or similar liens and by the assignment of claims.

Figures in € k	**Dec. 31, 2019**	Dec. 31, 2018
Mortgages, land charges and similar liens	–	794
Assignment of claims on assets	1,071	1,808
Collateral securities granted	**1,071**	2,602

In total, the collateral granted decreased from €2,602 k as of the balance sheet date of the previous year to €1,071 k as of year-end 2019. The previous year's mortgages, land charges and similar liens related to the heritable lease on the commercial property in Lippstadt, which had already been classified as available for sale in the previous year and was finally sold in fiscal 2019.

Bond liabilities result from the issuance of bonds by PCC SE. The bonds are issued exclusively in euros and carry coupons between 2.0 % and 6.75 % p.a. They are as indicated in the following table:

Figures in € k	Issue date	Maturity date	Issue currency	Coupon	Issue volume	**Dec. 31, 2019**	Dec. 31, 2018
ISIN							
DE000A2TSEM3	04/01/2019	10/01/2024	EUR	4.000 %	30,000	**29,946**	–
DE000A2YN1K5	10/22/2019	02/01/2025	EUR	4.000 %	30,000	**29,158**	–
DE000A2LQZH9	07/01/2018	10/01/2023	EUR	4.000 %	30,000	**28,783**	28,783
DE000A162AP6	10/01/2015	10/01/2020	EUR	5.000 %	25,000	**25,000**	25,000
DE000A2NBJL3	01/01/2019	07/01/2024	EUR	4.000 %	25,000	**24,990**	–
DE000A2GSSY5	10/01/2017	07/01/2022	EUR	4.000 %	25,000	**24,968**	24,968
DE000A162AQ4	10/01/2015	10/01/2022	EUR	6.000 %	25,000	**24,860**	24,860
DE000A2AAY85	10/17/2016	07/01/2021	EUR	4.000 %	25,000	**23,187**	23,187
DE000A2G8670	01/01/2018	04/01/2023	EUR	4.000 %	25,000	**21,790**	19,140
DE000A2NBFT4	10/01/2018	04/01/2024	EUR	4.000 %	25,000	**21,124**	20,293
DE000A2E4Z04	07/01/2017	04/01/2021	EUR	4.000 %	25,000	**19,927**	19,927
DE000A13SH30	12/01/2014	10/01/2021	EUR	6.750 %	20,000	**19,890**	19,890
DE000A2E4HH0	10/01/2017	07/01/2020	EUR	3.000 %	20,000	**19,210**	19,210
DE000A2TSTW0	03/01/2019	02/01/2023	EUR	3.000 %	25,000	**18,452**	–
DE000A14KJ35	05/01/2015	04/01/2020	EUR	6.000 %	40,000	**18,218**	18,218
DE000A14KJ43	05/01/2015	04/01/2022	EUR	6.500 %	35,000	**16,181**	16,181
DE000A2YPFY1	12/02/2019	07/01/2025	EUR	4.000 %	30,000	**14,519**	–
DE000A2G9HY2	04/01/2018	02/01/2022	EUR	3.000 %	10,000	**9,588**	9,588
DE000A2E4ZZ4	07/01/2017	02/01/2020	EUR	3.000 %	20,000	**7,481**	7,481
DE000A2NBFU2	10/01/2018	05/01/2020	EUR	2.000 %	5,000	**5,000**	1,690
DE000A2TR422	04/01/2019	12/01/2020	EUR	2.000 %	5,000	**4,480**	–
DE000A2YPFX3	12/02/2019	01/01/2024	EUR	3.000 %	20,000	**1,921**	–
DE000A2YPFD5	10/01/2019	12/01/2021	EUR	2.000 %	5,000	**700**	–
DE000A2AAY93	10/17/2016	07/01/2019	EUR	3.000 %	25,000	**–**	22,081
DE000A13R7S2	12/01/2014	10/01/2019	EUR	6.250 %	20,000	**–**	20,000
DE000A13R5K3	10/15/2014	01/01/2019	EUR	6.500 %	20,000	**–**	13,749
DE000A11QFD1	05/15/2014	04/01/2019	EUR	6.750 %	20,000	**–**	8,909
Bond liabilities						**409,373**	343,155

Of the bond liabilities in existence, PCC SE redeemed in full and on maturity a total of four during 2019: ISIN DE000A13R5K3 in the amount of €13,749 k on January 1, ISIN DE000A11QFD1 in the amount of € 8,909 k on April 1, ISIN DE000A2AAY93 in the amount of €22,081 k on July 1 and ISIN DE000A13R7S2 in the amount of €20,000 k on October 1. This resulted in a total repayment volume of €64,739 k for 2019 (previous year: €47,177 k). The nominal issue volume placed by the end of the year totaled €124,166 k. These funds were used for further investments in existing portfolio companies and ongoing projects, and also, in part, for the refinancing of liabilities maturing in 2019.

(18) Other liabilities

Figures in € k	Dec. 31, 2019	Dec. 31, 2018
Bearer bonds issued	–	5,856
Interest liabilities	4,196	4,056
Liabilities from wage tax and similar levies	121	116
Liabilities from VAT and similar levies	146	190
Liabilities to the shareholder	31	–
Sundry other liabilities	123	131
Other liabilities	**4,618**	10,349

Other liabilities decreased by €5,731 k from €10,349 k as of December 31, 2018 to €4,618 k as of December 31, 2019. The decline is mainly due to further bearer bonds being issued in the previous year in the amount of €5,856 k.

Liabilities from interest payment obligations mainly include interest on bonds due at the beginning of the following quarter.

(19) Deferred taxes

Deferred taxes are recognized on temporary differences between the carrying amounts of assets, liabilities and accruals in the balance sheet and their tax base. As in the previous year, PCC SE applied a tax rate of 30 % for this purpose.

At PCC SE, deferred tax assets and liabilities are offset and disclosed as netted balances where they involve the same tax authority and where there is an enforceable right to the offsetting of tax liabilities and tax receivables. As in the previous year, there was an excess of deferred tax liabilities amounting to €196,436 k for fiscal 2019 (previous year: €215,863 k).

Deferred taxes of €168,255 k relate to deferred taxes from the first-time transition to IFRS in 2013. The remaining amount results primarily from the annual fair value measurement of the investment portfolio of PCC SE.

(20) Additional disclosures relating to financial instruments

PCC SE as the holding company of the PCC Group, a conglomeration of internationally active companies, and also the entities in its investment portfolio are exposed to financial risks in the ordinary course of business. 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 and thus extensively cushion the impact of fluctuations in cash flow and earnings.

Interest and currency risks as well as default risks are managed in cooperation between PCC SE as the Group holding company and the individual subsidiaries. Liquidity management, on the other hand, is the sole responsibility of PCC SE.

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 at year-end of foreign-currency financial receivables, loans, cash sums and financial liabilities into the reporting currency of PCC SE. A potential change in the Polish złoty of 10 % would affect the equity and annual net earnings to the tune of €1,333 k (previous year: €822 k). A change in the exchange rate of the US dollar of likewise 10 % would have an impact on these items of €7,134 k (previous year: €2,763 k).

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 a floating interest rate. A potential change in interest rates of 100 basis points would affect the equity and annual net earnings of the Group to the tune of €4,099 k (previous year: €3,463 k).

Commodity price risks: These risks resulting from changes in the market prices of raw materials and commodities purchased and sold do not affect PCC SE itself, but only the operating companies in its investment portfolio.

Default or credit risks

Default or credit risks arise when contractual partners are unable to meet their contractual obligations. The main contractual partners are affiliated and other companies in the investment portfolio as recipients of long- or short-term loans granted. Given the liquidity criteria applied and a committed regime of constantly monitoring its capital investments, PCC SE does not envisage any unidentified default risk occurring in this domain. The financial asset amounts shown in the balance sheet essentially represent the maximum default risk.

Liquidity risks

Liquidity risks result from income stream fluctuations. Current liquidity is monitored and controlled by a treasury reporting system implemented within PCC SE and the main companies in its investment portfolio based on an IT-supported solution ("Treasury Information Platform"). In medium- and long-term liquidity planning, liquidity risks are identified and managed at their inception on the basis of simulations of various scenarios.

The possibility of obstacles within the SME bonds market could, at least temporarily, lead to liquidity bottlenecks. This risk is to be countered over the long term through the development of alternative financing sources at the institutional level. Work is also ongoing on using bank loans to partially replace the liquidity loans granted to the affiliated companies.

Financial instruments by class and category

In the case of cash and cash equivalents, trade accounts payable and liabilities to affiliated companies, the carrying amounts are regarded as realistic estimates of their fair values due to the short remaining terms to maturity. Assets that are not quoted on an active market and for which the fair value cannot therefore be reliably determined, are measured at cost.

Figures in € k	Carrying amounts, Dec. 31, 2019	Categories [1] FAaC	FLaC	FVOCI	Fair value
Financial assets					
Shares in affiliated companies	895,624	–	–	895,624	895,624
Shares in joint ventures	37	37	–	–	37
Securities held as financial assets	34	–	–	34	34
Loans	208,696	208,696	–	–	208,696
Cash and cash equivalents	18,289	18,289	–	–	18,289
Financial liabilities					
Bond liabilities	409,373	–	409,373	–	409,373
Lease liabilities	1,250	–	1,250	–	1,250
Liabilities to affiliated companies	500	–	500	–	500
Trade accounts payable	2,430	–	2,430	–	2,430

Figures in € k	Carrying amounts, Dec. 31, 2018	Categories [1] FAaC	FLaC	FVOCI	Fair value
Financial assets					
Shares in affiliated companies	932,776	–	–	932,776	932,776
Shares in joint ventures	37	37	–	–	37
Securities held as financial assets	876	–	–	876	876
Participating interests	3	3	–	–	3
Loans	150,548	150,548	–	–	150,548
Cash and cash equivalents	22,562	22,562	–	–	22,562
Financial liabilities					
Bond liabilities	343,155	–	343,155	–	343,155
Liabilities to banks	46	–	46	–	46
Finance lease liabilities	1,808	–	1,808	–	1,808
Liabilities to affiliated companies	500	–	500	–	500
Trade accounts payable	1,621	–	1,621	–	1,621

1 FLaC = Financial liabilities measured at amortized cost
FAaC = Financial assets measured at amortized cost
FVOCI = Fair value through other comprehensive income

Figures in € k	2019	2018
Financial assets at amortized cost (FAaC)	10,614	7,051
Financial liabilities at amortized cost (FLaC)	–15,931	–15,948
Fair value through other comprehensive income (FVOCI)	–8,168	26,620

The net gains and net losses from financial instruments comprise valuation results, the carrying amounts of premiums and discounts, the recognition and reversal of impairment losses, currency translation results, and interest, dividends and all other effects on income arising from financial instruments. Financial instruments measured at fair value through profit or loss exclusively comprise results from those that have not been designated as hedging instruments included in a hedging arrangement to IFRS 9. Net gains and losses from financial assets measured at amortized cost include net interest income of € 12,105 k. Net gains and losses from financial liabilities measured at amortized cost include net interest income of € 16,719 k.

Financial assets measured at fair value are indicated in the following table. These relate both to shares valued on the basis of stock market prices (Level 1) and shares in affiliated companies for which fair values are determined using valuation models (Level 3). For an explanation of the valuation model, please also refer to Note (12) "Financial assets".

Figures in € k	Level 1	Level 2	Level 3	Dec. 31, 2019
Financial assets recognized at fair value through other comprehensive income	255,982	–	639,677	895,659

Figures in € k	Level 1	Level 2	Level 3	Dec. 31, 2018
Financial assets recognized at fair value through other comprehensive income	369,044	–	564,648	933,692

Interest rate risks exist due to potential changes in the WACC discount rate and can lead to a change in the fair value of fixed-interest financial instruments. A potential 10 % change in the WACC would have an impact of €–54,074 k or €68,611 k on equity and the fair values of the shareholdings measured at Level 3. The five shareholdings with the highest fair value on the valuation date have been used for this analysis.

The development of the shares in the investment portfolio, the fair values of which are determined using valuation models (Level 3), is shown in the following table. The additions in relation to the affiliated companies comprise in particular injections of capital. The gains and losses recognized through OCI relate to the annual fair value adjustment process.

Figures in € k	**Jan. 1, 2019**	Additions	Gains/ losses through OCI	**Dec. 31, 2019**
Affiliated companies	**564,608**	27,704	47,331	**639,642**
Joint ventures	**37**	–	–	**37**
Securities	**3**	31	–	**34**
	564,648	**27,735**	**47,331**	**639,714**

Figures in € k	Jan. 1, 2018	Additions	Gains/ losses through OCI	Dec. 31, 2018
Affiliated companies	412,319	15,147	96,165	564,608
Joint ventures	37	–	–	37
Participating interests	216	–	–	3
	412,572	**15,147**	**96,165**	**564,648**

(21) Leases

Since January 1, 2019, leases in which PCC SE acts as lessee have been accounted for in accordance with the right-of-use model set out in IFRS 16. First-time application was effected using the modified retrospective method. In addition to reclassified agreements previously classified as finance leases with a present value of €7,315 k, the right-of-use assets at the time of the transition also included previous operating leases recognized for the first time with a present value of €191 k. The following table shows the development of the right-of-use assets as of the reporting date:

Figures in € k	2019	2018
Historical cost		
January 1	8,495	–
Additions	11	–
December 31	**8,506**	**–**
Depreciation		
January 1	989	–
Additions	423	–
December 31	**1,412**	**–**
Net carrying amount	**7,094**	**–**

PCC SE holds leases primarily in the areas of "Land and buildings" and "Other facilities, factory and office equipment, incl. vehicle fleet". To ensure flexibility, extension and termination options are sometimes agreed. When determining the term of the agreement, all circumstances and facts are taken into account which, to the best of our current knowledge, have an influence on the exercise of an extension option or the non-exercise of a termination option. When determining lease liabilities and corresponding right-of-use assets, all sufficiently assured cash outflows are taken into account. Classified by underlying asset type, the net carrying amounts of the right-of-use assets totaling €7,094 k break down as of year-end as follows:

Figures in € k	Dec. 31, 2019
Land and buildings	157
Other facilities, factory and office equipment, incl. vehicle fleet	6,937
Right-of-use assets, net carrying amount	**7,094**

The underlying contractual term for leased land and buildings is 10 years. Other facilities, factory and office equipment, including the vehicle fleet, are leased for between two and 21 years. The company airplane operated by PCC SE is included under this heading. Classified by underlying asset type, the depreciation charges totaling €423 k on right-of-use assets in fiscal 2019 break down as follows:

Figures in € k	**2019**
Land and buildings	**19**
Other facilities, factory and office equipment, incl. vehicle fleet	**405**
Right-of-use assets, depreciation	**423**

Right-of-use assets in the amount of €7,094 k are offset by lease liabilities of €1,250 k as of the balance sheet date. These are reported under financial liabilities. For further details, please refer to Note (17) "Financial liabilities". The maturity structure of payment obligations under leases is shown in the following table.

Figures in € k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	**Dec. 31, 2019**
Minimum lease payments	821	542	316	**1,679**
Discount	44	141	244	**429**
Present value	777	401	72	**1,250**

Figures in € k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	Dec. 31, 2018
Minimum lease payments	769	1,089	–	1,858
Discount	32	18	–	50
Present value	736	1,071	–	1,808

Compliant with the exemptions allowed, no leases have been recognized in the balance sheet where the underlying asset is of minor value or where the lease term is less than twelve months. Instead, the lease is expensed. The following amounts related to leases were recognized in the statement of comprehensive income in the year under review:

Figures in € k	2019
Expenses for short-term leases with a term of less than twelve months	51
Expenses for leases of assets of minor value not included in the short-term leases referred to above	3
Interest expenses for lease liabilities	41

There were no significant expenses from variable lease payments nor was there any income from subleases. In total, the outflow of funds from lease agreements amounted to €824 k in the past fiscal year.

(22) Contingent liabilities

The contingent liabilities of €96,171 k (previous year: €116,529 k) as of the balance sheet date relate exclusively to affiliated companies and mainly pertain to letters of guarantee and letters of comfort. Due to the stable earnings situation and the positive development potential of the individual recipient entities, no utilization is expected as of the date of preparation of these financial statements.

(23) Statement of cash flows and capital structure management

Statement of cash flows

The statement of cash flows 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".

Interest received and taxes paid on income are recognized as cash flow from operating activities. Interest paid is disclosed under cash flow from financing activities.

Dividends received are recognized as cash flow from operating activities. Dividends paid are a component of the financing activities category. Dividends paid to the sole shareholder of PCC SE are indicated as a separate item in 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 checks) shown in the balance sheet. In the event of changes in the investment portfolio arising from the purchase or sale of entities, the purchase price paid or received, less the financial funds acquired or sold, is recognized under cash flow from investing activities. If the acquisition or disposal of shares in a subsidiary takes place without a change in control, such transactions are disclosed as financing activities.

The conclusion of a lease agreement essentially constitutes a non-cash transaction. Payments made for investments in property, plant and equipment are netted against lease proceeds.

The following reconciliation statement shows changes in financial liabilities disclosed as cash inflows or outflows under cash flow from financing activities. The cash changes amounted to €65,402 k in the year under review compared to €23,844 k in the previous year.

Figures in € k	**Jan. 1, 2019**	Cash-effective changes	Non-cash changes: Interest added	Non-cash changes: Converted into equity	Non-cash changes: Other changes	**Dec. 31, 2019**
Bond liabilities	**343,155**	66,218	–	–	–	**409,373**
Liabilities to banks	**46**	–46	–	–	–	**–**
Lease liabilities	**1,808**	–770	9	–	203	**1,250**
Financial liabilities to affiliated companies	**500**	–	–	–	–	**500**
Financial liabilities	**345,509**	65,402	9	–	203	**411,123**

Figures in € k	Jan. 1, 2018	Cash-effective changes	Non-cash changes: Interest added	Non-cash changes: Converted into equity	Non-cash changes: Other changes	Dec. 31, 2018
Profit participation certificates	10,997	–10,997	–	–	–	–
Bond liabilities	303,585	39,570	–	–	–	343,155
Liabilities to banks	1,134	–1,088	–	–	–	46
Finance lease liabilities	2,528	–721	–	–	–	1,808
Financial liabilities to affiliated companies	3,420	–2,920	–	–	–	500
Financial liabilities to companies in which a participating interest is held	119	–	–	–119	–	–
Financial liabilities	**321,784**	23,844	–	–119	–	**345,509**

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 can be seized. The object of the financial policy of the Group is to secure its liquidity and solvency, limit financial risks and optimize capital costs. The primary metrics utilized are the equity ratio, the gearing ratio and net financial liabilities, which comprise current and non-current financial liabilities set against cash and cash equivalents. PCC SE is aiming to achieve an equity ratio of 50 %.

Figures in € k	Dec. 31, 2019	Dec. 31, 2018
– Cash and cash equivalents	18,289	22,562
+ Bond liabilities	409,373	343,155
+ Liabilities to banks	–	46
+ Lease liabilities	1,250	1,808
+ Financial liabilities to affiliated companies	500	500
Net financial liabilities	**392,834**	322,946

Net financial liabilities increased by €69,887 k to €392,834 k in the year under review. This is mainly due to the increase in bond liabilities, which represent the main financing instrument of PCC SE. For further details, please refer to Note (17) "Financial liabilities".

Due to the increase in financial liabilities, the equity ratio, i.e. equity expressed as a share of total capital, decreased to 46.6 % in the year under review (previous year: 49.4 %). The gearing ratio, which is the ratio of debt to equity, increased year on year to 1.2 (previous year: 1.0).

Other disclosures

(24) Related party disclosures

Sundry other liabilities include a liability payable to the sole shareholder of PCC SE amounting to €31 k. This is a short-term liability on which interest is payable at a rate of 6.0 % p.a. In the previous year, there was a receivable from the sole shareholder in the amount of €246 k, which was reported under other receivables and other assets and also bore interest at 6.0 % p.a.

As of December 31, 2019, PCC SE had receivables from affiliated companies totaling €201,317 k (previous year: €144,116 k). These relate to non-current loans and current loan receivables, other receivables and other assets. The financing arrangements involving affiliated companies carry interest rates ranging between 4.0 % p.a. and 10.0 % p.a., with terms of one to 20 years.

Members of the Management Board and the Administrative Board of PCC SE, and their families, are deemed related parties. For compensation to the Management Board members, please refer to the disclosures under Note (25) "Corporate bodies". For compensation of the Administrative Board, again please refer to the disclosures under "Corporate bodies", Note (25).

In principle, both the provision of services to related parties and the use of services from related parties are transacted at arm's length and at 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.

Loan receivables from the joint venture OOO DME Aerosol amounted to €8,224 k at the reporting date (previous year: €5,774 k). As in the previous year, the interest rate charged is 10.0 % p.a. The loans were granted for the development and construction of a dimethyl ether plant on the production site of the joint venture partner.

The following table provides an overview of all receivables from and liabilities to related parties:

Figures in € k	Dec. 31, 2019	Dec. 31, 2018
Receivables from related parties		
Affiliated companies	201,317	144,116
Joint ventures	8,224	5,774
Companies in which a participating interest is held	–	11,526
Other entities	11,607	–
Liabilities to related parties		
Affiliated companies	1,995	1,249

(25) Employees

In fiscal 2019, PCC SE had an average of 67 employees comprised of 66 permanent staff and one temporary employee. The average in the previous year was 61 employees, of whom 60 were permanent staff and one a temporary employee.

(26) Corporate bodies

The corporate bodies of PCC SE are as follows:

Managing Directors:
- Ulrike Warnecke, Finance and Human Resources, Organization and Public Relations, Trading and Consumer Products
- Dr. rer. oec. (BY) Alfred Pelzer, Chemicals Production, Logistics and Sales

The Managing Directors received remunerations totaling €878 k in fiscal 2019 (previous year: €720 k), recognized 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 of the Administrative Board, Managing Director of PCC SE
- Reinhard Quint, Member of the Administrative Board, Member of the Corporate Development Council of Duisburger Hafen AG, Duisburg, Germany

The Administrative Board received emoluments amounting to €145 k in fiscal 2019 (previous year: €145 k), recognized in full as short-term employee benefits.

(27) Events after the balance sheet date

The bond carrying the ISIN code DE000A2E4ZZ4 issued by PCC SE with a placed volume of €7,500 k was redeemed in full as of February 1, 2020. It was issued on July 1, 2017 with a coupon of 3.0 % p.a.

The bond carrying the ISIN code DE000A14KJ35 issued by PCC SE with a placed volume of €18,200 k was redeemed in full as of April 1, 2020. It was issued on May 1, 2015 with a coupon of 6.0 % p.a.

On April 1, 2020, PCC SE issued a bond carrying the ISIN code DE000A254TZ0. This bond has a volume of up to €25,000 k and matures on December 1, 2024. Its coupon is 4.0 % p.a.

On April 30, 2020, PCC SE issued a bond carrying the ISIN code DE000A254TD7. This bond has a volume of up to €10,000 k and matures on May 1, 2022. Its coupon is 3.0 % p.a.

The outbreak and spread of the novel coronavirus is having a severe global impact with concomitant economic and financial implications. Given the time of preparation of these financial statements, it was possible also to take into account developments of the first five months of the new fiscal year. PCC SE received dividend distributions in the scheduled amount. At the time of preparation, PCC SE had in fiscal 2020 already repaid and refinanced four bonds within their maturity tenors.

The various businesses of the PCC Group have been affected by the pandemic crisis in Europe in very different ways: from high capacity utilization in the Chemicals division and a boom in demand for cleaning and sanitizing agents on the one hand, to a production stop at the silicon metal plant and a temporary decline in container transport activities on the other.

Irrespective of a possible second wave of Covid-19 cases, declining earnings due to the crisis may mean a reduction in dividend income in the following year for PCC SE. That said, it is still not possible to fully assess the impact of the coronavirus pandemic on fiscal 2020 as a whole, nor the overall impact on business in general.

The Icelandic subsidiary of PCC SE, PCC BakkiSilicon hf., plans to also temporarily shut down the second electric arc furnace of its silicon metal plant in August 2020 in order to allow the scheduled reconstruction of the facility's filter house roof by the plant constructor. This build will take several weeks to complete. As a result of the Covid-19 pandemic and the associated global economic downturn, the silicon metal market has suffered a very severe slump. At the time of preparing this financial report, the management of PCC BakkiSilicon hf. was thus not yet in a position to determine the exact date of production restart. Like many other silicon metal producers worldwide, this company has therefore also been forced to temporarily halt production. As Icelandic labor law does not provide for short-time working, a majority of local employees have had to be laid off, at least temporarily.

Duisburg, July 10, 2020

PCC SE

Ulrike Warnecke
Managing Director

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

Independent Auditor's Report

To PCC SE, Duisburg

Auditor's Opinion

We have audited the separate financial statements of PCC SE, Duisburg, which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year from 1 January 2019 to 31 December 2019, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, on the basis of the knowledge obtained in our audit, the accompanying separate financial statements comply, in all material respects, with the IFRS, as adopted by the EU, and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Company as at 31 December 2019, and of its financial performance for the financial year from 1 January 2019 to 31 December 2019.

Pursuant to section 322 paragraph 3 sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the separate financial statements.

Basis for the Audit Opinion

We conducted our audit of the separate financial statements in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Separate Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the separate financial statements.

Responsibilities of the Managing Directors and the Administrative Board for the Separate Financial Statements

The managing directors are responsible for the preparation of the separate financial statements that comply, in all material respects, with the IFRS, as adopted by the EU, and that the separate financial statements, in compliance with these requirements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company. In addition, the managing directors are responsible for such internal control as they have determined necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the managing directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern.

In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The administrative board is responsible for overseeing the Company's financial reporting process for the preparation of the separate financial statements.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinion on the separate financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the managing directors and the reasonableness of estimates made by the managing directors and related disclosures.

- Conclude on the appropriateness of the managing directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements present the underlying transactions and events in a manner that the separate financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with IFRS, as adopted by the EU.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Düsseldorf, 24 July 2020

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Achim Krichel	Marianne Reck
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This financial report is available in its original German version and as a convenience translation in English.

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

PCC SE
Duisburg, July 2020

Forward-looking statements

This report contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond PCC SE's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate newly acquired businesses and achieve anticipated synergies, and the actions of government regulators. If any of these or other risks and uncertainties should occur, or if the assumptions underlying any of these statements should prove incorrect, then actual results may be materially different from those expressed or implied by such statements. PCC SE does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of this report.