
Quarterly Report I/2011

Interim Consolidated Financial Statements

FACTS AND FIGURES

Founded	March 1, 2007 as a buy-out from Celanese and Evonik
Owner	Advent International
Employees	1,362 (2010)
Annual Sales	1,4 billion Euro (2010)
Plants	Europe: Oberhausen, Marl, Amsterdam USA: Bay City, Bishop
Offices	Europe: Oberhausen, Luxembourg Americas: Dallas, Mexico City Asia: Tokyo, Singapore, Shanghai
Products	Global supplier of Aldehydes, Oxo Alcohols, Carboxylic Acids, Polyols, Esters and Amines
Applications	Ingredients for paints & coatings, adhesives, flavors & fragrances, cosmetics, lubricants, pharmaceuticals and plastics
Sales Force	Experienced global sales team providing service to customers in Europe, the Americas and Asia
Management Team	Dr: Martina Flöel, Miguel Mantas, Cornelius Robertson and Bernhard Spetsmann
Chairman	Dr: Reinhard Gradl
Learn more about OXEA and Advent	www.oxea-chemicals.com www.adventinternational.com

TABLE OF CONTENTS

Interim Consolidated Financial Statements

Consolidated Statement of Income _____	4
Consolidated Statement of Comprehensive Income _____	4
Consolidated Statement of Financial Position _____	5
Consolidated Statement of Changes in Equity _____	6
Consolidated Statement of Cash Flows _____	7
Notes to the Interim Consolidated Financial Statements _____	8

Consolidated Statement of Income

€ '000	Note	First Quarter	
		2011	2010
Revenue	2	377,005	289,343
Cost of sales		(308,869)	(255,329)
Gross profit		68,136	34,014
Selling expense		(4,240)	(3,512)
General and administrative expense		(6,106)	(4,152)
Research and development expense		(1,544)	(1,464)
Other operating income		21,703	19,648
Other operating expense		(20,761)	(17,363)
Operating profit		57,188	27,171
Financial result	3	(13,155)	(5,568)
Income before income taxes		44,033	21,603
Income taxes		(14,060)	(8,560)
Net income for the period		29,973	13,043
Attributable to:			
Non-controlling interest		3	2
Owners of the company		29,970	13,041

Consolidated Statement of Comprehensive Income

€ '000	Note	First Quarter	
		2011	2010
Net income for the period		29,973	13,043
Foreign currency translation differences for foreign operations		(503)	3,231
Effective portion of changes in fair value of cash flow hedges		–	942
Net changes in fair value of cash flow hedges transferred to statement of income		–	(755)
Defined benefit plan actuarial gains (losses)		–	(1,534)
Income tax on other comprehensive income		–	444
Other comprehensive income for the period, net of income tax		(503)	2,328
Total comprehensive income for the period		29,470	15,371
Attributable to:			
Owners of the company		29,467	15,369
Non-controlling interest		3	2
Total comprehensive income for the period		29,470	15,371

The Notes on pages 8 to 15 are an integral part of these interim consolidated financial statements.

Consolidated Statement of Financial Position

€ '000	Note	March 31, 2011	December 31, 2010
ASSETS			
Intangible assets	4	8,698	9,079
Property, plant and equipment	4	252,683	258,121
Investments accounted for using the equity method		2,354	2,354
Financial assets		1,824	1,843
Deferred tax assets		4,392	4,751
Other receivables and miscellaneous non-current assets	5	1,406	1,507
Non-current assets		271,357	277,655
Inventories		141,001	132,776
Trade accounts receivable		230,678	224,748
Other receivables and miscellaneous current assets	5	29,255	21,610
Financial assets		3,150	2,953
Cash and cash equivalents	6	87,427	98,680
Current assets		491,511	480,767
Total assets		762,868	758,422
EQUITY AND LIABILITIES			
Subscribed capital		873	873
Capital surplus		20,276	20,276
Retained earnings		(56,880)	(86,850)
Other reserves (translation and hedging reserves)		6,245	6,748
Total equity attributable to owners of the company		(29,486)	(58,953)
Non-controlling interest		323	320
Total equity	7	(29,163)	(58,633)
Provisions for pensions	8	21,958	21,269
Other provisions		10,211	10,501
Deferred tax liabilities		37,949	39,427
Financial liabilities	9	487,439	499,133
Other liabilities	9	309	171
Non-current liabilities		557,866	570,501
Trade accounts payable	9	140,347	137,054
Other provisions		9,111	10,519
Tax liabilities		32,033	36,200
Financial liabilities	9	9,766	21,707
Other liabilities	9	42,908	41,074
Current liabilities		234,165	246,554
Total equity and liabilities		762,868	758,422

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Consolidated Statement of Changes in Equity 1st Quarter 2010

€ '000	Sub- scribed capital	Capital surplus	Re- tained earnings	Trans- lation reserve	Hedging reserve	Total	Non-con- trolling interest	Total equity
Balance at January 1, 2010	873	35,954	79,677	(2,760)	(2,191)	111,553	299	111,852
Net income	–	–	13,041	–	–	13,041	2	13,043
Other comprehensive income								
Foreign currency translation differences	–	–	–	3,231	–	3,231	–	3,231
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	–	630	630	–	630
Net change in fair value of cash flow hedges transferred to statement of income, net of tax	–	–	–	–	(505)	(505)	–	(505)
Defined benefit plan actuarial gains and losses, net of tax	–	–	(1,028)	–	–	(1,028)	–	(1,028)
Total other comprehensive income	–	–	(1,028)	3,231	125	2,328	–	2,328
Total comprehensive income for the period	–	–	12,013	3,231	125	15,369	2	15,371
Transactions with owners, recorded directly in equity								
Capital withdrawal/contribution	–	–	–	–	–	–	–	–
Balance at March 31, 2010	873	35,954	91,690	471	(2,066)	126,922	301	127,223

Consolidated Statement of Changes in Equity 1st Quarter 2011

€ '000	Sub- scribed capital	Capital surplus	Re- tained earnings	Trans- lation reserve	Hedging reserve	Total	Non-con- trolling interest	Total equity
Balance at January 1, 2011	873	20,276	(86,850)	6,748	–	(58,953)	320	(58,633)
Net income	–	–	29,970	–	–	29,970	3	29,973
Other comprehensive income								
Foreign currency translation differences	–	–	–	(503)	–	(503)	–	(503)
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	–	–	–	–	–
Net change in fair value of cash flow hedges transferred to statement of income, net of tax	–	–	–	–	–	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–	–	–	–	–	–
Total other comprehensive income	–	–	–	(503)	–	(503)	–	(503)
Total comprehensive income for the period	–	–	29,970	(503)	–	29,467	3	29,470
Transactions with owners, recorded directly in equity								
Capital withdrawal/contribution	–	–	–	–	–	–	–	–
Balance at March 31, 2011	873	20,276	(56,880)	6,245	–	(29,486)	323	(29,163)

The Notes on pages 8 to 15 are an integral part of these interim consolidated financial statements.

Consolidated Statement of Cash Flows

€ '000	Note	First Quarter	
		March 31, 2011	March 31, 2010
Net income for the period		29,973	13,043
Depreciation and amortisation of intangible assets, property, plant and equipment and financial assets	4	6,181	6,691
Income tax expense		14,060	8,560
Financial result	3	13,155	5,568
Changes in pension provisions and other non-cash items		(1,789)	1,020
Total non-cash items		31,607	21,839
Interest received	3	122	82
Income taxes paid		(17,757)	(973)
Cash movement in interest received and income taxes		(17,635)	(891)
Cash movement before changes in working capital and provisions		43,945	33,991
Changes in inventories		(12,178)	(22,625)
Changes in receivables and other operating assets		(10,641)	(35,957)
Changes in other operating liabilities and provisions		(1,136)	16,033
Cash provided by/(used in) operating activities		19,990	(8,558)
Payments related to intangible assets and property, plant and equipment	4	(5,566)	(3,965)
Proceeds from asset disposals		–	–
Payments related to financial assets and securities		–	–
Net proceeds from divestitures		–	–
Cash used in investing activities		(5,566)	(3,965)
Repayment to shareholders		–	–
Proceeds from addition of financial liabilities to shareholders		–	–
Proceeds from addition of financial liabilities to third parties		–	–
Repayment of financial liabilities		–	–
Interest and other financial expense paid		(23,945)	(2,241)
Cash used in financing activities		(23,945)	(2,241)
Effects on cash and cash equivalents from foreign exchange rates		(1,732)	1,753
Net changes in cash and cash equivalents		(11,253)	(13,011)
Cash and cash equivalents at beginning of period	6	98,680	88,889
Cash and cash equivalents at end of period	6	87,427	75,878

The Notes on pages 8 to 15 are an integral part of these interim consolidated financial statements.

Notes to the Consolidated Financial Statements

I. OXEA Group

a General information

The 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 experience and know-how in Oxo chemicals and derivatives production and is a market leader in products such as butylacetates, n-propanol, butanols, C3/C4-amines, n-propyl acetate, carboxylic acids, butyraldehyde, TCD derivatives and 2-ethylhexanol.

On May 5, 2011, the interim consolidated financial statements were approved by the Board of Management.

b Basis of preparation and measurement

The interim consolidated financial statements of OXEA S.à r.l. as at March 31, 2011 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. The functional currency and the reporting currency of OXEA S.à r.l. is the Euro (€). The reporting is presented in thousands of Euros unless otherwise noted.

The interim consolidated financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the OXEA group as at and for the year ended December 31, 2010.

The interim consolidated financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

- derivative financial instruments are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- liabilities for cash-settled share-based payment arrangements are measured at fair value.

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.

For the interim consolidated financial statements as at March 31, 2011, the scope of consolidation of OXEA S.à r.l. includes 20 fully consolidated companies. One additional company was accounted for at equity.

d Summary of significant accounting policies

The accounting policies applied by OXEA in these interim financial statements are the same as those applied by OXEA in its consolidated financial statements as at and for the year ended December 31, 2010.

Translation of foreign currency financial statements

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

1 € =

• Rate at March 31, 2011	1.4207 US \$
• Rate at December 31, 2010	1.3362 US \$
• Rate at March 31, 2010	1.3476 US \$
• Average Rate Q1 2011	1.3669 US \$
• Average Rate 2010	1.3257 US \$
• Average Rate Q1 2010	1.3842 US \$

Use of estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2010.

Financial risk management

All major aspects of OXEA's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2010.

e Segment reporting

OXEA's segment reporting is undertaken on the basis of operating segments. An operating segment is a component of OXEA that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of OXEA's other components. OXEA has two reportable segments, Oxo Derivatives and Oxo Intermediates, which offer different products and services, and are managed separately because they require different technology and marketing strategies. The structure of the segments is based on the group's management and internal reporting structure. For each of the segments, OXEA's Board of Management reviews internal management reports on at least a quarterly basis.

Information regarding the results of the segments is included below. Performance is measured based on segment operating profit and EBITDA, as included in the internal management reports. EBITDA is calculated as net income excluding income taxes, financial result and depreciation and amortisation.

Segment Summary

€ million	First Quarter			
	2011	% of revenues	2010	% of revenues
Revenues				
Oxo Derivatives	124.8	33.1%	93.0	32.1%
Oxo Intermediates	252.2	66.9%	196.3	67.9%
Total revenues	377.0	100.0%	289.3	100.0%
Operating profit (EBIT)				
Oxo Derivatives	19.9	15.9%	9.9	10.6%
Oxo Intermediates	37.3	14.8%	17.3	8.8%
Total EBIT	57.2	15.2%	27.2	9.4%
EBITDA				
Oxo Derivatives	22.0	17.6%	12.1	13.0%
Oxo Intermediates	41.4	16.4%	21.8	11.1%
Total EBITDA	63.4	16.8%	33.9	11.7%

2. Revenue

Revenue breaks down into the following regions:

€ '000	First Quarter	
	2011	2010
Europe	200,032	143,711
North America	107,368	80,074
Rest of the world	69,605	65,558
Total	377,005	289,343

3. Financial result

€ '000	First Quarter	
	2011	2010
Interest income	122	82
Interest expenses to third parties	(12,314)	(3,344)
Interest on shareholder loans	(427)	(993)
Share of profit (loss) of joint ventures accounted for using the equity method	(210)	(17)
Interest expenses from defined benefit plans	(254)	(235)
Financial expenses from derivatives	–	(909)
Other	(72)	(152)
Total	(13,155)	(5,568)

4. Intangible assets and property, plant and equipment

During the three months ended March 31, 2011 OXEA acquired assets with a cost of € 5.6 million (three months ended March 31, 2010: € 3.8 million), while depreciation and amortization amounted to € 6.2 million (three months ended March 31, 2010: € 6.7 million).

5. Other receivables and miscellaneous current assets

€ million	March 31, 2011		December 31, 2010	
	Total	thereof short-term	Total	thereof short-term
Receivables from site services	10,837	10,837	6,134	6,134
Recoverable other taxes	9,431	9,431	10,234	10,234
Prepaid expenses	6,676	5,270	3,029	1,522
Rebates	1,986	1,986	1,544	1,544
Derivatives	743	743	136	136
Recoverable income taxes	253	253	213	213
Other	735	735	1,827	1,827
Total	30,661	29,255	23,117	21,610

6. Cash and cash equivalents

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

€ '000	March 31, 2011	December 31, 2010
in EUR	52,782	66,354
in USD	32,544	30,145
in ZAR	852	385
in JYP	632	768
in MXN	285	697
in GBP	178	235
in SGD	126	68
in BRL	24	12
in HUF	3	15
in CNY	1	1
Total	87,427	98,680

7. Equity

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 per share.

Capital surplus

The capital surplus as of March 31, 2011 includes shareholders' contributions in terms of the equity portion and the conversion of the yield free preferred equity certificates and convertible preferred equity certificates for a total amount of € 20.3 million.

Retained earnings

Retained earnings comprise current year and prior years net profits, actuarial gains and losses on pension obligations less the portion of the redemption premium arising on the partial repayment of the convertible preferred equity certificates.

Other reserves

Other reserves include translation adjustments and 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 reserve) and recognised in income only upon the disposal of a company.

Non-controlling interests

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

8. Provisions for pensions

As at March 31, 2011 OXEA used a discount rate of 4.80% (three months ended March 31, 2010: 4.85%) which remained unchanged to the prior balance sheet date. All other assumptions (projected salary increase, projected pension increase) are also unchanged compared to December 31, 2010. As a result, no actuarial gains or losses incurred in the first quarter of 2011 (three months ended March 31, 2010: € 1.5 million loss).

9. FINANCIAL AND OTHER LIABILITIES

The financial and other liabilities as at March 31, 2011 are as follows:

Maturities of liabilities

€ '000	March 31, 2011			December 31, 2010		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5years	> 5 years
Trade accounts payable	140,347	-	-	137,054	-	-
Bank liabilities	-	-	-	-	-	-
Senior Secured Notes	-	-	466,921	-	-	478,907
Liabilities to shareholders	-	-	20,518	-	-	20,226
Interest on Senior Secured Notes	9,766	-	-	21,707	-	-
Financial indebtedness	9,766	-	487,439	21,707	-	499,133
Liabilities to employees	33,933	-	-	31,249	-	-
Liabilities to shareholders	-	-	305	-	-	169
Advances received on orders	1,127	-	-	1,096	-	-
Tax liabilities other than income taxes	828	-	-	847	-	-
Liabilities to social insurance funds	721	-	-	884	-	-
Liabilities from social insurance contributions	273	-	-	14	-	-
Derivatives	33	-	-	805	-	-
Other	5,993	4	-	6,179	2	-
Other liabilities	42,908	4	305	41,074	2	169
Total liabilities	193,021	4	487,744	199,835	2	499,302

10. CONTINGENT LIABILITIES

One financial guarantee (€ 6.7 million) in connection with the shareholding in the German Pipeline Development Company GmbH is issued by a group company.

II. RELATED PARTY DISCLOSURES

15

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 ultimate parent company of OXEA S.à r.l. is ADVENT OXEA (Cayman) Ltd. In the first quarter of 2011, an amount of € 150 thousand (three months ended March 31, 2010: € 75 thousand) was charged by the parent company in form of advisory fees. Furthermore, interest expense includes an amount of € 136 thousand (three months ended March 31, 2010: € 315 thousand) payable on the nominal value of the shareholder loans.

Compensation to key members of management was as follows:

€ '000	First Quarter	
	2011	2010
Short-term benefits	676	576
Post employment benefits	93	71
Total	769	647

Luxembourg, May 5, 2011

OXEA S.à r.l.

Board of Management

Reinhard Gradl

François Bourgon

Michael J. Ristaino

Desmond Mitchell



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