



Annual Report 2008



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Consolidated Statement of Income

€ '000	Note	January 1, 2008 to December 31, 2008	December 1, 2006 to December 31, 2007
Net revenue	(2)	1,203,400	985,790
Cost of sales		(1,104,903)	(885,555)
Gross profit		98,497	100,235
Selling expense		(13,268)	(9,601)
General and administrative expense		(18,190)	(15,742)
Research and development expense		(4,470)	(3,985)
Other operating income	(3)	76,123	52,032
Other operating expense	(4)	(64,930)	(57,200)
Operating result		73,762	65,739
Financial result	(5)	(26,084)	(27,487)
Interest income		2,787	2,757
Interest expense		(29,517)	(29,377)
Income from companies accounted for using the equity method		2,279	-
Other financial income (expense)		(1,633)	(867)
Income before income taxes and minority interests		47,678	38,252
Income taxes	(6)	(21,296)	(6,324)
Income before minority interests		26,382	31,928
Profit (loss) attributable to minority interests	(7)	13	12
Net Income		26,369	31,916

Consolidated Balance Sheet

€ '000	Note	December 31, 2008	December 31, 2007
ASSETS			
Intangible assets	(9,10)	12,304	17,321
Tangible assets	(9,11)	303,600	293,864
Investments accounted for using the equity method	(12)	2,363	8
Other financial assets	(13)	2,459	1,193
Deferred tax assets	(6)	6,285	7,187
Other receivables and miscellaneous long-term asses	(16)	2,489	4,161
Long-term assets		329,500	323,734
Inventories	(14)	130,826	143,556
Accounts receivables, trade	(15)	112,973	189,102
Other receivables and miscellaneous short-term assets	(16)	24,150	25,013
Other financial assets	(13)	1,766	1,350
Cash and cash equivalents	(17)	75,494	82,827
Short-term assets		345,209	441,848
Total assets		674,709	765,582

SHAREHOLDERS' EQUITY AND LIABILITIES

Subscribed capital		873	873
Capital surplus		37,065	41,794
Retained earnings		59,978	32,458
Other comprehensive income		(4,805)	(4,018)
Minority interests		284	271
Shareholder's equity	(18)	93,395	71,378
Provisions for pensions	(19)	14,832	14,564
Other provisions	(20)	15,863	19,735
Deferred tax liabilities	(6)	59,060	49,936
Financial indebtedness	(21)	359,011	399,114
Other liabilities		81	2,861
Long-term liabilities		448,847	486,210
Accounts payable, trade		66,276	141,283
Other provisions	(20)	10,608	13,102
Tax liabilities	(6)	16,572	15,296
Financial indebtedness	(21)	16,198	6,521
Other liabilities		22,813	31,792
Short-term liabilities		132,467	207,994
Total liabilities and shareholder's equity		674,709	765,582

Consolidated Statement of Recognized Income and Expense

Consolidated Statement of Shareholders' Equity

2008							
€ '000	Number of subscribed shares	Subscribed capital	Capital reserve	Retained earnings	Other comprehensive income	Minority interest	Total shareholders' equity
January 1, 2008	872,664	873	41,794	32,458	(4,018)	271	71,378
Capital withdrawal/contribution	-	-	(4,729)	-	-	-	(4,729)
Dividends paid	-	-	-	-	-	-	-
Net income	-	-	-	26,369	-	13	26,382
Income and expense recognized directly in equity	-	-	-	1,151	(787)	-	364
Changes in scope of consolidation and other changes	-	-	-	-	-	-	-
December 31, 2008	872,664	873	37,065	59,978	(4,805)	284	93,395

2007							
€ '000	Number of subscribed shares	Subscribed capital	Capital reserve	Retained earnings	Other comprehensive income	Minority interest	Total shareholders' equity
December 1, 2006	12,500	13	137	-	-	-	150
Capital contribution	860,164	860	41,657	-	-	-	42,517
Dividends paid	-	-	-	-	-	-	-
Net income	-	-	-	31,916	-	12	31,928
Income and expense recognized directly in equity	-	-	-	542	(4,018)	-	(3,476)
Changes in scope of consolidation and other changes	-	-	-	-	-	259	259
December 31, 2007	872,664	873	41,794	32,458	(4,018)	271	71,378

Development of Income & Expense Recognized Directly in Equity

€ '000	Retained earnings	Other comprehensive income			Total	
2008	Actuarial gains/ losses	Foreign currency translation adjustment	Fair value changes in available-for-sale securities	Cash flow hedges	Total of other comprehensive income	
As of January 1, 2008	542	(3,401)	-	(617)	(4,018)	(3,476)
Changes	1,753	1,653	-	(3,486)	(1,833)	(80)
Deferred taxes	(602)	-	-	1,046	1,046	444
As of December 31, 2008	1,693	(1,748)	-	(3,057)	(4,805)	(3,112)

€ '000	Retained earnings	Other comprehensive income			Total	
2007	Actuarial gains/ losses	Foreign currency translation adjustment	Fair value changes in available-for-sale securities	Cash flow hedges	Total of other comprehensive income	
As of December 1, 2006	-	-	-	-	-	-
Changes	774	(3,401)	-	(881)	(4,282)	(3,508)
Deferred taxes	(232)	-	-	264	264	32
As of December 31, 2007	542	(3,401)	-	(617)	(4,018)	(3,476)

Consolidated Statement of Cash Flows

€ '000	December 31, 2008	December 31, 2007
Net Income	26,369	31,916
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	29,513	26,036
Income tax expense	21,296	6,324
Net financial expense	26,084	27,487
Changes in pension provisions and other non-cash items	(3,324)	(10,859)
Total non-cash items	73,569	48,988
Interest paid	(30,550)	(17,505)
Interest received	2,787	2,634
Income taxes paid	(10,107)	(12,112)
Cash movement in interest and income taxes	(37,870)	(26,983)
Cash movement before changes in working capital and accruals	62,068	53,921
Changes in inventories	6,478	(14,587)
Changes in receivables	85,821	(1,993)
Changes in other operating liabilities and provisions	(87,324)	61,993
Cash provided by operating activities	67,043	99,334
Payments related to intangible assets and property plant and equipment	(29,520)	(15,836)
Payments related to financial assets and securities	(75)	(829)
Payments related to acquisitions	-	(464,309)
Proceeds from financial assets	-	-
Cash used in investing activities	(29,595)	(480,974)
Repayment to shareholders (prior year: Capital increase)	(37,754)	31,737
Proceeds from addition of financial liabilities to shareholders	-	83,113
Proceeds from addition of financial liabilities to third parties	-	353,450
Repayment of financial liabilities	(7,982)	(3,492)
Cash used in (prior year: provided by) financing activities	(45,736)	464,808
Net changes in cash and cash equivalents	(8,288)	83,168
Effects on cash and cash equivalents from foreign exchange rates	955	(491)
Net changes in cash and cash equivalents	(7,333)	82,677
Cash and cash equivalents at beginning of period	82,827	150
Cash and cash equivalents at end of period	75,494	82,827

1. Summary of Accounting Policies

(a) General Information

The reporting company was founded as of December 1, 2006 and registered as ADVENT OXO S.à.r.l. (hereinafter referred to as OXEA S.à.r.l.) in the commercial register of Luxembourg (Registre de Commerce et des Sociétés Luxembourg – B 122023) on December 18, 2006 and has its registered office at 47, Grand Rue, L-1661 Luxembourg.

The OXEA Group (hereinafter referred to as OXEA) commenced operations on March 1, 2007. The business comprises the former Celanese polyols and olefine derivatives and solvents businesses and the operations of European OXO GmbH. The product range covers basic aldehydes, higher aldehydes, alcohols, amines, carboxylic acids esters and other derivatives. OXEA has extensive experience and unique know-how in oxo chemicals and derivatives production and is a market leader in products such as butyl acetates, n-propanol, butanols, C3/C4-amines, n-propyl acetate, carboxylic acids, butyraldehyde, TCD derivatives and 2-ethylhexanol.

The consolidated financial statements of OXEA S.à.r.l. have been audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf.

In accordance with IFRS, the fiscal year of the consolidated financial statements equates to the business year of the parent company. The prior year's financial statements have been prepared for the period from December 1, 2006 to December 31, 2007. Starting January 1, 2008, the business year comprises twelve months. Due to the business combination that took place on February 28, 2007, the prior years figures have restricted comparability.

(b) Basis of preparation

The consolidated financial statements of OXEA S.à.r.l. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements of OXEA S.à.r.l. and its subsidiaries included in the consolidated financial statements were prepared using uniform group accounting policies.

On March 26, 2009, the 2008 consolidated financial statements were approved by the Board of Management.

(c) Consolidated Group

All significant subsidiaries and associates are included in the consolidated financial statements. Subsidiaries are companies that are directly or indirectly controlled by OXEA S.à.r.l. and are fully consolidated. Associates are companies in which OXEA S.à.r.l. has a significant influence, and that are neither subsidiaries nor joint ventures. Associates are accounted for using the equity method.

The composition of OXEA is as follows:

	December 31, 2008	December 31, 2007
Consolidated subsidiaries	13	11
Associates accounted for using the equity method	1	1
Total	14	12

Subsidiaries

Name of registered office	Oxea S.à.r.l. share in % as of December 31, 2008	Oxea S.à.r.l. share in % as of December 31, 2007
Oxea Beteiligungs GmbH, Oberhausen	100.00	100.00
Oxea Holding GmbH, Oberhausen (i)	100.00	100.00
Oxea Deutschland GmbH, Oberhausen (i)	100.00	100.00
Oxea GmbH, Oberhausen (i)	100.00	100.00
Oxea Infrastruktur GmbH & Co. KG, Oberhausen (i)	98.00	98.00
OXEA Hungary Vagyonkezelő Kft, Budapest/Hungary	100.00	100.00
OXEA Corporation, Dallas, TX/USA (ii)	100.00	100.00
OXEA UK LIMITED, Teddington, Middlesex/UK (ii)	100.00	100.00
OXEA Bishop LLC, Bishop, TX/USA (ii)	100.00	100.00
OXEA Japan KK, Tokyo/Japan (i)	100.00	100.00
OXEA Singapore Pte, Singapore (i)	100.00	100.00
OXEA Nederland B.V., Rotterdam, Holland (i)	100.00	-
OXEA China LTD., Changzhou, China (i)	100.00	-

(i) Indirect shareholding via Oxea Beteiligungs GmbH, Oberhausen

(ii) Indirect shareholding via OXEA Hungary Vagyonkezelő Kft, Budapest, Hungary

(d) Summary of significant accounting policies

Consolidation method

All business combinations are accounted for using the purchase method. The acquirer allocates the cost of a business combination by recognizing the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair value at the acquisition date. Non-current assets that are classified as held for sale are recognized at fair value less costs to sell. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of identifiable assets and of the liabilities and contingent liabilities taken over, regardless of the level of the investment held, is recognized as goodwill. Any excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities which exceeds the cost of a business combination is recognized immediately in profit or loss. In the periods following the business combination, any realized differences between the carrying amounts and fair values of assets and liabilities are adjusted, amortized or reversed, in accordance with the treatment of the corresponding assets and liabilities. No goodwill arose from the business combination in 2007, nor are any assets held for resale at the balance sheet date.

Income and expenses of a subsidiary are included in the consolidated financial statements from the acquisition date until the date on which the parent ceases to control the subsidiary.

Investments in associates accounted for using the equity method are carried at the acquirer's interest in the identifiable assets (including any attributable goodwill) and liabilities are remeasured to fair value upon acquisition. Unrealized gains and losses from transactions with these companies are eliminated in proportion to the acquirer's interest.

Eliminations: Transactions between consolidated companies as well as inter company profits arising from sales and services rendered between group companies are eliminated.

Capital consolidation: Capital consolidation is based on the purchase method. Initially all assets, liabilities and intangible assets that are to be capitalized are valued at fair value. The acquisition cost is then compared with the fair value of the net assets acquired and any difference is capitalized as goodwill. Goodwill is not amortized, but is written down in the case of impairment.

Revenue recognition: Revenues from the sale of goods or services are recognized upon transfer of ownership and risk to the buyer net of rebates and discounts. Revenues exclude any sales taxes.

Cost of sales, selling, general and administrative, research and development and other operating expenses: Prior year expenses have been reclassified to reflect a revision of the allocation of expenses in line with a uniform categorization of costs. The amounts reclassified are as follows:

€ '000	As previously reported	As revised
Cost of sales	885,374	885,555
Selling expense	5,940	9,601
General and administrative expense	20,902	15,742
Research and development expense	2,900	3,985
Other operating expense	56,967	57,200

Foreign-currency transactions: Foreign-currency transactions are translated into the functional currency at the exchange rate at the date of the transactions. At the balance sheet date, foreign currency receivables and payables are valued at the closing rate. Exchange rate differences are recognized in the income statement.

Translation of foreign currency financial statements: The assets and liabilities of group entities whose functional currency is not the Euro are translated into Euros from the local currency using the middle rate at the balance sheet date. The middle rate is the average of the bid and ask rates at closing on the respective dates. The income statements and corresponding profits and losses of group entities denominated in a foreign currency are translated at monthly average exchange rates which approximate the exchange rate at the date of transaction. Exchange rate differences are recognized as a separate component of equity.

The relevant exchange rates used for the US Dollar which is the significant foreign currency were as follows:

1 € =	USD
Rate at January 1, 2008	1.4718
Rate at December 31, 2008	1.3976
Average Rate 2008	1.4708

Intangible assets: Intangible assets with finite useful lives are measured at cost and amortized on a straight-line basis over their useful lives. Such assets are impaired whenever events or changes in circumstances indicate that their recoverable amount, which is measured at the higher of fair value less costs to sell and value in use, is lower than the carrying amount. Impairment losses are reversed if the reasons for recognizing the original impairment loss no longer apply. OXEA has not capitalized any development costs as the criteria described in IAS 38 are not met.

The estimated useful lives for intangible assets with finite lives are as follows:

Intangibles	Years
Know-how, patents and other production technologies	2.5-12.0
Distribution supply and similar rights	1.3-8.0
Software	1.8-5.0
Other rights and values	3.0

OXEA has no intangible assets with infinite useful lives.

Property, plant and equipment: Property plant and equipment is carried at cost less straight-line depreciation and impairment losses. The depreciation period is based on the expected useful life. Items of property, plant and equipment are depreciated pro rata in the year of acquisition.

If an item of property, plant and equipment consists of several components with different estimated useful lives, the individual significant components are depreciated over their individual useful lives. Costs relating to regularly scheduled maintenance shutdowns are capitalized and depreciated using the straight line method over the period to the next planned shutdown. Borrowing costs are capitalized when the criteria of IAS 23 are met.

The estimated useful lives of material asset categories are as follows:

Tangibles	Years
Buildings	20
Machinery and technical equipment	25-40
Miscellaneous machinery and equipment	20
Office equipment	6-10

Impairment write-downs are recorded whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The evaluation is based on the present value of expected future cash flows. An impairment write-down is recorded for the difference between the carrying amount of the asset and the recoverable amount.

OXEA owns investment property at one of its German production sites. Investment property is valued at cost.

Rhodium: OXEA uses rhodium catalysts in its production processes. The base catalyst load contained in the reactors is accounted for as a fixed asset. Rhodium catalysts which are being recycled are accounted for as inventory.

Inventory quantities are estimated after taking into account expected recovery rates for used catalysts. As a result of comprehensive maintenance and turnaround work during 2008, actual recovery rates were higher than estimated resulting in a write up of € 5.3 million.

Leasing: In accordance with IAS 17 leasing contracts are classified as either finance or operating leases. Leased assets classified as operating leases are not capitalized and payments are charged to the income statement in the year that they are incurred. A lease is classified as a finance lease if it transfers substantially all of the risks and rewards related to its ownership. Leased assets classified as finance leases are initially recorded at the lower of the fair value or the present value of the minimum lease payments and depreciated over the shorter period of the useful life of the asset or the lease term. Lease payments are apportioned between the interest component and the principal component. The principal component reduces the liability whilst the interest component is recorded as interest expense.

Financial instruments: Financial assets and financial liabilities are recorded on the balance sheet when OXEA enters into an agreement about a financial instrument. Financial assets are removed from the books when the contractual rights to the cash flows from the financial asset expire or, when the financial asset with all risks and rewards of ownership is transferred. Financial liabilities are removed from the books when the contractual obligation expires or is discharged or cancelled. Standard purchases and sales of financial instruments are recognized upon the settlement date. Financial assets include, in particular, cash and cash equivalents, trade receivables and other originated loans and receivables, and derivative and non-derivative financial assets held for trading. Financial liabilities generally substantiate claims for repayment in cash or another financial asset. In particular, this includes trade payables, liabilities to banks, liabilities to shareholders, finance lease payables, and derivative financial liabilities.

Financial assets and liabilities are divided into the following valuation categories:

Financial assets and liabilities that are measured at fair value and recognized in income consist of derivatives and other trading instruments.

Loans and receivables comprise financial assets with fixed or determinable payments, which are not quoted on an active market and are not derivatives or classified as available-for-sale. This category includes trade receivables, other receivables and short-term assets and other long-term assets. Initial valuation is at fair value which generally equates to the nominal value of the receivable or loan. Subsequent measurements are at amortized cost under consideration of the effective interest rate method.

If there is objective evidence for an impairment of a receivable or a loan, an individual valuation adjustment is undertaken. Such evidence could be when the final difficulties of a debtor become known or payment delays occur. When assessing the need for an impairment, regional and sector specific conditions are considered.

In certain instances, impairment losses on trade accounts receivable are recognized using allowance accounts. The decision to account for credit risks using an allowance account or by an individual valuation adjustment depends on the reliability of the risk assessment. As there is a wide variety of business areas and regional circumstances, this decision is the responsibility of the portfolio managers in question.

Cash and cash equivalents, which include cash accounts and short-term cash deposits at banks, have maturities of up to three months when initially recognized and are measured at amortized cost.

Available for sale financial instruments comprise financial assets which are not derivatives and do not fall under any of the previous categories. Initial valuation is at fair value. Subsequent changes in fair value are booked to equity under other comprehensive income. Available for sale financial instruments whose fair value cannot be reliably determined are carried

at historical cost and are written down in the event of impairment. For these investments, the book value represents the best estimate of value. If there is objective evidence for an impairment of an available for sale financial instrument, impairment write-downs are made.

Financial liabilities are initially valued at fair value which usually equates to the amount received. Subsequent valuations are generally done at amortized cost under consideration of the effective interest rate method. The category includes trade payables, liabilities to banks, liabilities to shareholders and financial lease liabilities.

Derivatives within OXEA are generally used for hedging purposes. Changes in the fair value of such derivatives almost completely offset the change in the value of the underlying contracts. Derivatives that are not part of an effective hedging relationship as set out in IAS 39 are classified as “held for trading” and changes are reported at fair value through the income statement. If the fair values are negative, the derivatives are recognized as financial liabilities. OXEA uses derivatives to hedge interest rate and currency risks resulting from its operating, financing, and investing activities. The Company does not hold or issue derivatives for speculative trading purposes. The derivatives used to hedge interest rate risks are accounted for using hedge accounting.

Derivatives are carried at their fair value upon initial recognition and subsequent measurement dates. The fair value of traded derivatives is equal to their market value, which can be positive or negative. If there is no market value available, the fair value is calculated using standard financial valuation models.

Recording the changes in the fair values – in either the income statement or directly in equity – depends on whether or not the derivative is part of an effective hedging relationship as set out in IAS 39. If no hedge accounting is employed, the changes in the fair values of the derivatives are recognized in the income statement. If, on the other hand, an effective hedging relationship as set out in IAS 39 exists, the hedge will be recognized as described below.

OXEA applies hedge accounting in accordance with IAS 39 to hedge future cash flows, thus reducing income statement volatility.

Derivative financial instruments can be embedded within other contracts. If IFRS prescribes separation, then the embedded derivative is recorded separately from the base contract and shown at fair value. At OXEA, convertible and yield free preferred equity certificates provided by the shareholders include such embedded derivatives. OXEA has not yet made use of the option of designating financial instruments upon initial recognition as financial instruments at fair value through profit or loss.

Cash flow hedges are used to hedge against fluctuations in future cash flows from assets and liabilities recognized in the balance sheet, or from highly probable forecasted transactions. If a cash flow hedge is employed, the effective portion of the change in the fair value of the hedging instrument is recognized in equity (other comprehensive income) until the gain or loss on the hedged item is realized; the ineffective portion of the hedging instrument is recognized in the income statement. In the case of currency risks, the change in the fair value resulting from spot rate changes is designated as the hedged risk. The interest component is separated from the hedge in accordance with IAS 39.74 (b). If a hedge of a forecast transaction subsequently results in the recognition of a financial or non-financial asset or liability, the associated cumulative gains and losses that were recognized directly in equity are reclassified into profit or loss in the same periods during which the financial asset acquired or the financial liability assumed affects profit or loss for the period. In doing so, OXEA has decided not to make use of the basis adjustment option for hedging forecast transactions when non-financial balance sheet items arise.

OXEA employs derivatives that do not satisfy the strict hedge accounting criteria of IAS 39 but which make an effective contribution to hedging the financial risk in accordance with the principles of risk management.

Furthermore, in accordance with IAS 39, OXEA does not use hedge accounting to hedge

the foreign-currency exposure of recognized monetary assets and liabilities. The gains and losses on the hedged item from currency translation that are recognized in profit or loss in accordance with IAS 21 are shown in the income statement together with the gains and losses on the derivatives.

Inventories: Inventories are carried at the lower of cost or net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Borrowing costs are not capitalized as the criteria of IAS 23 have not been met. Cost is measured using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling expenses.

Pension obligations and other employee benefits: Provisions for pensions relate to obligations to employees. Liabilities for defined benefit plans are measured using the projected unit credit method, taking into account not only the pension obligations and vested pension rights known at the reporting date, but also expected future salary and benefit increases. Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recorded directly in equity. Service costs are classified as operating expenses. Interest costs are charged to the financial result. The amounts payable under defined contribution plans are expensed when the contributions are due and classified as operating expenses. Past service costs are recognized immediately to the extent that the benefits are vested; otherwise, they are recognized on a straight line basis over the average remaining vesting period.

Other provisions: Other provisions are recognized where OXEA has legal or constructive obligations to third parties on the basis of past transactions or events that will probably require an outflow of resources to settle the obligation, and this outflow can be reliably

measured. These provisions are carried at their discounted expected settlement amount, taking into account all identifiable risks.

Provisions for income taxes include current income taxes payable as well as deferred taxes. Tax liabilities mainly comprise liabilities for domestic and foreign income taxes. They include liabilities for the current period as well as for prior periods. The liabilities are measured based on the applicable tax law in the countries in which OXEA operates.

Provisions for contracts under early retirement programs, long service and anniversary bonuses are calculated based upon actuarial principles. For signed contracts under the early retirement programs, provisions for the present value of supplemental payments are made in their full amount and the wage and salary payments due in the inactive phase are accrued in instalments and discounted. Provisions are recorded for the expected costs that are anticipated to be contracted during the term of the collective bargaining agreements, taking into account the ceilings provided in those agreements.

Provisions are established for certain environmental protection measures and risks if these are likely to be necessary as a result of legal or regulatory obligations and these measures are not capitalized.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts in the consolidated balance sheet and the tax base and on tax loss carry-forwards. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is provided on temporary differences arising on the investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor tax-

able profit or loss. Currently enacted tax laws and tax laws that have been substantively enacted as of the balance sheet date are used as the basis for measuring deferred taxes.

Contingencies (contingent liabilities and assets) are potential liabilities or assets arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of OXEA. Contingent liabilities can also be obligations that arise from past events for which an outflow of resources embodying economic benefits is not probable or for which the amount of the obligation can not be measured reliably. Contingent liabilities are only recognized at their fair value if they were assumed in the course of a business combination. Contingent assets are not recognized but disclosed in the notes to the consolidated financial statement if applicable. Information on contingent liabilities is disclosed in the notes to the consolidated financial statements, unless the possibility of an outflow of economic benefits is remote.

Measurement uncertainties

The presentation of the results of operations, financial position or cash flows in the consolidated financial statements is dependent upon and sensitive to the accounting policies, assumptions and estimates used. The actual amounts may differ from those estimates. The following critical accounting estimates and related assumptions and uncertainties inherent in accounting policies applied are essential to understand the underlying financial reporting risks and the effects that these accounting estimates, assumptions and uncertainties have on the consolidated financial statements.

Measurement of property, plant and equipment, and intangible assets involves the use of estimates for determining the fair value at the acquisition date, in particular in the case of such assets acquired in a business combination. Furthermore, the expected useful lives of these assets must be estimated. The determination of the fair values of assets and liabilities, as well as of the useful lives of the assets is based on management's judgment.

The determination of impairments of property, plant and equipment, and intangible assets involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth, increased cost of capital, changes in the future availability of financing, technological obsolescence, current replacement costs, prices paid in comparable transactions and other changes in circumstances that indicate that an impairment exists. The recoverable amount and the fair values are typically determined using a discounted cash flow method which incorporates reasonable market participant assumptions. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets (or groups of assets) require management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

The establishment of provisions for litigation, pensions and other employee benefits, taxes, environmental protection, inventory valuation, sales allowances, product liability and guarantees as well as deferred taxes involve the use of estimates and therefore is based on management's judgement. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. Actual values may vary from the estimates. The estimates and the assumptions are continually reviewed.

Recently adopted accounting pronouncements effective in 2008

In July 2007, the IFRIC issued IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding requirements and their Interaction." The interpretation addresses the measurement of an asset resulting from the fair value of the plan assets exceeding the present value of the defined benefit obligation. The interpretation specifies how to determine whether a surplus in a pension plan represents an economic benefit for the entity. In addition, it addresses how to determine the present value of the asset in

the case of a future refund or reduction in future contributions when a minimum funding requirement exists, as well as how to measure a defined benefit asset or defined benefit liability in the case of a minimum funding requirement. The provisions of IFRIC 14 are effective for financial years beginning on or after January 1, 2008. OXEA has no plan assets and consequently, this standard has no material impact on the consolidated financial statements of OXEA.

Standards, interpretations and amendments issued, but not yet adopted or effective

In November 2006 the IFRIC issued IFRIC 12 “Service Concession Arrangements” which regulates the accounting for service concession arrangements between private sector companies and government or other public sector entities to provide public services. The provisions of IFRIC 12 are effective for financial years beginning on or after January 1, 2008. The European Union has not yet endorsed IFRIC 12. IFRIC 12 has no effect on the consolidated financial statements of OXEA because neither OXEA S.à.r.l. nor its subsidiaries have concluded such arrangements.

In November 2006, IFRS 8 was issued. IFRS 8 requires a publicly traded entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. IFRS 8 shall be applied to financial years beginning on or after January 1, 2009. IFRS 8 will have no effect on the consolidated financial statements of OXEA as OXEA does not have any debt or equity instrument which is traded on a public market.

In March 2007, the IASB issued an amendment to IAS 23 “Borrowing Costs”. The amendment to the standard mainly relates to the elimination of the option of immediately recognizing borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as an expense. A qualifying asset in this context is an asset that takes a substantial period of time to get ready for its intended use

or sale. In future, an entity is therefore required to capitalize borrowing costs as part of the cost of the qualifying assets. The revised standard does not require the capitalization of borrowing costs relating to assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale. The standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after January 1, 2009. As OXEA currently capitalizes such costs, the adoption of this standard will not have an impact on the consolidated financial statements of OXEA.

In June 2007, the IFRIC issued IFRIC 13 “Customer Loyalty Programmes.” The European Union has endorsed IFRIC 13. The interpretation addresses the accounting of customer loyalty programs that grant customers points (credits) that allow them to acquire free or discounted goods or services from the seller or a third party. The question to be clarified was whether the awarded credits are a liability in the context of a completed sale or an advance payment for a future sales transaction. The interpretation now issued requires the proceeds of the sale to be divided into two components. One component is attributable to the transaction which resulted in the credit awards. The other component is attributable to the future sales transaction resulting from the credit awards to be redeemed. The portion of the proceeds allocated to the goods or service already delivered is recognized as revenue. The portion of the proceeds allocated to the award credits is deferred as an advance payment until the customer redeems the credit award, or the obligation in respect of the credit award is fulfilled. The interpretation shall be applied for financial years beginning on or after July 1, 2008. IFRIC 13 will have no effect on OXEA’s results of operations, financial position or cash flows because neither OXEA S.à.r.l. nor its subsidiaries have adopted such customer loyalty programs.

In September 2007, the IASB issued an amendment to IAS 1 “Presentation of Financial Statements: A Revised Presentation.” IAS 1 (revised)

uses the terms “statement of financial position” (previously “balance sheet”) and “statement of cash flows” (previously “cash flow statement”) and introduces a new element of financial statements termed “statement of comprehensive income.” Use of the new terminology, however, is not mandatory. The amendment to IAS 1 requires entities to disclose comparative information in respect of the previous period. The revised standard also stipulates the presentation of a further financial statement (statement of financial position) at the beginning of the first comparative period presented if the entity changed its accounting policies retrospectively or made retrospective restatements.

Revised IAS 1 also includes:

- All changes in shareholders’ equity resulting from transactions with owners must be presented separately from such changes in shareholders’ equity not resulting from transactions with owners (non-owner changes).
- Income and expenses are reported separately from transactions with owners either in one statement of comprehensive income or in two statements – a separate income statement and a statement of comprehensive income.
- The components of other comprehensive income must be presented in the statement of comprehensive income.
- The total comprehensive income must be disclosed.

The amendment to IAS 1 also requires the relevant amount of income tax per component of other comprehensive income to be stated and the amounts reclassified as other comprehensive income to be presented. Reclassification amounts arise from the reclassification of amounts formerly reported under other comprehensive income as profit or loss. In addition, amounts reported as distributed dividends and corresponding per-share amounts must be presented either in the statement of changes in equity or in the notes. As the amendment to IAS 1 only affects disclosure requirements, it will not have an impact on the presentation of OXEA’s results of operations, financial position or cash flows. The revised IAS 1 shall be applied

to financial years beginning on or after January 1, 2009.

In January 2008, the IASB published the revised standards IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements.” The standards are the outcome of the second phase of the project carried out together with the FASB to reform the accounting for business combinations. The revised IFRS 3 and IAS 27 have not yet been endorsed by the European Union.

The main changes that the revised IFRS 3 will make to the existing requirements are described below:

- The revised standard gives the option of measuring non-controlling interests either at fair value or at the proportionate share of the identifiable net assets. This choice can be exercised for each business combination individually.
- In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at the date the acquirer obtains control. Goodwill shall then be determined as the difference between the remeasured carrying amount plus consideration transferred for the acquisition of the new shares, minus the acquired net assets.
- Transaction costs shall be recognized as expenses in future.
- For changes in contingent consideration classified as a liability at the acquisition date, goodwill cannot be remeasured subsequently.
- According to the revised IFRS 3, effects from the settlement of relationships existing prior to the business combination shall not be part of the exchange for the acquiree.
- In contrast to the original IFRS 3, the revised standard governs the recognition and measurement of rights that were granted to another entity prior to the business combination and which are now reacquired as part of the business combination (reacquired rights).

The main changes that the revised IAS 27 will make to the existing requirements are described below:

- Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for exclusively within equity.
- If a parent loses control of a subsidiary it shall be deconsolidated. The new requirement is that any investment retained in the former subsidiary shall be recognized at fair value at the date when control is lost; any differences resulting from this shall be recognized in profit or loss.
- When losses attributed to the minority (non-controlling) interests exceed the minority's interests in the subsidiary's equity, these losses shall be allocated to the non-controlling interests even if this results in a deficit balance.

The revised IFRS 3 and IAS 27 shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. Earlier application is permitted, however, at the earliest at the beginning of an annual reporting period that begins on or after June 30, 2007. The revised IAS 27 and IFRS 3 shall be applied to financial years beginning on or after January 1, 2009.

In January 2008, the IASB published the revised standard IFRS 2 "Share-based Payment – Vesting Conditions and Cancellations." The European Union has endorsed the revised IFRS 2. Main changes and clarifications are:

- Vesting conditions are service conditions and performance conditions only.
- All (premature) cancellations, whether by the entity itself or by employees, should receive the same accounting treatment.

The amendments to IFRS 2 are effective for financial years beginning on or after January 1, 2009. Earlier application is permitted. The application of the revised IFRS 2 will have no impact on the presentation of results of operations, financial position or cash flows of OXEA.

On 14 February 2008, the International Accounting Standards Board (IASB) published amendments to IAS 32 Financial Instruments: "Presentation" and IAS 1 "Presentation of Financial Statements". The amendments are relevant to entities that have issued financial instruments that are (i) puttable financial instruments, or (ii) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation. Under the revised IAS 32, subject to specified criteria being met, these instruments will be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities. The amendments are effective for annual periods beginning on or after 1 January 2009, with early adoption permitted. The application of the amended IAS 32 and IAS 1 will have no impact on the presentation of results of operations, financial position or cash flows of OXEA.

As a result of the first annual improvement process project, the IASB issued a collective standard with amendments to various IFRSs in May 2008. It relates to a large number of smaller amendments to existing standards whose implementation was regarded as necessary, but non-urgent. The European Union endorsed this standard in January 2009. The issued amendments are presented in two parts:

- those that involve accounting changes for presentation, recognition or measurement purposes,
- those that involve terminology or editorial changes with no or minimal effect on accounting.

Unless otherwise specified in the standard, the amendments are effective for financial years beginning on or after January 1, 2009. The adoption of the standard is not expected to have a material impact on the presentation of OXEA's results of operations, financial position, or cash flows.

In May 2008, the IASB issued the revised standards IFRS 1 “First-time Adoption of International Financial Reporting Standards” and IAS 27 “Consolidated and Separate Financial Statements.” The European Union endorsed the amendments in January 2009. The amendments to IFRS 1 grant first-time adopters several simplifications for measuring the initial cost of investments in subsidiaries, joint ventures, and associates in IFRS single-entity financial statements. The amendments to IAS 27 relate to reorganizations within a group. They allow the new parent to measure the cost of its investment at the carrying amount of its share of the equity items of the previous parent. The new guidance is effective for financial years beginning on or after January 1, 2009. The amendment to the standards is not expected to have a material impact on the presentation of OXEA’s results of operations, financial position or cash flows.

In July 2008, the IFRIC issued IFRIC 15 “Agreements for the Construction of Real Estate.” The European Union has not yet endorsed IFRIC 15. IFRIC 15 refers to the issue of how to account for revenue and associated expenses by entities that undertake the construction of real estate and sell these items before construction is completed. The interpretation defines criteria for the accounting in accordance with either IAS 11 “Construction Contracts,” or IAS 18 “Revenue.” IFRIC 15 is effective for financial years beginning on or after January 1, 2009. The adoption of IFRIC 15 is not expected to have a material impact on the presentation of OXEA’s results of operations, financial position or cash flows.

In July 2008, the IFRIC issued IFRIC 16 “Hedges of a Net Investment in a Foreign Operation.” The European Union has not yet endorsed IFRIC 16. IFRIC 16 provides guidance on accounting for hedges of net investments in a foreign operation. The interpretation clarifies the nature of the hedged risk for which a hedging relationship may be designated and where the hedging instrument can be held within the group. Thus, hedge accounting may be applied only to foreign exchange differences between the functional currency of the foreign operation and the parent entity’s functional currency.

The (derivative or non-derivative) hedging instrument may be held by any entity within the group, except the foreign operation that itself is being hedged, as long as the designation, documentation and effectiveness requirements of IAS 39.88 that relate to a net investment hedge are satisfied. IFRIC 16 is effective for financial years beginning on or after October 1, 2008. The adoption of IFRIC 16 is not expected to have a material impact on the presentation of OXEA’s results of operations, financial position or cash flows.

In July 2008, the IASB issued an amendment to IAS 39 “Financial Instruments: Recognition and Measurement.” The European Union has not yet endorsed the amendment to IAS 39. The amendment on eligible hedged items specifies that an entity may designate an option as a hedge of changes in the cash flows or fair value of a hedged item above or below a specified price or other variable. The amendment to IAS 39 is effective for financial years beginning on or after July 1, 2009. The provisions are to be applied retrospectively. The amendment to the standard is not expected to have a material impact on the presentation of OXEA’s results of operations, financial position or cash flows.

On October 13, 2008, the International Accounting Standards Board (IASB) issued amendments to IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures” that would permit the reclassification of some financial instruments. The amendments to IAS 39 introduces the possibility of reclassifications for companies applying International Financial Reporting Standards (IFRSs), which were already permitted under US generally accepted accounting principles (GAAP) in rare circumstances. The amendments to IAS 39 and IFRS 7 are effective for financial years beginning on or after July 1, 2008. The adoption of amended IAS 39 and IFRS 7 will not have a material impact on the presentation of OXEA’s results of operations, financial position or cash flows.

In November 2008, the IASB issued the revised IFRS I “First-time Adoption of International Financial Reporting Standards.” The European Union has not yet endorsed the amendment to IFRS I. The revised standard is effective for financial years beginning on or after July 1, 2009. The changes merely concern the wording and therefore generally have no effect on the presentation of the results of operations and financial position.

In November 2008, the IFRIC issued IFRIC 17 “Distribution of Non-Cash Assets to Owners.” The European Union has not yet endorsed IFRIC 17. The interpretation provides guidance on the recognition and measurement of liabilities arising from dividends paid in the form of assets other than cash (e.g., property, plant and equipment) and clarifies how any difference between the carrying amount of the assets distributed and the carrying amount of the dividend paid should be accounted for. IFRIC 17 is effective for financial years beginning on or after July 1, 2009. The adoption of IFRIC 17 is not expected to have a material impact on the presentation of OXEA’s results of operations, financial position or cash flows.

In January 2009, the IFRIC issued IFRIC 18 “Transfer of Assets from Customers.” The European Union has not yet endorsed IFRIC 18. The interpretation clarifies the IFRS requirements for agreements whereby an entity receives from a customer an item of property, plant and equipment (or cash which is used only for the construction or acquisition of an item of property, plant and equipment) that the entity must then use to connect the customer to a network and/or to provide the customer with ongoing access to a supply of goods or services. IFRIC 18 is to be applied prospectively to transactions that will be carried out on or after July 1, 2009. Earlier application is permitted under certain conditions. OXEA is currently analyzing the impact of applying IFRIC 18 on the presentation of OXEA’s results of operations, financial position or cash flows.

2. Net revenue

Net revenue breaks down into the following regions:

€ '000	2008	2007
Europe	680,484	638,108
North America	357,193	266,452
Rest of the world	165,723	81,230
Total	1,203,400	985,790

3. Other operating income

Income from site services relates to services provided by OXEA and third parties to customers at its production sites in Oberhausen and Bay City.

€ '000	2008	2007
Income from site services	55,631	43,774
Gains from foreign currency transactions	13,648	5,725
Other	6,844	2,533
Total	76,123	52,032

4. Other operating expense

Expenses for site services relate to costs incurred for services provided by OXEA to customers at its production sites in Oberhausen and Bay City.

€ '000	2008	2007
Expenses for site services	(53,867)	(42,453)
Losses from foreign currency transactions	(10,358)	(9,183)
Other	(705)	(5,564)
Total	(64,930)	(57,200)

5. Financial result

€ '000	2008	2007
Interest income	2,787	2,757
Interest expense	(22,496)	(22,512)
Interest on shareholder loans	(6,190)	(6,331)
Net financing expense from defined benefit plants	(831)	(534)
Income from companies accounted for using the equity method	2,279	-
Other	(1,633)	(867)
Total	(26,084)	(27,487)

In 2008, provisions to banks in the amount of € 866 thousand (prior year: € 672 thousand) were recognized as expenses.

6. Income taxes

€ '000	2008	2007
German corporate tax, solidarity surcharge, German trade taxes	(11,270)	(16,483)
Income tax outside Germany	(450)	(3,079)
Current tax expense	(11,720)	(19,562)
Deferred tax (expense) / income	(9,576)	13,238
Total tax expense	(21,296)	(6,324)

In 2008, in Germany, a uniform corporate tax rate of 15% and thereon a solidarity surcharge of 5,5% is levied on all earnings. In addition to corporate income tax, income generated in Germany is subject to a trade tax that varies depending on the municipality in which the company is located. In 2008, after accounting for trade tax, which is no longer a deductible operating expense, OXEA has a weighted-average income tax rate of 32% (prior year: 41%). In 2009 the tax rate will increase to 33% due to a trade tax rate increase of the city of Oberhausen. The deferred taxes in Germany as of December 31, 2008, were recalculated

with the tax rate of 33% which resulted in a deferred tax expense of € 1.8 million (prior year deferred tax benefit of € 11.7 million).

The profits of other group companies are assessed using the tax rates applicable in the respective countries. For other group companies, deferred taxes are calculated using the tax rates applicable in the individual other countries. Such rates ranged from 20% to 40% in 2008.

Reconciliation from the Group tax rate to the effective tax rate:

Taxes	2008		2007	
	€ '000	in %	€ '000	in %
Expected income tax by use of local rates	15,285	32.1	15,715	41.1
Tax effect from non-deductible expenses	2,243	4.7	2,334	6.1
Unrecognized tax loss carry-forwards	1,040	2.2	718	1.9
Adjustment of deferred taxes due to changes in tax rates	1,786	3.7	(11,677)	(30.5)
Adjustment of prior year taxes	2,046	4.3	-	-
Tax effect from investments accounted for at equity	(714)	(1.5)	-	-
Other differences	(390)	(0.8)	(766)	(2.1)
Income taxes / effective tax rates	21,296	44.7	6,324	16.5

Included in taxes is an expense of € 3,121 thousand and in deferred taxes a benefit of € 1,075 thousand relating to prior years.

Deferred taxes result primarily from temporary differences between tax balances and the valuation of assets and liabilities according to IFRS, as well as from tax loss carry-forwards. In 2007 the revaluation of all the assets and liabilities associated with the purchase price allocation according to IFRS 3 resulted in significant deviations between fair values and the values in the tax accounts. This has primarily led to deferred tax liabilities. The valuation of deferred tax assets depends on the estimation of probability of a reversal of the valuation difference. A deferred tax asset is recognized for future

tax benefits arising from temporary differences and tax loss carry forwards.

Based on experience and the expected development of taxable income, it is assumed that the benefit of deferred tax assets recognized will be realized. Deferred tax assets on tax loss carry-forwards exist in North America and Germany and have been measured considering the expected future realizable benefits of the total tax loss carry-forwards of December 31, 2008. On tax loss carry forwards in the amount of € 5 million (prior year: € 2 million) no deferred taxes have been recognized.

Deferred tax assets were offset against deferred tax liabilities of the same maturity if they were related to the same taxation authority.

€ '000	December 31, 2008		December 31, 2007	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	6,647	2,203	4,636	3,005
Property, plant and equipment	1,513	60,241	1,912	50,245
Financial assets	19	38	23	854
Inventories and accounts receivable	4,130	10,148	2,099	11,440
Provisions for pensions	1,182	-	1,722	2,468
Other provisions and liabilities	4,790	3,819	20,965	7,020
Tax loss carry-forwards	5,393	-	895	-
Other	-	-	31	-
Netting	(17,389)	(17,389)	(25,096)	(25,096)
Total	6,285	59,060	7,187	49,936

7. Profit (Loss) attributable to minority Interests

Minority interests in profits amount to € 13 thousand (prior year: € 12 thousand).

8. Personnel expenses

The following table provides a breakdown of the personnel expenses included in the functional costs:

€ '000	2008	2007
Wages and salaries	(74,581)	(65,148)
Social security contributions and expenses for pensions and assistance	(18,647)	(14,838)
thereof for pensions benefits	(822)	(646)
Total	(93,228)	(79,986)
Average number of employees	2008	2007
Europe	1,111	1,075
thereof Germany	1,104	1,072
North America	209	199
Asia Pacific	9	6
OXEA group	1,329	1,280
thereof with trainee contracts	61	56



9. Overview fixed asset table

2008	Acquisition costs						Balance as of 31.12.2008
	Balance as of 01.01.2008	Additions	Disposals	Transfers	Translation difference		
€ '000							
INTANGIBLE ASSETS							
Patents, licenses and trademarks	21,282	205	(61)	375	167		
Other intangibles	537	-	-	(537)	-		
Total intangible assets	21,819	205	(61)	(162)	167		
TANGIBLE ASSETS							
Land, land rights and buildings	55,573	222	(28)	(10,559)	260		
Machinery and technical equipment	245,894	16,777	(429)	16,210	4,820		
Other equipment and fixtures	4,974	1,082	(26)	(1,516)	81		
Capital lease	478	-	-	-	-		
Advance payments and construction in progress	8,100	11,234	-	(3,973)	186		
Total tangible assets	315,019	29,315	(483)	162	5,347		
FINANCIAL ASSETS							
Investments	8	2,355	-	-	-		
Other financial assets	1,205	1,289	-	-	-		
Total financial assets	1,213	3,644	-	-	-		
Total	338,051	33,164	(544)	-	5,514		
2007							
€ '000	Balance as of 01.12.2006	Acquisition costs				Translation difference	Balance as of 31.12.2006
		Additions from business combinations	Additions	Disposals	Transfers		
INTANGIBLE ASSETS							
Patents, licenses and trademarks	-	21,686	-	-	-	(404)	
Other intangibles	-	303	234	-	-	-	
Total intangible assets	-	21,989	234	-	-	(404)	
TANGIBLE ASSETS							
Land, land rights and buildings	-	52,506	166	-	4,542	(1,641)	
Machinery and technical equipment	-	245,390	11,507	(4)	(3,296)	(7,703)	
Other equipment and fixtures	-	4,568	733	-	30	(357)	
Capital lease	-	478	-	-	-	-	
Advance payments and construction in Progress	-	6,322	3,196	-	(1,276)	(142)	
Total tangible assets	-	309,264	15,602	(4)	-	(9,843)	
FINANCIAL ASSETS							
Investments	-	-	8	-	-	-	
Other financial assets	-	147	1,062	-	-	(4)	
Total financial assets	-	147	1,070	-	-	(4)	
Total	-	331,400	16,906	(4)	-	(10,251)	

Balance as of 2008	Amortization / Depreciation					Balance as of 31.12.2008	Net book value	
	Balance as of 01.01.2008	Additions	Disposals	Transfers	Translation difference		Balance as of 31.12.2008	Balance as of 31.12.2007
21,968	(4,371)	(5,074)	-	(127)	(92)	(9,664)	12,304	16,911
-	(127)	-	-	127	-	-	-	410
21,968	(4,498)	(5,074)	-	-	(92)	(9,664)	12,304	17,321
45,468	(2,680)	(2,628)	2	471	(8)	(4,843)	40,625	52,893
83,272	(17,641)	(19,974)	29	(782)	(145)	(38,513)	244,759	228,253
4,595	(800)	(547)	6	311	(9)	(1,039)	3,556	4,174
478	(34)	(41)	-	-	-	(75)	403	444
15,547	-	(1,226)	-	-	(64)	(1,290)	14,257	8,100
149,360	(21,155)	(24,416)	37	-	(226)	(45,760)	303,600	293,864
2,363	-	-	-	-	-	-	2,363	8
2,494	(12)	(23)	-	-	-	(35)	2,459	1,193
4,857	(12)	(23)	-	-	-	(35)	4,822	1,201
76,185	(25,665)	(29,513)	37	-	(318)	(55,459)	320,726	312,386
Balance as of 2007	Amortization / Depreciation					Balance as of 31.12.2007	Net book value	
	Balance as of 01.12.2006	Additions	Disposals	Transfers	Translation difference		Balance as of 31.12.2007	Balance as of 01.12.2006
21,282	-	(4,434)	-	-	63	(4,371)	16,911	-
537	-	(127)	-	-	-	(127)	410	-
21,819	-	(4,561)	-	-	63	(4,498)	17,321	-
55,573	-	(2,836)	-	123	33	(2,680)	52,893	-
45,894	-	(17,759)	1	(135)	252	(17,641)	228,253	-
4,974	-	(834)	-	12	22	(800)	4,174	-
478	-	(34)	-	-	-	(34)	444	-
8,100	-	-	-	-	-	-	8,100	-
115,019	-	(21,463)	1	-	307	(21,155)	293,864	-
8	-	-	-	-	-	-	8	-
1,205	-	(12)	-	-	-	(12)	1,193	-
1,213	-	(12)	-	-	-	(12)	1,201	-
38,051	-	(26,036)	1	-	370	(25,665)	312,386	-

10. Intangible assets

Intangible assets include patents of € 6.6 million (prior year: € 8.6 million), customer relationships of € 1.4 million (prior year: € 1.9 million) and software, rights and other intangible assets of € 4.3 million (prior year: € 6.8 million).

Impairment losses relating to the cash generating unit OXEA Bishop LLC in the amount of € 464 thousand have been charged against cost of sales (see note 11).

11. Tangible assets

As of December 31, 2008, no borrowing costs were capitalized as the criteria of IAS 23 were not met.

Due to ongoing losses the long lived assets of the cash generating unit OXEA Bishop LLC (legal entity) were tested for impairment in 2008. For the impairment testing procedure the planning assumptions were critically reviewed. The assessment of impairment according to the fair value less cost to sell approach is based upon future estimated cash flows which are obtained from group budgets with a five year forecasting horizon. The cash flows are discounted with the rate for the weighted average cost of capital (WACC). This review resulted in lower expected cash flows from the business in the coming years and a reduced estimated recoverable

amount from the respective long lived assets calculated on the basis of fair value less costs to sell. As a consequence, tangible assets were impaired by an amount of € 1.6 million and these impairment losses have been charged against the cost of sales.

The tangible assets of OXEA Corporation, OXEA Deutschland GmbH and OXEA GmbH in the amount of € 296.5 million are pledged.

The gross value of investment property as of December 31, 2008 amounted to € 817 thousand. The respective amortization totalled € 46 thousand, thus the net value of investment property amounted to € 771 thousand, which corresponds to fair value.

12. Investments accounted for using the equity method

OXEA holds a 30% shareholding in the German Pipeline Development Company GmbH (GPDC). This investment is accounted for using the equity method. GPDC itself holds 49.8% of PRG Propylenpipeline Ruhr GmbH & Co KG (PRG) which is involved in the construction of a 54 kilometres propylene pipeline which is expected to become operational in April 2009. In 2008, GPDC generated a profit amounting to € 6.9 million (prior year: loss € 268 thousand).

As a result, Oxea has recorded an amount of € 2.3 million representing its share of the profit of GPDC. Due to the prior year loss amounting to € 268 thousand, the shareholders agreed in 2008 to increase the shareholders' equity. OXEA's contribution into the capital reserve of GPDC amounted to € 75 thousand. GPDC has total assets of € 53.3 million and € 45.4 million of liabilities.

13. Other financial assets

Loans to employees of gross € 163 thousand (prior year: € 186 thousand) are individually impaired in the amount of € 58 thousand (prior year: € 58 thousand) and are due within the next 3 to 17 years.

Receivables from derivatives reflect the fair value of convertible options relating to the convertible preferred equity certificates.

€ '000	December 31, 2008		December 31, 2007	
	Total	thereof short-term	Total	thereof short-term
Loans and receivables	105	-	128	-
Receivables from embedded derivatives (recognized at fair value)	2,135	-	890	-
Deposits (measured at cost)	211	-	134	-
Available-for-sale investments (measured at cost)	8	-	8	-
Available-for-sale securities (recognized at fair value)	1,747	1,747	1,350	1,350
Other	19	19	33	-
Total	4,225	1,766	2,543	1,350

€ '000	Original acquisition cost 2008	Book/market value 2008	Recognized in other comprehensive income 2008	Original acquisition cost 2007	Book/market value 2007	Recognized in other comprehensive income 2007
	Shares in funds	1,745	1,747	-	1,342	1,350
Investments	8	8	-	8	8	-
Total	1,753	1,755	-	1,350	1,358	-

14. Inventories

€ '000	December 31, 2008 thereof		December 31, 2007 thereof	
	Total	short-term	Total	short-term
Raw materials and factory supplies	52,299	52,299	56,712	56,712
Work-in-process and finished goods	78,527	78,527	86,844	86,844
Total	130,826	130,826	143,556	143,556

Raw materials and factory supplies include rhodium catalysts used in the production process.

Work-in-process and finished goods are combined into one item due to the production conditions in the chemical industry.

Inventories were valued using the weighted-average cost method. Price declines in the fourth quarter of 2008 led to an increase in

the allowance for raw materials and finished goods. Overall impairment losses on inventory amounted to € 8.9 million at December 31, 2008 (prior year: € 2.2 million). Of the total inventories € 71,1 million (prior year: € 5.7 million) was valued at net realizable value. Total material costs included in the income statement amounted to € 854.8 million.

15. Trade accounts receivable

€ '000	December 31, 2008 thereof		December 31, 2007 thereof	
	Total	short-term	Total	short-term
Trade receivables (gross)	113,395	113,395	189,492	189,492
Allowances	(422)	(422)	(390)	(390)
Total trade receivables (net)	112,973	112,973	189,102	189,102

€ '000	Carrying amount December 31, 2008	thereof: neither impaired nor past due on the reporting date	thereof: not impaired on the reporting date and past due in the following periods			
			<30 days	30-60 days	61 to 90 days	>90 days
Trade receivables	112,973	98,384	13,170	1,203	216	-

€ '000	Carrying amount December 31, 2007	thereof: neither impaired nor past due on the reporting date	thereof: not impaired on the reporting date and past due in the following periods			
			<30 days	30-60 days	61 to 90 days	>90 days
Trade receivables	189,102	170,478	16,960	1,444	126	94

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The following table shows the development of allowances on trade receivables:

€ '000	2008	2007
Allowances as of beginning of business year	390	-
Additions from business combinations	-	344
Currency translation adjustments	10	(15)
Additions (allowances recognized as expense)	27	140
Utilization	(5)	(79)
Allowances as of December 31	422	390

The total additions relate to allowances for individual impairments. The total utilization relates to the write-off of trade receivables.

All income and expenses relating to allowances and write-offs of trade receivables are reported under selling expenses.

16. Other receivables and miscellaneous assets

€ '000	December 31, 2008		December 31, 2007	
	Total	thereof short-term	Total	thereof short-term
Recoverable other taxes	7,277	7,277	10,303	10,303
Recoverable income taxes	4,627	4,627	605	605
Prepaid expenses	4,163	1,674	8,300	4,139
Receivables from site services	4,114	4,114	2,356	2,356
Rebates	2,824	2,824	1,830	1,830
Deferrals from derivatives	67	67	603	603
Other	3,567	3,567	5,177	5,177
Total	26,639	24,150	29,174	25,013

17. Cash and cash equivalents

€ '000	December 31, 2008		December 31, 2007	
	Total	thereof short-term	Total	thereof short-term
Cash on hand	30	30	1,299	1,299
Bank balances	75,464	75,464	81,528	81,528
Total	75,494	75,494	82,827	82,827

The following table shows a breakdown of cash and cash equivalents by currency:

€ '000	December 31, 2008	December 31, 2007
in EUR	53,528	74,325
in USD	19,510	7,093
in JPY	1,288	350
in MXN	506	733
in ZAR	409	-
in GBP	181	287
in SGD	25	39
in HUF	47	-
Total	75,494	82,827

18. Shareholders' equity

Statement of changes in equity from January 1, 2008 to December 31, 2008:

€ '000	Sub- scribed capital	Capital surplus	Retained Earnings	Other comprehensive income			Minority interest	Total share- holders' equity
				Translation adjustments	Cash flow hedges	Total		
as of January 1, 2008	873	41,794	32,458	(3,401)	(617)	(4,018)	271	71,378
Capital withdrawal	-	(4,729)	-					(4,729)
Net income	-	-	26,369	-	-	-	13	26,382
Income and expense recognized directly in equity	-	-	1,151	1,653	(2,440)	(787)	-	364
As of December 31, 2008	873	37,065	59,978	(1,748)	(3,057)	(4,805)	284	93,395

Subscribed Capital

The fully paid-in subscribed capital of OXEA S.à.r.l. amounts to € 872,664, represented by 872,664 shares of a nominal value of € 1.00 per share.

Capital surplus

The capital surplus includes shareholders contributions in terms of the equity portion of the preferred equity certificates, yield free preferred equity certificates and convertible preferred equity certificates for a total amount of € 28.4 million.

On August 6, 2007, the capital surplus was increased by the conversion of yield free preferred equity certificates and convertible preferred equity certificates for a total of € 8.7 million.

In December 2008, an amount of € 4.7 million was repaid to shareholders reflecting the equity portion of the yield free equity certificates and preferred equity certificates which were repaid from the capital surplus.

Convertible preferred equity certificates in the amount of € 66.8 million can be converted to equity.

Retained Earnings

Retained earnings comprise prior year net profit for the 13 months period ended December 31, 2007, the net profit of the 12 months period ended December 31, 2008 and actuarial gains and losses on pension obligations.

Other comprehensive income

Other comprehensive income includes translation adjustments, changes in the fair value of derivatives held to hedge future cash flows.

Translation adjustments due to the use of the current rate are shown under currency translation adjustments as a component of other comprehensive income in equity (translation adjustments) and recognized in income only upon the disposal of a company.

Minority interests

Minority interests relate to a 2% minority share in OXEA Infrastruktur GmbH & Co. KG.

19. Provisions for pensions

The provisions for pensions are as follows:

€ '000	December 31, 2008			December 31, 2007		
	total	thereof long-term	thereof short-term	total	thereof long-term	thereof short-term
Provisions for pensions	14,874	14,832	42	14,582	14,564	18
Total	14,874	14,832	42	14,582	14,564	18

The short-term portion of pension provisions is presented in other provisions.

Group companies provide retirement benefits for most of their employees, either directly or by contributing to independently administered funds. The manner in which these benefits are provided varies according to the legal, fiscal and economic conditions of each country. The benefits are generally based on the employees' remuneration and years of service. The obligations relate both to existing retirees' pensions and to pension entitlements of future retirees. Group companies provide retirement benefits under defined contribution and/or defined benefit plans.

For German employees, a basic level of benefits is provided by the legally independent funded plan, Pensionskasse der Mitarbeiter der Hoechst-Gruppe VVaG, which is financed by contributions of employees and OXEA and by the return on plan assets. This plan is a multi-employer plan and, as such, is accounted for as a defined contribution plan. The reason for this accounting practice is that the plan exposes the participating companies to actuarial risks associated with the current and former employees of other companies. There is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual enterprises participating in the plan. Therefore, the plan is recorded as defined contribution plan in accordance with IAS 19.30.

Based upon the statutory actuarial valuations of 2007 the pension obligations of the plan are fully funded. For 2008 it is expected that the pension fund's liabilities are fully funded by plan assets.

In the case where this multi-employer plan faces a situation where the pension plan liabilities exceed plan assets, this can be remedied by either increasing the employer's contribution to the pension plan or by reducing the benefits which are paid to entitled parties. In the event that pension plan benefits are reduced it has to be verified whether this will trigger a requirement for additional funding by the employer. This decision is at the discretion of the board of the pension fund, which comprises representatives of the participating companies and employee representatives.

In the case of other defined contribution plans, which relate primarily to US employees, the company pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the company has no further payment obligations.

The regular contributions constitute expenses for the year in which they are due and as such are charged against operating income. In 2008, these expenses for defined contribution plans totalled € 3,997 thousand (prior year: € 3,155 thousand). In addition, contributions to public pension plans were € 6,368 thousand (prior year: € 5,221 thousand) in 2008.

All other retirement benefit plans are defined benefit plans, which are unfunded, i.e. financed by provisions.

The actuarial valuations using the projected unit credit method per IAS 19 were undertaken using the following assumptions:

	December 31, 2008	December 31, 2007
Discount rate	6.0 %	5.4 %
Projected salary increase	3.0 %	3.0 %
Projected pension increase	2.0 %	2.0 %

The status of unfunded defined pension benefit obligations were computed as follows based on the above parameters:

€ '000	December 31, 2008	December 31, 2007
Defined benefit obligation as of January 1, 2008 / December 1, 2006	14,582	-
Additions from business combinations	-	13,761
Benefits paid	(6)	(16)
Additions	377	431
Current service cost	821	646
Interest cost	831	534
Termination benefits	22	-
Net actuarial (gains) and losses	(1,753)	(774)
Net recognized pension liability	14,874	14,582

The cost for the defined benefit pension plans are comprised as follows:

€ '000	2008	2007
Current service cost	(821)	(646)
Interest cost	(831)	(534)
Termination benefits	(22)	-
Pension expense	(1,674)	(1,180)

Expected payments from pension obligations existing at December 31, 2008 are as follows:

€ '000	Pension obligations
2009	42
2010	79
2011	238
2012	372
2013	535
2014-2018	3,883

The actuarial gains and losses related to defined benefit obligations recognized in a separate statement of recognized income and expenses outside of the income statement are as follows:

€ '000	Pension obligations 2008	Pension obligations 2007
Accumulated actuarial gains (losses) relating to defined benefit obligation at beginning of the year	774	-
Newly arisen during the year due to changes in actuarial parameters	1,753	774
December 31	2,527	774

20. Other provisions

€ '000	December 31, 2008		December 31, 2007	
	total	thereof short-term	total	thereof short-term
Sales and purchase risks	13,548	6,192	18,507	8,359
Personnel costs	9,421	1,517	10,561	1,625
Environmental protection and remediation costs	2,608	2,005	2,656	2,005
Other	894	894	1,113	1,113
Total	26,471	10,608	32,837	13,102

The sales and purchase risks provisions cover provisions for warranties, product liability, customer rebates, payment discounts and other price reductions, sales commissions and provisions for expected losses on committed purchases as well as provisions for onerous contracts.

The personnel costs provision includes provisions for obligations for the granting of long-service bonuses and anniversary payments as well as provisions for early retirement programs for employees nearing retirement. OXEA Group companies have various programs that entitle employees who are at least 55 years old to re-

duce their working hours to 50% for up to 6 years. Under such arrangements, employees generally work full time during the first half of the transition period and leave the company at the start of the second half. Employees receive a minimum of 85% of their net salary throughout the transition period.

Environmental protection and remediation costs related to expected costs for site shut-downs of production units, recultivating landfills and removal of environmental contamination at existing production or storage sites and other measures.

The development of other provisions is as follows:

€ '000	Balance as of January 1, 2008	Additions	Interest compounding	Utilization	Reversals	Currency translation	Balance as of Dec. 31, 2008
Sales and purchase risks	18,507	2,063	-	7,058	-	36	13,548
Personnel costs	10,561	672	-	1,686	126	-	9,421
Environmental protection and remediation costs	2,656	-	-	48	-	-	2,608
Other	1,113	991	-	775	443	8	894
Total	32,837	3,726	-	9,567	569	44	26,471

21. Liabilities

Financial liabilities

Prior to the business combination, OXEAS.à.r.l. entered into a “Senior Facility Agreement” with Commerzbank Aktiengesellschaft, UBS Limited and other lenders in order to secure

the Group’s solvency for the acquisition date and for the following six years with the option of renewal. This agreement was amended on May 18, 2007.

€ '000	Nominal value	Effective interest rate	Carrying amounts based on effective interest method	
			December 31, 2008	December 31, 2007
Senior Facility Agreement - Term A	104,339	7,24 %	102,035	107,188
Senior Facility Agreement - Term B	115,058	7,32 %	112,519	110,282
Senior Facility Agreement - Term C	115,058	7.79 %	112,519	110,282
Total bank Liabilities			327,073	327,752
Preferred Equity Certificates	944	-	944	26,828
Convertible Preferred Equity Certificates	66,751	-	46,387	44,024
Yield Free Preferred Equity Certificates	-	-	-	6,172
Total Liabilities to Shareholders			47,331	77,024
Finance lease Liabilities			805	859
Total			375,209	405,635

The available facilities under the Senior Facilities Agreement are as follows:

€ '000	December 31, 2008	December 31, 2007
Senior Facility Agreement - Term A	104,339	115,000
Senior Facility Agreement - Term B	115,058	117,500
Senior Facility Agreement - Term C	115,058	117,500
Senior Facility Agreement - Second lien	-	-
Revolving facility	60,000	60,000
Acquisition facility	20,000	20,000
Guarantee facility	70,000	70,000
Total	484,455	500,000

As of the reporting date the Group has committed and unused credit lines under the Senior Facilities agreement amounting to € 119.9 million (prior year: € 125.3 million), including an additional credit line with a German bank amounting to € 20.0 million.

The entire bank liabilities resulting out of the Senior Facilities Agreement are secured by pledge and security agreements for the benefit of Commerzbank Aktiengesellschaft, UBS Limited and other lenders. The pledges primarily include the shares in OXEA Beteiligungs GmbH, OXEA Holding GmbH, OXEA Deutschland GmbH, OXEA GmbH, OXEA Infrastruktur GmbH, OXEA Infrastruktur GmbH & Co. KG as well as OXEA Hungary Vagyongezelő Kft. In addition, all receivables of OXEA Holding GmbH, OXEA Deutschland GmbH, OXEA GmbH, OXEA S.à.r.l. and OXEA Corporation are pledged.

The most significant portion of the bank accounts of OXEA Holding GmbH, OXEA Beteil-

igungs GmbH, OXEA Deutschland GmbH, OXEA GmbH, OXEA S.à.r.l., OXEA Hungary Vagyongezelő Kft and OXEA Corporation are also part of the pledge to the banks. Furthermore, inventories of OXEA Corporation and OXEA GmbH are pledged as well certain fixed assets of OXEA GmbH and OXEA Deutschland GmbH. OXEA Holding GmbH has also pledged any claims under the profit and loss sharing agreements concluded with OXEA Deutschland GmbH and of OXEA GmbH.

Land owned by OXEA Corporation has been mortgaged.

In addition, the facility contains customary covenants that restrict the sale of assets, issuance of liens, sale and leaseback transactions, acquisitions and incurrence of financial liabilities and requires OXEA to comply with specified ratios in respect of interest, net debt and cash flow. These covenants are tested at the end of each financial quarter. OXEA is in compliance with all covenants.

Analysis of financial liabilities by currency

€ '000	December 31, 2008	December 31, 2007
Financial liabilities in €	260,729	294,456
Financial liabilities in US\$	114,480	111,179
Total	375,209	405,635

Maturities of financial liabilities

€ '000	December 31, 2008	December 31, 2007
2009	16,198	6,521
2010	17,934	15,869
2011	17,994	17,566
2012	18,059	17,621
2013	18,689	17,679
2014 and thereafter	286,335	330,379
Total	375,209	405,635

Maturities of liabilities € '000	December 31, 2008			December 31, 2007		
	<1 year	1-5 years	>5 years	<1 year	1-5 years	>5 years
Accounts payable trade	66,276	-	-	141,283	-	-
Bank liabilities	16,140	72,393	238,540	6,467	68,518	252,766
Total liabilities to shareholders	-	-	47,331	-	-	77,025
Finance lease liabilities	58	283	464	54	216	589
Financial indebtedness	16,198	72,676	286,335	6,521	68,734	330,380
Liabilities to employees	7,395	-	-	13,296	-	-
Liabilities to shareholders	-	-	81	-	-	2,861
Advances received on orders	20	-	-	2,467	-	-
Deferred income	-	-	-	2,323	-	-
Liabilities from derivatives	4,367	-	-	1,585	-	-
Liabilities to social insurance funds	828	-	-	835	-	-
Tax liabilities other than income tax	3,078	-	-	803	-	-
Liabilities from social insurance contributions	-	-	-	27	-	-
Other	7,125	-	-	10,456	-	-
Other liabilities	22,813	-	81	31,792	-	2,861
Total liabilities	105,287	72,676	286,416	179,596	68,734	333,241

22. Contingent liabilities and other financial obligations

€ '000	stated at nominal value	
	December 31, 2008	December 31, 2007
Guarantees	48,453	49,886
thereof to affiliated companies	-	-
Total	48,453	49,886

Other financial obligations € '000	stated at nominal value	
	December 31, 2008	December 31, 2007
Obligation arising from long-term leases (excluding finance lease)	33,748	27,693
Purchase commitments	1,268	6,441
Payment and loan commitments and other financial obligations	1,962	3,021
Total	36,978	37,155

Obligations from long-term rental and lease on contracts (excluding finance leases) € '000	stated at nominal value
	December 31, 2008
due in 2009	11,935
due in 2010	7,149
due in 2011	4,279
due in 2012	2,312
due in 2013	2,039
due in 2014 and thereafter	9,264
Total	36,978

23. Disclosures on leases

Operating leases

OXEA's obligations arising from non-cancellable operating leases are mainly related to long-term rental or lease agreements for technical equipment, precious metals, motor vehicles, office equipment and network infrastructure.

Lease payments of € 8,958 thousand (prior year: € 5,838 thousand) are included in the operating result in 2008.

The following table provides a breakdown of the amounts of future operating lease liabilities at the nominal value of the future minimum payments:

€ '000	December 31, 2008	December 31, 2007
Less than one year	10,021	7,031
1 to 5 years	16,613	14,889
Over 5 years	7,114	5,773
Total	33,748	27,693

Finance leases

The finance lease relates to a long-term rental and lease agreement for a natural gas pipeline, ending in September 2018.

The fair value of the asset at the date of business combination amounted to € 478 thousand. As of December 31, 2008 the net book value amounts to € 402 thousand (prior year: € 444 thousand).

In the current business year, no additional lease payments arising from contractual obligations were recognized in the income statement in addition to the minimum lease payments.

€ '000	Minimum lease payments	Interest portion	Leasing liability
due in 2009	117	59	58
due in 2010	117	54	63
due in 2011	117	49	68
due in 2012	117	44	73
due in 2013	117	38	79
due in 2014 and thereafter	552	88	464
Total	1,137	332	805

24. Additional disclosures on financial instruments

Carrying amounts, amounts recognized, and fair values by category:

€ '000	Category in accordance with IAS 39	Recognized in balance sheet in accordance with IAS 39			Carrying amount	Fair value	Carrying amount	Fair value	
		Amortized cost	Cost	Fair value recognized in equity	Fair value recognized in profit and loss	December 31, 2008	December 31, 2008	December 31, 2007	December 31, 2007
Assets									
Cash and cash equivalents	n.a.	x							
Trade receivables	LaR ¹⁾	x							
Other receivables	LaR ¹⁾	x							
Other non-derivative financial assets									
Available-for sale financial assets	AfS ²⁾			x					
Derivative financial assets									
Derivative without a hedging relationship	FAHfT ³⁾						x		
Derivative with a hedging relationship	n.a.			x					
Liabilities									
Trade payables	FLAC ⁴⁾	x							
Liabilities to shareholders									
Other interest-bearing liabilities	FLAC ⁴⁾	x							
Other non-interest-bearing liabilities	FLAC ⁴⁾	x							
Liabilities to banks	FLAC ⁴⁾	x							
Finance lease liabilities *	n.a.								
Derivative financial liabilities									
Derivative without a hedging relationship	FLHfT							x	
Derivative with a hedging relationship (hedge accounting)	n.a.			x					

* Recognized in accordance with IAS 17

¹⁾ Loans and receivables (LaR)

²⁾ Available-for-sales financial assets (AfS)

³⁾ Financial assets held for trading (FAHfT)

⁴⁾ Financial liabilities measured at amortized cost (FLAC)

⁵⁾ Financial liabilities held for trading (FLHfT)

Cash and cash equivalents, and trade and other receivables mainly have short periods to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

The fair values of other non-current receivables due after more than one year correspond to the present values of the payments related to the assets, taking into account the current interest rate parameters that reflect market and partner-based changes to terms and conditions, and expectations.

Trade and other payables, as well as other liabilities, generally have short periods to maturity; the values reported approximate the fair values.

The fair values of liabilities to banks and other financial liabilities are calculated as the present values of the payments associated with the debts, based on the applicable yield curve and OXEA's credit spread curve for specific currencies

Net gain (loss) by category:

€ '000			From subsequent measurement									
	From interest		At fair value		Currency translation		Impairment		From Derecognition		Net gain (loss)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Cash and cash equivalents	2,787	2,715	-	-	-	-	-	-	-	-	2,787	2,715
Loans and receivables (LaR)	-	-	-	(10)	15	(27)	(198)	-	-	-	(37)	(183)
Trade receivables	-	-	-	(10)	15	(27)	(140)	-	-	-	(37)	(125)
Other receivables	-	-	-	-	-	-	(58)	-	-	-	-	(58)
Available-for-sale financial assets (AfS)	1	8	-	-	-	-	-	-	-	-	1	8
Financial instruments held for trading (FAHfT)	-	-	(797)	(673)	-	-	-	-	-	-	(797)	(673)
Financial liabilities measured at amortized cost (FLAC)	(28,686)	(25,768)	(1,375)	-	-	-	-	-	-	-	(30,061)	(25,768)
Liabilities to banks	(22,496)	(20,648)	(1,375)	-	-	-	-	-	-	-	(23,871)	(20,648)
Liabilities to shareholders	(6,190)	(5,120)	-	-	-	-	-	-	-	-	(6,190)	(5,120)
Total	(25,898)	(23,045)	(2,172)	(673)	(10)	15	(27)	(198)	-	-	(28,107)	(23,901)

Interest from financial instruments is recognized in other financial income /expense as well as the other components of net gain/loss, except for impairments of trade receivables that are classified as "loans and receivables" which are reported under selling expenses. The impairment of other receivables is recognized in other operating expenses.

The net loss from the subsequent measurement of financial instruments held for trading of

€ 797 thousand (prior year: € 673 thousand) does not include interest effects or dividend payments.

Losses of € 3.486 thousand (prior year: € 881 thousand) were recognized in shareholders' equity in 2008 as a result of the recognition of changes in the fair values of hedging instruments.

Other Disclosures

(a) Notes to the consolidated cash flow statement

Net cash provided by operating activities amounted to € 67,043 thousand (prior year: € 99,334 thousand) in the period from January 1, 2008 to December 31, 2008. The net cash provided is mainly attributable to the net income of the period of € 26,369 thousand; (prior year: € 31,916 thousand) adjusted for non cash items such as depreciation in the amount of € 29,513 thousand; (prior year: € 26,036 thousand) and changes in provisions and other non cash items of € -3,324 thousand (prior year: € -10,859 thousand). Net financial expense amounted to € 26,084 thousand (prior year: € 27,487 thousand) whereas net interest paid was € 27,763 thousand (prior year: € 14,871 thousand). Net income taxes of € 10,107 thousand (prior year: € 12,112 thousand) were paid within the period from January 1, 2008 to December 31, 2008. Net income tax expense amounted to € 21,296 thousand (prior year: € 6,324 thousand). In addition, changes in trade working capital and other operating liabilities and provisions con-

tributed cash inflows in the amount of € 4,975 thousand (prior year: € 45,413 thousand) to net cash provided by operating activities.

Net cash used in investing activities totalled € 29,595 thousand (prior year: € 480,974 thousand) for the period from January 1, 2008 to December 31, 2008. Previous years' investing activities reflect the acquisition of the OXEA Group, whereas in 2008 the major cash outflows in investing activities are attributable to payments related to the acquisition and replacement of fixed assets.

Net cash (prior year: provided by) used in financing activities totalled € 45,736 thousand (prior year: € 464,808 thousand) and is exclusively attributable to a partial repayment of the financing of the acquisition of OXEA in 2007.

(b) Risk management and financial derivatives

Principles of risk management

OXEA is exposed in particular to risks from movements in exchange rates, interest rates, and market prices that affect its assets, liabilities, and forecasted transactions. Financial risk management aims to limit these market risks attributable to ongoing operational and finance activities. Selected derivative and non-derivative hedging instruments are used for this purpose, depending on the risk assessment. However, OXEA only hedges the risks that affect the Group's cash flow. Derivatives are exclusively used as hedging instruments, i.e., not for trading or other speculative purposes.

To reduce the credit risk, hedging transactions are generally only concluded with leading financial institutions. In addition, the credit risk of financial instruments with a positive fair value is minimized by way of limit management, which sets individualized relative and absolute figures for risk exposure depending on the counterparty's rating.

The fundamentals of OXEA's financial policy are established each year by the Executive Committee and overseen by the Board of Directors. Group Treasury is responsible for implementing the finance policy and for ongoing risk management. Certain transactions require the prior approval of the Executive Committee, which is also regularly informed about the extent and the amount of the current risk exposure. Treasury regards effective management of the market risk as one of its main tasks. The department performs simulation calculations using different worst-case and market scenarios so that it can estimate the effects of different conditions in the markets.

Commodity price risks

OXEA is exposed to fluctuations in raw material prices. These result primarily from the following raw materials: propylene, natural gas, precious metals and electricity. OXEA does not use commodity derivatives to hedge the commodity price risk but enters into short-term and long-term purchase contracts with the suppliers of these commodities.

Currency risks

Currency risks as defined by IFRS 7 arise on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

OXEA is exposed to currency risks from its investing, financing and operating activities. Risks from foreign currencies are generally hedged to the extent that they influence the Group's cash flows. Foreign-currency risks that do not influence the Group's cash flows (i.e., the risks resulting from the translation of assets and liabilities of foreign operations into the Group's reporting currency) are generally not hedged.

Foreign-currency risks in the area of investment result, for example, from the acquisition and disposal of investments in foreign companies. OXEA may hedge these risks. At the reporting date, OXEA was not exposed to any significant risks from foreign currency transactions in the field of investments.

Foreign-currency risks in the financing area are caused by financial liabilities with third parties in foreign currency and by loans in foreign currencies that are extended between group entities for financing purposes. Treasury hedges these risks. Currency derivatives are used to convert financial obligations and inter-company loans denominated in foreign currencies into the Group entities' functional currencies.

At the reporting date, all bank liabilities were denominated in the functional currency of the respective group company. Therefore, OXEA was not exposed to any currency risks in this respect. Foreign currency positions for which currency risks existed, mainly consisted of inter-company loans in US-Dollars (for the European entities) and in € (for the US entities). These risks were partly hedged in as far as they relate to short-term loans. Due to these hedging activities, OXEA was exposed to only limited currency risks in the area of financing.

Foreign-currency risks in the operating area result from supplies and deliveries in the non-

functional currency. However, the individual group entities mainly execute their operating activities in their respective functional currency. Overall, a relevant foreign currency position of OXEA exists only in USD. Currency risks resulting from operating activities in non-functional currencies are hedged by Treasury. Therefore OXEA's assessment to exchange rate risk from ongoing operations is low.

For the presentation of market risks, IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes of relevant risk variables on profit or loss and shareholder's equity. At the reporting date, an increase / decrease of € / USD (€ / JPY) FX-rate of 10% would for OXEA result in a loss / profit of € 2.4 million (€ 0.1 million).

Interest rate risks

OXEA is exposed to interest rate risks only in the Euro and US dollar zones. Once a year, the Executive Committee stipulates the desired mix of fixed- and variable-interest net financial liabilities. Taking account of the Group's existing and planned debt structure, Treasury uses interest rate derivatives to adjust the interest structure for the net financial liabilities of the composition specified by the Executive Committee. In addition, in accordance with the "Amended and Restated Senior Facilities Agreement dated February 26, 2007" dated May 18, 2007 between OXEA S.à.r.l. and Commerzbank Aktiengesellschaft, OXEA is required to use hedging instruments for at least 50 percent of the credit volume for at least the first four years of business activities. OXEA complies with this requirement by using interest rate swaps and caps in Euros and US dollars.

Due to the derivative hedges, 66 percent (prior year: 73 percent) of the net financial liabilities in 2008 denominated in Euros and 66 percent (prior year: 82 percent) of the net financial liabilities in 2008 denominated in US dollars had a fixed rate of interest at December 31, 2008.

At the reporting date, all interest rate derivatives (interest rate swaps, interest caps) in the portfolio of OXEA were part of a hedging relationship as set out in IAS 39 and therefore do not affect Other Financial Income or Expense

(no gain or loss from remeasurement of the financial assets to fair value) and are therefore not taken into consideration in the income related sensitivity calculations.

Interest rate risks are presented by way of sensitivity analyses in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components and, if appropriate, shareholders' equity. The interest rate sensitivity analyses are based on the following assumptions:

Changes in market interest rates of non-derivative financial instruments, that were not designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements, affect income and are therefore included in the calculation of income-related sensitivities. For OXEA this relates to variable interest rate financial instruments only. If the market interest rates had been 100 basis points higher / lower throughout 2008, profit and loss would have been € 1.5 million lower / higher.

Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserve in shareholders' equity and are therefore taken into consideration in the equity-related sensitivity calculations. If the market interest rates had been 100 basis points higher / lower at December 31, 2008, shareholders' equity would have been € 2.2 / € 2.3 million lower / higher.

Other price risks

As part of the presentation of market risks, IFRS 7 also requires disclosures on how hypothetical changes in risk variables (e.g. stock exchange prices) affect the price of financial instruments. There are no important risk variables applicable for OXEA.

As of December 31, 2008, OXEA did not hold any material investments to be classified as "available-for-sale".

Credit and default risks

OXEA is exposed to credit and default risks from its operating activities and certain financing activities. With regard to financing activities, transactions are only concluded with leading financial institutions. At the level of operations, the outstanding receivables are continuously monitored. Credit risks are taken into account through individual and collective impairments.

The carrying amounts of all financial assets, including derivatives with positive market values, plus the nominal value of contingent liabilities represent the maximum credit and default risk. Due to the global activities and the diversified customer structure of the OXEA Group, there is no significant concentration of credit or default risk.

Liquidity risks

A liquidity reserve in the form of credit lines and, where necessary, cash is maintained to guarantee the solvency and financial flexibility of OXEA at all times. Group treasury performs liquidity analyses on a regular basis documented in weekly liquidity reports to Management.

Prior to the constitution of OXEA Group, OXEA S.à.r.l. and certain OXEA companies entered into a "Senior Facility Agreement" with Commerzbank Aktiengesellschaft and UBS Limited in order to secure the Group's solvency for the acquisition date and for the following seven years with the option of extension. Within this facility OXEA has available a total credit line of € 500 million. On May 18, 2007 the agreement was amended to the "Amended and Restated Senior Facilities Agreement", with no change to the total amount of the facility. At the reporting date, the nominal value of debt drawn amounts to € 392 million (Senior Facility plus Guarantee Facility). The Company pays a variable rate of Euribor / US-Libor plus margin for credit lines

drawn and a commitment fee for credit lines not drawn.

The margin depends on OXEA's Net Debt Cover and is determined according to a margin grid. The original margin was fixed for the first 13 business months. With effect from Q2/2008, the margin is adjusted on a quarterly basis. Currently OXEA is in the best level of the margin grid.

Under the facilities agreement, OXEA has the right to redenominate amounts drawn into other currencies. An original amount of € 127.8 million drawn by OXEA Corporation was redenominated into US dollars as of March 7, 2007 therefore the interest rate payable is dependent upon US dollar-Libor rate. As of the reporting date, there were no further redenominations.

In addition to the Senior Facilities Agreement, OXEA is entitled to draw an additional credit line at WestLB amounting to € 20 million relating to a factoring program. In 2008 the company did not make use of this facility.

Capital risk management

OXEA's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to minimize the cost of capital.

The Group monitors capital on the basis of invested capital as part of the return on invested capital concept. Invested capital is calculated as the sum of total equity plus current and non current financial liabilities less cash and cash equivalents as reported in the consolidated balance sheet plus estimated liabilities from operating leases.

Invested capital as at December 31, 2008 was as follows:

€ '000	December 31, 2008	December 31, 2007
Shareholders' equity	93,395	71,378
Financial liabilities	375,209	405,635
Estimated operating lease liabilities	33,748	27,693
Less cash and cash equivalents	(75,494)	(82,827)
Invested Capital	426,858	421,879

Hedge accounting

Cash flow hedges – interest rate risks

OXEA has entered into various variable-interest Euro and US dollar interest rate swaps (receive variable interest rate, pay fixed interest rate) and caps to hedge the cash flow risk. The changes in the cash flows of the hedged items resulting from changes in the Euribor interest rate and the USD-Libor interest rate are offset against the changes in the cash flows of the interest rate swaps. The aim of this hedging is to transform the variable-interest rate loans into a fixed rate loan, thus hedging the cash flows of interest payments on the financial liabilities. Credit risks are not part of the hedging.

As the list of the fair values of derivatives shows (see table in the Derivatives section), OXEA designated interest rate derivatives with a net negative market value of € 4,300 thousand (prior year: € 881 thousand) as hedging instruments in cash flow hedges as of December 31, 2008. The recognition directly in equity of the change in the fair value of the hedging transactions resulted in gross losses of € 3,486 thousand (prior year: € 881 thousand) being recorded in the revaluation reserve in the 2008 financial year.

The effectiveness of the hedging relationship is prospectively tested using the critical terms match method set out in IAS 39.AG108. An effectiveness test is carried out retrospectively at the end of each quarter using a dollar offset-method in the form of a hypothetical derivative-method. This method measures the effectiveness on the basis of changes in fair values of the hedged item and the hedging instrument.

The hedged item used is a hypothetical derivative in accordance with IAS 39.IG F.5.5. A hedging relationship is classified as effective, when the changes in fair value of the hedged item are comparable to the changes of the hedging instrument. The hedge is effective, when the actual results are within a range of 80-125 per cent.

The following table shows the contractual maturities of the payments, i.e., when the hedged item will be recognized in the income statement:

Start	End	nominal volume in € '000	reference rate
24.05.2007	30.04.2011	125,095	6-months-Euribor
24.05.2007	30.04.2011	75,926	6-months-USD-Libor
30.04.2009	30.04.2011	53,152	6-months-Euribor
30.04.2009	30.04.2011	28,497	6-months-USD-Libor
30.10.2008	30.04.2009	60,046	1-month-Euribor
30.10.2008	30.04.2009	65,049	1-month-Euribor
30.10.2008	30.04.2009	75,926	1-month-USD-Libor

Derivatives

The following table shows the fair values of the various derivatives carried. For those derivatives accounted for using hedge accounting in accordance with IAS 39, no ineffective hedging relationship was identified, except for an interest cap derivative.

€ '000	net carrying amounts December 31, 2008	net carrying amounts December 31, 2007
Assets		
Interest rate swaps and caps	67	603
in connection with cash flow hedges	67	603
Currency forwards / currency swaps	-	538
held for trading	-	538
Other derivatives	2,135	890
held for trading	2,135	890
Liabilities		
Interest rate swaps	4,367	1,484
in connection with cash flow hedges	4,367	1,484
Currency forwards / currency swaps	1,504	-
held for trading	1,504	-

(c) Share based payments

During 2008, OXEA has established a long term incentive plan for selected members of second tier management. Hereby, incentive payments will be made to participants upon the occurrence of certain specified events such as the sale or disposal of OXEA shares to a third party or the refinancing of company debts. Total expenses related to the program amounted to € 192 thousand in 2008 and these have been charged in the income statement. The valuation of the incentive payments was based upon a valuation using the discounted cash flow method and the discount factors included the weighted average cost of capital of comparable companies and an assumed vesting period of five years

(d) Related party disclosures

IAS 24 "Related Party Disclosures" requires the disclosure of transactions with related parties, both with companies that are not consolidated, as well as with individuals.

The parent company of OXEA S.à.r.l. is ADVENT OXEA (Cayman) Ltd.

In 2008 an amount of € 300 thousand (prior year: € 3.85 million) was charged by the parent company in form of advisory fees.

Furthermore, interest expense includes an amount of € 2,860 thousand (prior year: € 2,481 thousand) payable on the nominal value of the shareholder loans. During 2008, shareholder loans in the form of yield free preferred

equity certificates in the nominal amount of € 11.3 million and preferred equity certificates in the nominal amount of € 26.4 million have been repaid to shareholders.

OXEA maintains an equity-related participation scheme for selected members of senior management and third parties who do not provide any goods or services to the Group. Participating members are currently partners in OXEA Associates GmbH & Co. KG, which holds shares of OXEA S.à.r.l. The shares held by the partners vest in equal instalments over a three year period. All shares become fully vested in the event of a sale or IPO of the Oxea group. In the event that a partner leaves prior to the shares becoming fully vested, ADVENT OXEA (Cayman) Ltd. has the option to purchase the partner's shares. Depending upon the reason for the departure, the option price varies between the amount paid plus interest at the rate of 10% and market value. All partners in the partnership are entitled to a proportionate share in the profits of the relevant partnership, in particular dividend payments, distributions in cash or in kind from OXEA S.à.r.l. or the sale of shares held in OXEA S.à.r.l.

Oxea Associates GmbH & Co. KG was created in July 2007 and subscribed to new shares in OXEA S.à.r.l. The shares were issued in exchange for cash, the issuance price was based upon a valuation used to determine the original purchase price and calculated using the discounted cash flow method. Discount factors included consideration of the weighted average cost of capital of comparable companies (Peer Group). Participating members of management paid a cash amount which corresponded to the full value of their relevant share. Consequently no benefit in kind arose as a result.

Compensation to key members of management comprised the following:

€ '000	2008	2007
Short-term benefits	2,162	1,246
Post employment benefits	143	335
Total	2,305	1,581

Luxembourg, March 26, 2009

OXEA S.à.r.l.

Board of Management

Reinhard Gradl

François Bourgon

Michael J. Ristaino

Desmond Mitchell

Auditors' Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of OXEA S.à.r.l., Luxembourg, ("the Group"), which comprise the consolidated balance sheet as at December 31, 2008, and the consolidated income statement, consolidated statement of recognized income and expenses and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2008, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

We have provided the services described above on behalf of OXEA S.à.r.l. We have carried out our engagement on the basis of the General Engagement Terms included in our engagement agreement dated as of January 1, 2002 as attached. By taking note of and using the information as contained in our Auditors' Report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms

(including the liability limitations specified in item No. 9 included therein) and acknowledges their validity in relation to us.

Düsseldorf, March 26, 2009

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Wirtschaftsprüfungsgesellschaft

Dr. Uhde
Wirtschaftsprüfer
(German Public Auditor)

Heinlein
Wirtschaftsprüferin
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