

STYROLUTION

INTERIM REPORT –THREE AND SIX MONTHS ENDED 30 JUNE 2012

FORWARD-LOOKING STATEMENTS

The following report includes “forward-looking statements”, based on our current expectations and projections about future events, including:

- the cyclical nature of our businesses and their sensitivity to changes in supply and demand;
- raw material availability and costs, as well as supply arrangements, including arrangements with principal feedstock suppliers;
- the highly competitive nature of our principal industries;
- current or future environmental requirements, including those related to greenhouse gas and other air emissions, and the related costs of maintaining compliance and addressing liabilities;
- currency fluctuations and economic downturns in the countries in which we operate;
- our ability to implement our business and cost reduction strategies;
- our ability to successfully integrate our businesses and realize anticipated synergies and cost savings; and
- our substantial indebtedness following the consummation of the Joint Venture Transaction may affect our ability to service our outstanding indebtedness, which would likely impact the way we operate our business.

All statements other than statements of historical facts included in this report, without limitation, statements regarding our future financial position, risks and uncertainties related to our Company and the notes, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties. Words such as “believe,” “expect,” “anticipate”, “may”, “intend”, “will”, “should”, “estimate” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. In addition, from time to time we or our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing and these forward-looking statements may be included in but are not limited to press releases (including on our website), reports to our security holders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Styrolution Group GmbH – Unaudited Interim Financial Statements
Consolidated Statement of Income for the three and six months ended 30 June 2012

In millions of EUR	1 April – 30 June 2012	1 January – 30 June 2012
Revenue	1,638.8	3,244.1
Cost of sales	(1,507.4)	(2,929.2)
Gross profit	131.4	314.9
Selling expenses	(82.9)	(161.3)
General and administrative expenses	(25.9)	(45.4)
Research and development expenses	(3.2)	(5.7)
Other operating income (expenses)	(0.6)	(9.7)
Result from operating activities	18.8	92.8
Finance income	8.1	5.1
Finance costs	(13.5)	(25.5)
Net finance costs	(5.4)	(20.4)
Income before tax	13.4	72.4
Income tax expense	(5.5)	(23.3)
Net income	7.9	49.1
Attributable to:		
Non-controlling interests	(0.1)	0.3
Owners of the company	8.0	48.8

Styrolution Group GmbH – Unaudited Interim Financial Statements

Consolidated Statement of Comprehensive Income for the three and six months ended 30 June 2012

<i>In millions of EUR</i>	1 April – 30 June 2012	1 January – 30 June 2012
Net income	7.9	49.1
Other comprehensive loss:		
Foreign currency translation reserve	48.5	29.1
Actuary gains and losses on defined benefit plans	-	-
Total other comprehensive income	48.5	29.1
Total comprehensive income	56.4	78.2
Attributable to:		
Non-controlling interests	(0.2)	0.2
Owners of the company	56.6	78.0

Styrolution Group GmbH – Unaudited Interim Financial Statements
Consolidated Statement of Financial Position

<i>In millions of EUR</i>	30 June 2012	31 December 2011
Assets		
Property, plant and equipment	787.1	809.4
Intangible assets and goodwill	1,228.9	1,241.1
Deferred tax assets	24.4	22.8
Other receivables and miscellaneous non-current assets	6.8	7.1
Non-current assets	2,047.2	2,080.4
Inventories	548.6	463.6
Accounts receivable, trade	756.1	756.3
Other receivables and miscellaneous current assets	199.3	360.3
Cash and cash equivalents	279.2	266.0
Assets held for sale	-	13.2
Current assets	1,783.2	1,859.4
Total assets	3,830.4	3,939.8
Equity		
Share capital	10.0	10.0
Contributed Surplus	1,641.4	1,641.4
Other reserves	48.6	24.0
Accumulated deficit	(20.4)	(69.2)
Equity attributable to owners of the Company	1,679.6	1,606.2
Non-controlling interest	6.6	8.4
Total equity	1,686.2	1,614.6
Liabilities		
Financial indebtedness	469.4	468.2
Employee benefits	45.4	42.8
Deferred tax liabilities	354.2	367.8
Other liabilities and other long term provisions	81.6	124.4
Non-current liabilities	950.6	1,003.2
Accounts payable, trade	650.8	728.0
Financial indebtedness	367.9	439.6
Current tax liabilities	20.4	13.1
Other liabilities and short term provisions	154.5	137.6
Liabilities held for sale	-	3.7
Current liabilities	1,193.6	1,322.0
Total liabilities	2,144.2	2,325.2
Total equity and liabilities	3,830.4	3,939.8

Styrolution Group GmbH – Unaudited Interim Financial Statements

Consolidated Statement of Changes in Equity

In millions of EUR

	Share Capital	Contributed Surplus	Accumulated deficit	Other Reserves	Equity attributable to owners of the company	Non- controlling interest	Total Equity
At 31 December 2011	10.0	1,641.4	(69.2)	24.0	1,606.2	8.4	1,614.6
Net income			48.8		48.8	0.3	49.1
Other Comprehensive income				29.2	29.2	(0.1)	29.1
Total comprehensive income			48.8	29.2	78.0	0.2	78.2
India share repurchase				(4.6)	(4.6)	(2.0)	(6.6)
At 30 June 2012	10.0	1,641.4	(20.4)	48.6	1,679.6	6.6	1,686.2

Styrolution Group GmbH – Unaudited Interim Financial Statements

Consolidated Statement of Cash Flows

<i>In millions of EUR</i>	1 January – 30 June 2012
Cash flows from operating activities	
Income before tax	72.4
Adjustment for:	
Depreciation and impairment of property, plant and equipment	58.7
Amortization and impairment of intangible assets	28.8
Change in pension provisions, other liabilities and charges	(24.2)
Net finance cost	20.4
Current income tax paid	(31.2)
Working capital adjustments:	
- Inventories	(77.6)
- Trade receivables	5.1
- Other receivables	2.3
- Trade payables	36.0
Cash generated from operating activities	90.7
Interest paid	(24.6)
Net cash flows from operating activities	66.1
Cash flows from investing activities	
Investments in property, plant and equipment and intangible fixed assets	(22.6)
Proceeds from disposal of property, plant and equipment and intangible assets	-
Proceeds from sale of disposal group (Elix)	22.1
Net cash flows used in investing activities	(0.5)
Cash flows from financing activities	
Share repurchase India	(6.6)
Repayment of asset securitization, net	(3.1)
Receipt from borrowings from related parties	29.5
Repayment of borrowings from related parties	(106.5)
Receipt of other borrowings	51.6
Repayment of other borrowings	(16.4)
Net cash flows used in financing activities	(51.5)
Net changes in cash and cash equivalents	14.1
Cash and cash equivalents at 31 December 2011	266.0
Effect of exchange rate fluctuations on cash held	(0.9)
Cash and cash equivalents at 30 June 2012	279.2

STYROLUTION GROUP GmbH – UNAUDITED FINANCIAL STATEMENTS

NOTES

1. Reporting entity

Styrolution Group GmbH ('Group' or the 'Company') is an intermediate holding Company which is wholly owned by Styrolution Beteiligungs GmbH, a wholly owned subsidiary of Styrolution Holding GmbH. Styrolution Holding GmbH is a joint venture ultimately owned by two shareholders, INEOS Industries Holdings Ltd., a subsidiary of INEOS AG, and BASF SE ("BASF"). INEOS Industries Holdings Ltd. ("INEOS") owns 50% of the shares of Styrolution Holding GmbH. BASF SE directly owns 15.95% of the shares of Styrolution Holding GmbH and indirectly through BASF Antwerpen N.V. (a wholly owned subsidiary) another 34.05%. The Company is domiciled in Germany and has its registered office at Erlenstrasse 2, 60325 Frankfurt am Main, Germany. The Company was incorporated on 19 April 2011.

On 1 October 2011, BASF contributed the BASF Styrenics Business to the Company and INEOS contributed the INEOS Styrenics Business and the INEOS ABS Business to the Company by way of the Joint Venture Transaction. As used herein, the "Joint Venture Transaction" means the consummation of the Joint Venture and related financings by and among BASF SE and INEOS Industries Holdings Limited as described in the Styrolution Group GmbH Offering Memorandum dated May 12, 2011 (the "Offering Memorandum"). Also as used herein, the BASF Styrenics Business, the INEOS Styrenics Business and the INEOS ABS Business shall have the meanings set forth in the offering memorandum. BASF SE and INEOS Industries Holdings Limited are sometimes referred to herein as the "Joint Venture Partners". The Company accounts for these contributions as business combinations. The consolidated interim financial statements are not accompanied by comparative financial information preceding its formation as these businesses were previously not under common control. The consolidated interim financial statements of the Company comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is the leading global producer, marketer and merchant seller of styrene monomer and styrenics polymers.

2. Basis for preparation

(a) Statement of compliance

These consolidated interim financial statements of Styrolution Group GmbH for the period ended 30 June 2012 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not provide all of the information and disclosures included in complete consolidated financial statements and are therefore to be read in conjunction with the consolidated financial statements as of and for the period ending 31 December, 2011.

The consolidated interim financial statements were authorized for issue by the Managing Directors on 20 August 2012.

(b) Basis of measurement

The basis of measurement for the consolidated financial statements is generally the historical cost basis except for those financial instruments categories measured at fair value.

On 1 October 2011 the Group engaged in the Joint Venture Transaction and acquired the BASF Styrenics Business, the INEOS Styrenics Business and the INEOS ABS Business from the respective Joint Venture Partners by means of a combination of contributions in kind and cash payments. The fair value of the consideration exchanged in the transaction has been allocated to the identified assets acquired and liabilities assumed. In particular, the following fair values have been determined on a provisional basis: intangible assets (including goodwill), property, plant and equipment, employee benefit obligations, liabilities related to unfavorable supply agreements with related parties, provisions and deferred taxes. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

The accounting and valuation methods disclosed in the notes to the consolidated financial statements as of and for the period ending December 31, 2011 have been applied consistently.

(c) Functional and presentation currency

These consolidated interim financial statements are presented in EUR, which is the Company's functional currency. All financial information presented in EUR has been rounded to the nearest tenth of a million, except when otherwise indicated.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(e) Segment reporting

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a basis considered reasonable. Unallocated items comprise mainly assets that are used across segments (primarily the Company's headquarters), head office expenses, and tax assets and liabilities. The Company has defined the following operating segments:

- EMEA
- Americas
- Asia

Detailed information by segment for the three months ended 30 June 2012 is presented in the following tables.

<i>In millions of EUR</i>	External sales	Inter-segment sales	EBITDA before Special Items
EMEA	731.6	25.8	27.9
Americas	544.1	23.4	34.3
Asia	363.1	2.9	2.9
Corporate and eliminations		(52.1)	
Total for the period	1,638.8	0.0	65.1

Detailed information by segment for the first six months ended June 2012 is presented in the following tables.

<i>In millions of EUR</i>	External sales	Inter-segment sales	EBITDA before Special Items
EMEA	1,476.6	43.8	81.7
Americas	1,058.2 *	73.1*	89.2
Asia	709.3	3.0	12.9
Corporate and eliminations		(119.9)*	
Total for the period	3,244.1 *	0.0	183.8

* In the first quarter 2012, the Company reported certain internal sales of styrene monomer sales in the Americas region as external sales. These sales have been properly reported in the tables above.

Reconciliation of EBITDA before special items to Income before tax:

In millions of EUR

	1 April – 30 June 2012	1 January – 30 June 2012
EBITDA before special items	65.1	183.8
Special items (restructuring expenses)	(2.4)	(3.5)
Depreciation and Amortization	(43.9)	(87.5)
Results from operations	18.8	92.8
Net finance costs	(5.4)	(20.4)
Income before tax	13.4	72.4

3. Disposal group held for sale

As part of the Joint Venture Transaction on 1 October 2011, the Group acquired shares in Elix Polymers S.L. On June 1, 2011, the EU Commission gave its approval for the completion of the Joint Venture Transaction subject to the requirement that the Company divest its interest in Elix Polymers S.L. In December 2011 the Group agreed to an agreement to sell Elix Polymers S.L. for an amount of EUR 23 million in cash, subject to adjustment for any debt and certain working capital requirements defined in the agreement. The Company retained certain liabilities of the disposal group. The price obtained on the market was used as a basis for measuring the fair value of Elix Polymers S.L. in the Joint Venture Transaction purchase price allocation.

The sale of ELIX Polymers S.L. was completed on 30 March 2012. After adjustments, the Company received proceeds on 1 April 2012 from the sale of EUR 22.1 million in cash and retained liabilities of EUR 1.2 million.

4. Income taxes

Income tax expense is recognized based on management's best estimate of the income tax rate expected for the year 2012 applied to the income before taxes of the second quarter 2012. The Group's consolidated effective tax rate for the second quarter 2012 was 40.3%. The effective tax rate exceeded the targeted tax rate because of an unfavorable country mix effect.

5. Equity

As a result of the Joint Venture transactions the Company undertook and on 6 February 2012 completed a public offer to purchase the non-controlling interest in Styrolution ABS (India) Limited (formerly INEOS ABS (India) Ltd.). As a result of this process the Company increased its share in Styrolution ABS (India) Limited from 83.33% to 87.26%. The total amount paid from this increase was EUR 6.6 million. The reduction in the total value of the non-controlling interest is EUR 2.0 million.

6. Financial indebtedness

	30 June 2012	31 December 2011
<i>In millions of EUR</i>		
Current liabilities		
Short term borrowings from related parties	0.9	106.5
Short term borrowings from asset securitizations	326.0	329.1
Short term borrowings other	40.0	1.8
Short term finance lease liabilities	1.0	2.2
Total	367.9	439.6

The Group repaid interest-bearing loans from shareholders that were due on 15 February, 2012. The loans primarily originated in the contribution of the businesses under the capital increase resolution and represent excess cash balances contributed.

7. Related parties

<i>In millions of</i>		Transaction value	Balance outstanding
		1 January – 30 June 2012	30 June 2012
Sale of products			
-	BASF	562.9	
-	INEOS	159.6	
Purchase of raw materials			
-	BASF	954.0	
-	INEOS	493.6	
Services received			
-	BASF	34.2	
-	INEOS	18.1	
Trade and other receivables			
-	BASF		75.6
-	INEOS		23.2
-	Shareholder		56.3
Trade and other payables			
-	BASF		(288.7)
-	INEOS		(88.2)

The Company completed a settlement agreement with its shareholder who assumed trade payable balances of EUR 119.6 million in exchange for the Company's receivable due from shareholder. The corresponding receivables and payables were extinguished as a result of the settlement agreement.

On March 19, 2012, the Company announced the termination of tolling agreements with INEOS concerning the styrenics plant of INEOS in Marl, Germany. Supply of polystyrene and styrene from Marl is expected to continue through the fourth quarter of 2012. As a result of the termination of the agreement, the Company will accelerate payments of approximately EUR 28 million under the contract which was identified as an unfavorable contractual agreement in accounting for the business combination.

8. Subsequent events

On 20 July 2012, a fire caused damage to a heat exchanger in our styrene unit in Sarnia, Ontario, Canada. The incident caused a severe shortage in styrene, causing Styrolution to declare force majeure in the Americas for styrene on 30 July 2012 and polystyrene on 31 July 2012.

The Company lifted the force majeure in its Map Ta Phut, Thailand plant and the force majeure for certain specially grades.

**PRESENTATION OF THE STYROLUTION SECOND QUARTER 2012 BUSINESS RESULTS
OF OPERATION**

The Company prepared this discussion and analysis of its results of operations by comparing its unaudited consolidated interim financial statements of income and cash flows for the three and six months ended 30 June 2012 to the pro forma information for the corresponding periods, i.e. the three and six months ended 30 June 2011. The pro forma information is based on the combined performance of the businesses that were contributed to the Company by its shareholders in connection with the completion of the Joint Venture transaction on 1 October 2011, but do not include the effects of purchase accounting which affect the actual financial information for 2012.

In millions of EUR	1 April – 30 June 2012	Pro forma 1 April – 30 June 2011	%
Revenue	1,638.8	1,757.3	(6.7)
Cost of sales	(1,507.4)	(1,589.8)	5.2
Gross profit	131.4	167.5	(21.6)
Selling expenses	(82.9)	(82.3)	(0.7)
General and administrative expenses	(25.9)	(17.5)	(48.0)
Research and development expenses	(3.2)	(3.2)	-
Other operating income (expenses)	(0.6)	(8.9)	93.3
Result from operating activities	18.8	55.6	(66.2)
Finance income	8.1	-	100.0
Finance costs	(13.5)	(16.4)	17.7
Net finance costs	(5.4)	(16.4)	67.0
Income before tax	13.4	39.2	(65.8)
Income tax expense	(5.5)	(15.4)	64.3
Net income	7.9	23.8	(66.8)
Attributable to:			
Non-controlling interests	(0.1)	-	100.0
Owners of the company	8.0	23.8	(66.4)

**PRESENTATION OF THE STYROLUTION FIRST HALF YEAR 2012 BUSINESS RESULTS
OF OPERATION**

In millions of EUR	1 January – 30 June 2012	Pro forma 1 January – 30 June 2011	Delta in %
Revenue	3,244.1	3,546.3	(8.5)
Cost of sales	(2,929.2)	(3,127.7)	6.3
Gross profit	314.9	418.6	(24.8)
Selling expenses	(161.3)	(163.4)	1.3
General and administrative expenses	(45.4)	(33.4)	(35.9)
Research and development expenses	(5.7)	(5.8)	1.7
Other operating income (expenses)	(9.7)	(15.1)	35.8
Result from operating activities	92.8	200.9	(53.8)
Finance income	5.1	-	100.0
Finance costs	(25.5)	(33.4)	23.7
Net finance costs	(20.4)	(33.4)	38.9
Income before tax	72.4	167.5	(56.8)
Income tax expense	(23.3)	(39.9)	41.6
Net income	49.1	127.6	(61.5)
Attributable to:			
Non-controlling interests	0.3	-	100.0
Owners of the company	48.8	127.6	(61.8)

Revenue: Revenue in the second quarter of 2012 amounts to EUR 1,638.8 million, a decrease of EUR (118.5) million or (6.7%) compared to EUR 1,757.3 million in the second quarter 2011. After a strong start into the year 2012, margins reduced compared to Q1-2012 because of lower sales volumes. Volumes were impacted by a 'wait and see' behavior of our customers, albeit volumes are still at an acceptable level. This was created by uncertainty around feedstock price developments and economic conditions in the three regions. Second quarter 2011 was a stronger demand period with less uncertainty. This impacted most of the polymers in the regions with the biggest impact on Polystyrene in EMEA and ABS in Asia where new capacity came on stream in 2011.

Sales in the Americas increased in Q2-2012 compared to Q2-2011 because of continued good demand, plant turnarounds in Q2-2011 and positive currency effects due to the strengthening of the US dollar against the Euro.

The Company optimized its styrene balance by using more Styrene Monomer internally. The Styrene Monomer production facilities in the Americas sold significant amounts to Styrolution Polymers plants in other regions (EMEA and Asia). This decrease in external styrene monomer sales was offset by plant turnarounds in Q2-2011 and the strengthening of the USD against the Euro.

As of the fourth quarter 2011 Styrolution does not recognize any sales from the operations of the ELIX Polymers S.L. Tarragona ABS Specialties plant in Spain. This asset was sold on March 30, 2012 and is treated in that way under IFRS accounting rules. This decreased the second quarter 2012 sales compared to previous quarter last year.

Revenues by segment:

<i>In millions of EUR</i>	1 April – 30 June 2012	Pro forma 1 April – 30 June 2011	%
EMEA	731.6	924.4	(20.9)
Americas	544.1	473.8	14.8
Asia	363.1	359.1	1.1
Revenue	1,638.8	1,757.3	(6.7)

Revenues by product:

<i>In millions of EUR</i>	1 April – 30 June 2012	Pro forma 1 April – 30 June 2011	%
Acrylonitrile Butadiene Styrene	216.8	249.3	(13.0)
Polystyrene	606.0	605.7	(0.0)
Styrene Monomer	491.6	491.6	0.0
Specialties	324.4	410.7	(21.0)
Revenue	1,638.8	1,757.3	(6.7)

The Company has reconsidered the reporting structure of its portfolio. While the Company still has the same product groupings: styrene monomer, polystyrene and ABS, the Company has identified a number of ABS grades which will join copolymers to be classified as specialties in the future. This change is reflected in our reporting starting in Q1 2012. The comparative revenues for 2011 have been adjusted accordingly.

Cost of Sales: Cost of sales decreased by EUR 82.4 million, or 5.2%, to EUR (1,507.4) million compared to EUR (1,589.8) million in the previous year. This decrease is due to the reduction in sales volumes and partly offset by lower margin in Polystyrene in EMEA and ABS in Asia. As a result of the Purchase Price allocation in the second quarter 2012 the cost of sales increased by EUR 12.6 million. This was mainly higher depreciation and amortization costs. Cost of sales also increased because of the strengthening of the US dollar against the Euro.

Gross profit: Gross profit decreased by EUR (36.1) million, or (21.6%) to EUR 131.4 million compared to EUR 167.5 million in the previous year. The decline in gross profit is primarily attributable to lower sales volumes in second quarter 2012 compared to the second quarter 2011 and lower margin in Polystyrene in EMEA and ABS in Asia. Both quarters were in an environment of slightly decreasing feedstock prices with related negative flowthrough. The Company's cost of sales increased as a results of purchase price allocations by EUR 12.6 million. This was mainly higher depreciation and amortization costs.

Selling expenses. Selling expenses increased by EUR (0.6) million or (0.7%) to EUR (82.9) million compared to EUR (82.3) million in the previous year. The increase mainly reflects higher freight and selling costs. Freight costs are not always in line with external sales volumes, because of freight costs related to captive use.

General and administrative expenses: General and administrative expenses increased by EUR (8.4) million, or (48.0%), to EUR (25.9) million compared to EUR (17.5) million in the previous year. The increase is caused by several unusual items.

Research and development expenses. Research and development expenses remained at a comparable level of EUR 3.2 million.

Other operating expenses. Other operating expenses decreased by EUR (8.3) million, or (93.3%), to EUR (0.6) million compared to EUR (8.9) million in the previous year. The decrease is mainly because of project costs of the formation of Styrolution are much lower.

EBITDA before special items. EBITDA before special items decreased by EUR (19.8) million, or (23.3%), from EUR 84.9 million to EUR 65.1 million. The second quarter of 2012 was an acceptable volume and margin quarter in an economic uncertain environment. The decrease is mainly a volume effect but also lower margins in Polystyrene EMEA and ABS Asia mainly due to capacity increases in these regions.

Reconciliation of EBITDA before special items to income before tax:

<i>In millions of EUR</i>	April 1 – June 30, 2012	April 1 – June 30, 2011	Delta in EUR
EBITDA before special items (1)	65.1	84.9	(19.8)
Special items (restructuring expenses)	(2.4)	(8.0)	5.6
Depreciation and Amortization	(43.9)	(21.3)	(22.6)
Results from operations	18.8	55.6	(36.8)
Net finance costs	(5.4)	(16.4)	11.0
Income before tax	13.4	39.2	(25.8)

(1) EBITDA represents income from operations plus depreciation of property, plant and equipment and amortization of intangible assets. EBITDA before special items represents EBITDA less special items. Although EBITDA and EBITDA before special items should not be considered substitute measures for profit and net cash flow from operating activities, we believe that they provide useful information regarding our ability to meet future debt service requirements. EBITDA and EBITDA before special items may not be comparable to similarly titled measures used by other companies.

LIQUIDITY AND CAPITAL RESOURCES

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents do not include deposits and guarantees that are not immediately available. These amounts are included in other receivables.

Cash provided by operating activities

Cash provided by operating activities by Styrolution in the first half year of 2012 were EUR 66.1 million. The cash flows generated by operations were significantly higher than the result from operations on the income statement due to material depreciation and amortization amounts included in the result from operations. The Company used cash to fund its working capital needs. During the beginning of 2012 feedstock prices were increasing rapidly, which tends to have an increasing effect on the cash flow requirements of the Company. In addition, interest and income taxes paid reduced cash flows from operations.

Cash used in investing activities

The cash used in investing activities of EUR 0.5 million consists of two items. The cash used for regular maintenance capital expenditures was EUR 22.6 million. There were no significant overhauls performed in the second quarter of 2012. Proceeds from sale of Elix were EUR 22.1 million.

Cash used in financing activities

The Company used cash flow in financing activities primarily to repay loans from related parties of a net amount of EUR 77.0 million and reduce the balance from asset securitizations by EUR 3.1 million, offset by net additional borrowings of EUR 35.2 million. In addition, EUR 6.6 million was paid in connection with the tender offer in India.

Financing of Styrolution: The financing of the Company is through the issuance of Senior Secured Notes of EUR 480 million, a Trade Receivables Securitization Facility (up to EUR 500 million) and ancillary lines for instruments such as guarantees and letters of credit.

The financing of Styrolution and the use of funds at the end of June 2012 of the Company was as follows:

In millions of EUR

Senior secured bond	480.0
Short term borrowings from asset securitizations and other borrowings	367.9
Total Financing on 30 June 2012	847.9
Cash and cash equivalents	(279.2)
Net Debt on 30 June 2012	568.7