Sydsvenska Kemi AB (publ)

Interim Report January 1 - September 30, 2005

Perstorp
WINNING FORMULAS

Sydsvenska Kemi AB (publ)

Corporate reg. no. 556602-2769. Parent Company of Perstorp

- Following the close of the interim report period, Industri Kapital reached an agreement regarding the sale of Sydsvenska Kemi AB to PAI partners, a French private equity company. The transaction is expected to be completed in full by year-end.
- Following the close of the interim report period, Perstorp is completing its concentration to specialty chemicals operations through the sale of the activities within Compounds. A provision of SEK 44 m was posted during the third quarter, which affects earnings within the Operations held for sale category.
- Net sales for the remaining operations increased by 11% to SEK 4,715 m (first nine months of 2004: SEK 4,257 m). On the whole, the exchange rates affecting sales were in line with the year-earlier period.
- Operating earnings, before depreciation, from the remaining operations increased to SEK 930 m (755). Current-year earnings were affected by the reversal of acquisition balance sheet reserves totaling SEK 48 m, while the comparative period was affected by rationalization costs of SEK 67 m. The somewhat lower comparable profit margin was due to a weaker exchange rate for the USD in currency hedging contracts, which was largely offset by efficiency gains. In accordance with IFRS 5, operations that have been divested or that are being held for sale are reported separately in the income statement, under Net earnings.
- Net earnings for the entire Group amounted to SEK 378 m (215).
- Cash flow from operational activities was very strong during the interim report period and amounted to SEK 735 m (523). Cash flow from investing activities was also positive at SEK 253 m (neg: 69), as a result of the sale of Vyncolit.
- Perstorp is investing SEK 60 m in the manufacture of potassium formates, to strengthen its leading position in the global market for formates.

Key figures in summary

SEK m unless otherwise stated	Quarter 3 2005	Quarter 2 2005	Quarter 3 2004	Quarter 1-3 2005	Quarter 1-3 2004
Net sales	1,578	1,659	1,444	4,715	4,257
Operating earnings before depreciation (EBITDA) [1]	279	310	254	930	755
% of net sales	17.7	18.7	17.6	19.7	17.7
EBITDA adjusted for non-recurring items	279	290	254	882	822
% of net sales	17.7	17.5	17.6	18.7	19.3
Operating earnings (EBIT) [1) 2]	194	230	179	686	531
% of net sales	12.3	13.9	12.4	14.5	12.5
Net earnings, remaining operations [3]	80	166	73	377	198
Net earnings, the Group [3) 4]	22	223	65	378	215
Cash flow from continuing operations	313	270	201	735	523

1) Operating earnings were affected by the reversal of acquisition balance sheet reserves of SEK 28 m in the first quarter of 2005 and of SEK 20 m in the second quarter of 2005. Rationalization costs of SEK 67 m were charged against earnings in the first quarter of 2004.

2) Impairment of fixed assets totaling SEK 22 m was charged against operating earnings in the fourth quarter of 2004.

3) After a tax audit in the German company, loss carryforwards were adjusted upward by SEK 49 m in the second quarter of 2005.

4) Net earnings from divested operations and operations being held for sale were credited with capital gains of SEK 100 m and charged with SEK 35 m for an impairment loss on fixed assets during the second quarter of 2005 and with a provision of SEK 44 m during the third quarter of 2005.

The cover - Winning Formulas is the quality symbol for all we do.

Industri Kapital to sell Sydsvenska Kemi to PAI partners

Following the close of the interim report period, Industri Kapital has reached an agreement regarding the sale of Sydsvenska Kemi AB to PAI partners, a French private equity company. The transaction is expected to be completed in full by year-end.

Since Industri Kapital acquired Perstorp AB and delisted it from the Stockholm Stock Exchange in June 2001, Industri Kapital and executive management have worked closely in order to focus operations and achieve high profitability, and have simultaneously facilitated the company's efforts to grow organically and through strategic supplementary acquisitions. Perstorp is endeavoring to become the leading company in its selected segments of the specialty chemicals industry. As a result of its strong industrial traditions and financial capacity, PAI partners is adjudged to be able to provide sound support in the implementation of the company's growth strategy.

PAI partners' acquisition of SSK is subject to regulatory approvals and is currently expected to be completed before year-end 2005. The completion of PAI partners' acquisition of SSK will constitute a change of control over SSK which will entitle SSK and each holder of SSK's listed debentures to call for the redemption of the debentures, in accordance with the terms and conditions for such debentures.

Market and economic conditions

Demand in North America and Asia remains favorable, with the growth rate in China still high. Demand in Europe is relatively stable. However, the effects of hurricanes in the United States are creating a certain amount of uncertainty concerning the fourth quarter.

Oil prices rose additionally during the interim report period and the prices of most of the Group's raw materials were considerably higher than in the year-earlier period. World market prices for, primarily, ethylene and propylene declined temporarily during the third quarter but then rose sharply during the early part of the fourth quarter. This was due mainly to substantial fluctuations in the price of oil and natural gas, due to the hurricanes in the US. Against the background of the increased raw-material costs, Perstorp raised the prices of several of its products during the third quarter and additional price increases were implemented as of the fourth quarter.

Growth varied among Perstorp's various specialty chemicals products. The favorable growth trend for organic acids continued, due to the growth noted within new application areas, such as safety glass, and growing demand for feed chemicals ahead of the ban on antibiotics as feed additives that will take effect within the EU on January 1, 2006. As a result, the demand trend for, primarily, propionic acid is strong.

Sales of the Group's polyols were relatively stable during the interim report period. Demand for Perstorp's catalysts was relatively unchanged during the period, at the same time as deliveries of formalin plants declined, compared with the high level noted in the year-earlier period.

Capacity utilization has been high throughout the year, apart from a number of planned maintenance stoppages during the third quarter. The high capacity utilization together with the effects of last year's comprehensive efficiency measures contributed positively to earnings.

Compared with the year-earlier period, the remaining operations' net sales were not significantly affected by exchange-rate effects, since the USD and EUR have appreciated in recent months. Exchange-rate effects on earnings were negative in an amount of approximately SEK 50 m, which was due mainly to the fact that currency-hedging contracts were significantly more advantageous during 2004 than in the current year.

Outlook

During 2005, significant investments are being implemented to increase capacity for the production of several products, while the productivity programs are continuing. Demand for several of Perstorp's products is favorable and, with the measures implemented, the Group is well prepared to meet increased demand.

The sharp hikes in the prices of raw materials based on natural gas and oil is leading to a certain amount of uncertainty about the demand trend.

Focus on specialty chemicals

Following the close of the interim report period, the Group has completed its concentration on specialty chemicals operations through the sale of Perstorp Compounds AB, Perstorp Chemitec S.p.A. and Perstorp Compounds Inc. to Raytor Holding AB and an associated company. Additional comments on this sale are presented under the Company acquisitions and divestments heading.

Earlier during the interim report period, the Moldable Composites (Vyncolit) business unit was divested. As a consequence of this, the Group's operations, including the YLA business unit, have been reported without segment classification since the preceding interim report. The Moldable Composites operations and the Compounds business unit are reported separately as divested operations/operations held for sale, in accordance with IFRS 5. An impairment loss of SEK 35 m on Compounds' assets was posted during the second quarter and a provision of SEK 44 m was posted in the third quarter. These items are reported within the net earnings of the operations being discontinued, where the capital gain on the divestment of Vyncolit is also reported.

The income statement presented below is for remaining operations. The income statement for the total Group is presented at the end of the report, together with key figures and shareholders' equity.

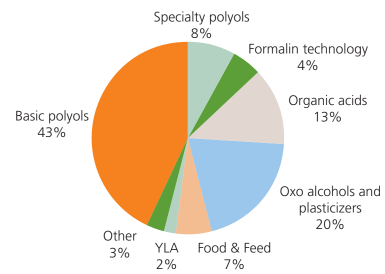
Earnings overview

Net sales

Net sales during the period amounted to SEK 4,715 m (third quarter of 2004: SEK 4,257 m), an increase of 11%. Price levels were significantly higher than during the year-earlier period, +11%, while volumes were somewhat weaker, -2%. On the other hand, the acquisition of Franklin during the second quarter increased net sales by 2 percentage points. In total, exchange-rate effects on sales amounted to zero.

During the past year, raw materials prices increased sharply. A doubling of crude oil prices, for example, has resulted in considerable increases in the price of key raw materials, such as propylene and ethylene, as well as energy raw materials. At the same time, demand for the Group's products has been favorable. The main reason why volumes still declined was stockpiling in the processing chain towards the end of 2004 and the fact that the Group is pursuing a margin-based rather than a volume-based strategy for certain basic products.

External net sales by product area (latest 9 months)



Income statement remaining operations, in accordance with IFRS 5

SEK m	Quarter 3 2005	Quarter 3 2004	Quarter 1-3 2005	Quarter 1-3 2004	Latest 12 months	Full year 2004
Net sales	**1,578**	**1,444**	**4,715**	**4,257**	**6,127**	**5,669**
Cost of sold goods	-1,252	-1,172	-3,752	-3,362	-4,884	-4,494
Gross earnings	**326**	**272**	**963**	**895**	**1,243**	**1,175**
Sales, administration and R&D cost	-124	-92	-393	-368	-505	-480
Other operating income and expenses [1]	-6	-1	119	4	115	0
Amortization of intangible fixed assets	-2	0	-3	-1	-4	-2
Income from participations in associated companies	0	0	0	1	0	1
Operating earnings (EBIT)	**194**	**179**	**686**	**531**	**849**	**694**
Financial income and expenses	-77	-81	-224	-237	-302	-315
Write-down/capital gains, financial holdings	-	0	-	-9	19	10
Earnings before taxes	**117**	**98**	**462**	**285**	**566**	**389**
Taxes [2]	-37	-25	-85	-87	-102	-104
Net earnings from remaining operations	**80**	**73**	**377**	**198**	**464**	**285**
Net earnings from operations divested or held for sale	*-58*	*-8*	*1*	*17*	*11*	*27*
Net earnings, total Group	**22**	**65**	**378**	**215**	**475**	**312**
EBITDA	**279**	**254**	**930**	**755**	**1,192**	**1,017**

[1] Other operating income and costs were affected by reversals of acquisition balance sheet reserves by SEK 28 m in the first quarter of 2005 and by SEK 20 m in the second quarter. In the first quarter of 2004, rationalization costs of SEK 67 m were charged against this item and impairments totaling SEK 22 m were charged against the fourth quarter of 2004. Exchange-rate differences, mainly pertaining to hedging results, are also reported within Other operating income and costs.

[2] After a tax audit of the German company, loss carryforwards were adjusted upward by SEK 49 m in the second quarter of 2005.

Earnings

Operating earnings before depreciation increased to SEK 930 m (755). This includes a reversal of acquisition balance sheet reserves of SEK 48 m. The comparative period includes costs of SEK 67 m for rationalization programs. These items are reported together with exchange-rate effects under Other operating income and costs.

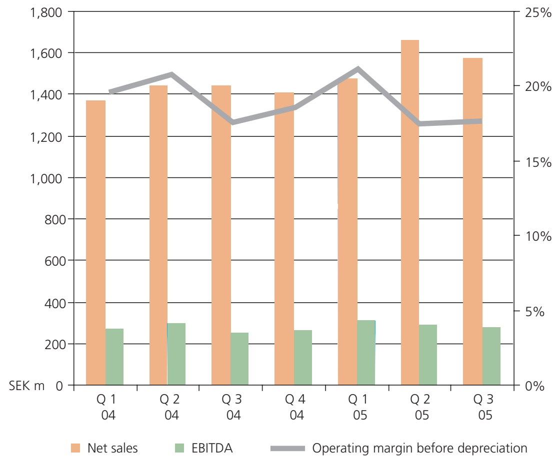
Accordingly, the comparable earnings amounted to SEK 882 m (822), while the comparable operating margin was 18.7% (19.3). A weaker USD exchange rate in hedging contracts, compared with the year-earlier period, was the reason for the lower operating margin. Because of the balanced demand, the Group was able to pass virtually all of the increases in raw-material costs further along the processing chain. The volume effect was negative, but this was generally offset by a more favorable product mix. The rationalization programs implemented in 2004 and prior years generated the expected level of efficiency gains during 2005.

Depreciation amounted to SEK 244 m (224).

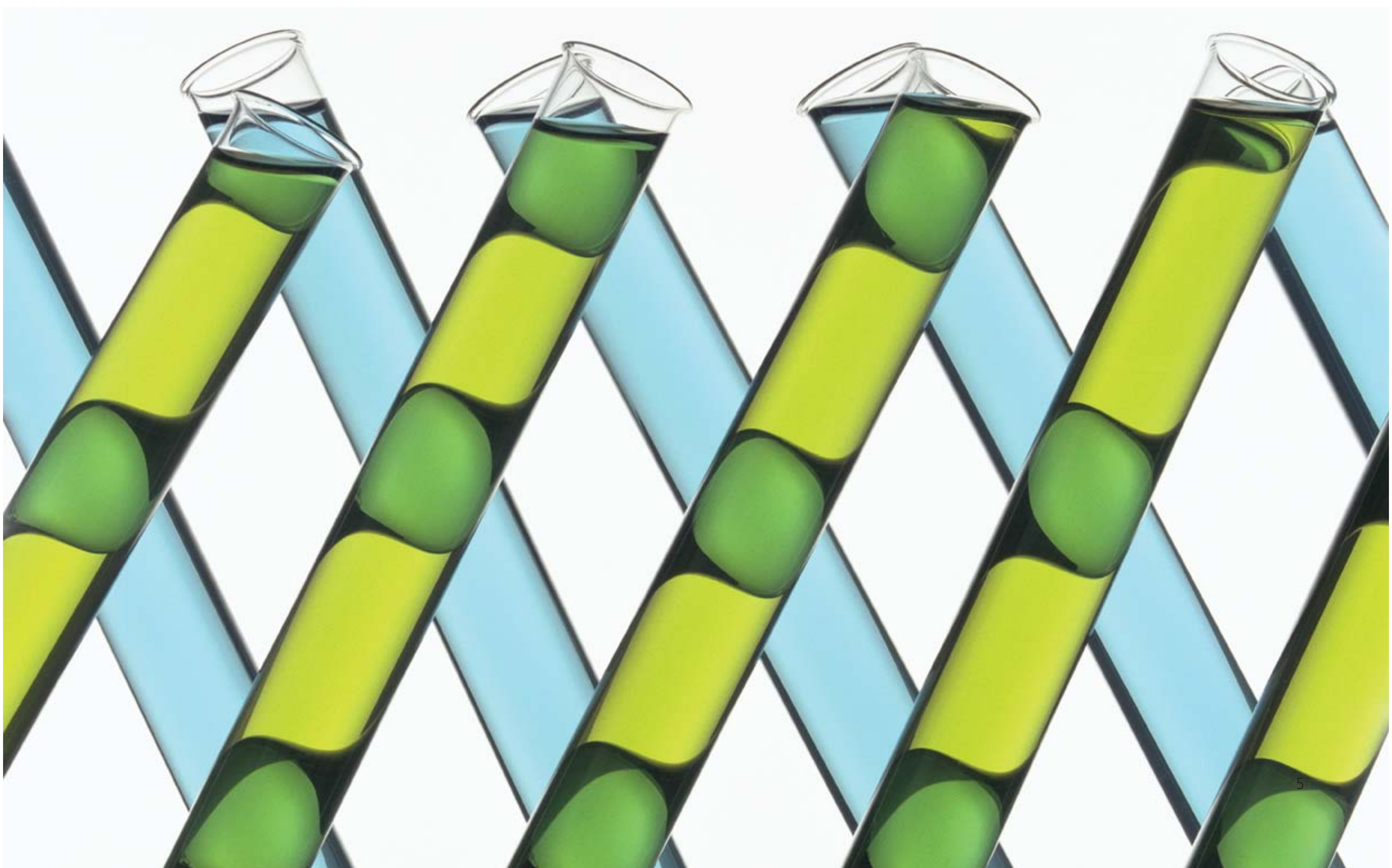
Net financial items amounted to an expense of SEK 224 m (expense: 237, excluding write-down of financial holdings), of which an expense of SEK 160 m (expense: 140) represented capitalized interest on the debenture loan. Other interest expenses declined, due to reduced borrowing, which in turn was a result of strong cash flow and the divestment of Vyncolit operations.

Tax costs amounted to SEK 85 m (87). The low tax cost in relation to earnings before tax was due primarily to an upward adjustment by SEK 49 m of loss carry-forwards in the German company, following a tax audit.

Net sales and EBITDA development
Remaining operations



EBITDA adjusted for non-recurring items.



Cash flow and financial position

Cash flow from the Group's operating activities was strong, SEK 735 m (523). Working capital decreased during the third quarter and at the end of the quarter was in line with the level at the beginning of the year, adjusted for divested and acquired units and for exchange-rate effects. Capital build-up occurred during the year-earlier period.

Cash flow from investing activities amounted to SEK 253 m (neg. 69). Investments in fixed assets during the report period amounted to SEK 374 m (144). The sale of Vyncolit resulted in positive cash flow of SEK 765 m, while the acquisition of Franklin had a negative impact of SEK 93 m on cash flow. An increase in the holding in the Group's company in India and in YLA had a negative impact of SEK 22 m on Acquisition of net assets in subsidiaries. As a result of the renewal of swap contracts in USD that took place at the end of the first six months, realized exchange-rate losses on hedging instruments amounted to SEK 118 m. Utilization of the Group's credit facilities decreased by SEK 849 m during the period, while cash and cash equivalents increased to SEK 68 m at September 30, 2005, compared with SEK 35 m at year-end 2004.

Consolidated Cash Flow Statement, total Group

SEK m	Quarter 3 2005	Quarter 3 2004	Quarter 1-3 2005	Quarter 1-3 2004	Latest 12 months	Full year 2004
Operating activities						
Operating earnings	136	173	696	562	867	733
Adjustment items:						
Depreciation/amortization	88	87	303	261	410	368
Reversal of capital gains, Vyncolit	-	-	-100	-	-100	-
Other items	31	-17	-8	40	-28	20
Interest received	0	0	2	1	3	2
Interest paid	-18	-25	-71	-94	-109	-132
Paid income tax	-14	-19	-83	-56	-82	-55
Cash flow from operating activities before change in working capital	**223**	**199**	**739**	**714**	**961**	**936**
Change in working capital						
Increase (-) Decrease (+) in inventories	38	-15	-37	19	-144	-88
Increase (-) Decrease (+) in current receivables	110	-38	-75	-340	-11	-276
Increase (+) Decrease (-) in current liabilities	-58	55	108	130	161	183
CASH FLOW FROM OPERATING ACTIVITIES	**313**	**201**	**735**	**523**	**967**	**755**
Investing activities						
Acquisition of net assets of subsidiaries	-	-	-137	-27	-151	-41
Acquisition of tangible and intangible fixed assets	-222	-43	-374	-144	-431	-201
Sales of net assets of subsidiaries	-	-	765	0	765	0
Sales of financial fixed assets	1	-	-1	115	18	134
Sales of tangible fixed assets	-	-	-	2	1	3
Change in financial receivables	0	-20	0	-15	5	-10
CASH FLOW FROM INVESTING ACTIVITIES	**-221**	**-63**	**253**	**-69**	**207**	**-115**
Financing activities						
Amounts paid in by minority shareholders	-	-	8	7	8	7
Dividends paid to minority shareholders	-	-	-4	0	-4	-
Change in credit utilization	-149	-151	-849	-432	-1,132	-715
Realized currency effects from hedging instruments	-	6	-118	-10	-33	75
CASH FLOW FROM FINANCING ACTIVITIES	**-149**	**-145**	**-963**	**-435**	**-1,161**	**-633**
CHANGE IN LIQUID FUNDS, INCL. SHORT-TERM INVESTMENTS	**-57**	**-7**	**25**	**19**	**13**	**7**
Liquid assets opening balance, incl. short-term investments	125	56	35	30	49	30
Translation difference in liquid assets	0	0	8	0	6	-2
LIQUID FUNDS, END OF PERIOD	**68**	**49**	**68**	**49**	**68**	**35**

Investments

Perstorp is currently conducting a number of extensive investment projects intended to meet increasing demand for several of the Group's main products.

During the third quarter, a decision was taken to invest SEK 60 m to enable the production of potassium formate at the Group's production units in Perstorp and in Gent, Belgium. Perstorp is currently the world leader in the formate market, with sodium and calcium formate in its current portfolio. As a result of the investment, Perstorp will also occupy a major position in the market for potassium formate, which has developed strongly in recent years. This market is expected to continue to show strong growth, due to the environmental and financial benefits that potassium formate generate within the oil drilling and de-icing application areas.

The investment will enable annual production of 55,000 tons of potassium formate, through the conversion of two existing plants, and will be based on proprietary technology. Production at the plant in Gent is scheduled to commence during the first quarter of 2006 and in Perstorp during the summer of 2006.

Also during the third quarter, a decision was made to commence production of the specialty polyol DMBA (di-methylol butanoic acid) at the plant in Perstorp. DMBA is used for the production of environment-friendly, water-based paints and coatings, such as polyurethane dispersions for floor coatings.

In Perstorp, a new formic acid plant is under construction and will be put into operation in the fourth quarter. In addition, new plants are being built for the production of polyols TMP and Neo. The first phase of these expansions was put into operation after the close of the interim report period and the remaining phases will come on line during the first half of 2006. In Perstorp, an expansion of biofuel-based energy production is also in progress to meet the new incineration directives and increase the availability of competitively priced energy.

In Stenungsund, increased basic production of aldehydes was started up after the close of the interim report period and construction commenced of a new plant for propionic acid that is expected to be taken into operation during the spring of 2006.

The total investment cost for these plants is approximately SEK 700 m. In addition, there are a number of smaller expansionary investments in progress for plants in Germany, Italy, Belgium, the US and India. As reported above, investments in fixed assets amounted to SEK 374 m during the period.

Company acquisition and divestments

As part of the concentration of operations to specialty chemicals, Perstorp has implemented several company acquisitions and divestments.

As stated above, following the close of the interim report period, Sydsvenska Kemi AB sold Perstorp Compounds AB, Perstorp Chemitec S.p.A. and Perstorp Compounds Inc. to Raytor Holding AB and an associated company. As a result of this transaction, Anders Lundin, the President and majority shareholder in Raytor Holding AB, will resign from his position as head of the Perstorp Group's Materials Technology business sector.

Perstorp Compounds is active in the market for thermosets and mainly supplies the electricity and sanitary products industries. The operations, which have manufacturing units in Perstorp and in Florence, Massachusetts, USA, and Castellanza, Italy, have annual sales of approximately SEK 350 m, with about 200 employees.

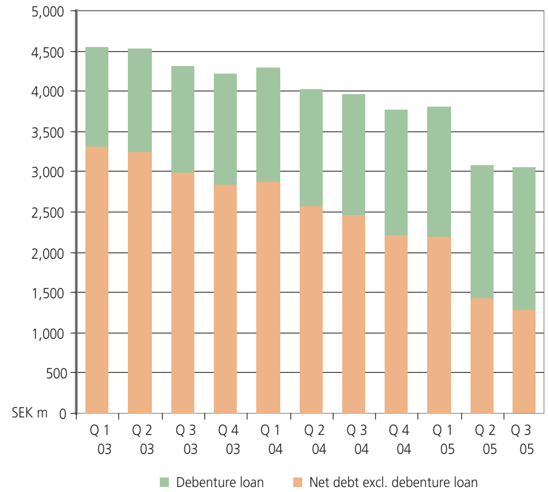
Following the close of the interim report period, Perstorp assumed the legal responsibility for the research and development center at the Kilpilahti industrial site in Porvoo, Finland, which the Group had previously leased from Dynea. The takeover of the unit in Finland, which has 25 employees, enhances Perstorp's potential to conduct customer-oriented research and development work. Several major chemical groups conduct research and development in Kilpilahti, which is the largest petrochemical center in the Nordic region. In other words, the center has a thoroughly developed infrastructure, high-tech equipment and excellent opportunities for cooperative ventures and the exchange of knowledge.

Franklin Holding BV in the Netherlands, and its subsidiaries, have been consolidated in the Group since April 1, 2005. These operations strengthen Perstorp's position in the market for feed chemicals and contributed SEK 91 m to net sales during the April-September period, SEK 15 m to earnings before depreciation and SEK 7 m to net earnings.

Perstorp has acquired the remaining 30% of the shares in Perstorp Aegis Chemicals Pvt Ltd from its Indian partner Aegis Logistics Ltd. As of June 1, 2005, the company is thus a wholly owned subsidiary, and its name has been changed to Perstorp India Chemicals Pvt Ltd.

Operations within Moldable Composites (Vyncolit) were sold to the Japanese company Sumitomo Bakelite for a cash payment of SEK 856 m, including repayment of loans totaling SEK 91 m. These operations had sales corresponding to SEK 550 m on an annual basis with some 300 employees. The sale resulted in a capital gain of SEK 100 m.

Net debt, development



Consolidated Balance Sheet, Group

SEK m	Sept 30, 2005	Dec 31, 2004	Sept 30, 2004
Intangible fixed assets	3,796	4,031	4,122
Tangible fixed assets	2,848	2,929	3,029
Financial fixed assets	314	149	283
Inventories	732	751	660
Current operating receivables	1,380	1,313	1,399
Current financial receivables	2	0	21
Cash and Bank	68	35	49
Total assets	**9,140**	**9,208**	**9,563**
Total shareholders´ equity incl. minority interests	3,751	3,388	3,327
Debenture loan	1,719	1,559	1.507
Other long-term liabilities	2,027	2,715	2,958
Short-term operating liabilities	1,502	1,365	1,322
Short-term financial liabilities	141	181	449
Total shareholders´ equity and liabilities	**9,140**	**9,208**	**9,563**
Working capital	**678**	**746**	**808**
Net debt	**3,037**	**3,765**	**3,891**
Capital employed	**6,866**	**7,200**	**7,376**

Consolidated Balance Sheet, in accordance with IFRS 5

SEK m September 30, 2005	Total Group	Assets held for sale	Total Group in accordance to IFRS 5
Intangible fixed assets	3,796	0	3,796
Tangible fixed assets	2,848	-5	2,843
Financial fixed assets	314	-4	310
Inventories	732	-70	662
Current operating receivables	1,380	-60	1,320
Current financial receivables	2	0	2
Cash and Bank	68	0	68
Assets held for sale	-	139	139
Total assets	**9,140**	**0**	**9,140**
Total shareholders´ equity incl. minority interests	3,751	0	3,751
Debenture loan	1,719	0	1,719
Other long-term liabilities	2,027	-66	1,961
Short-term operating liabilities	1,502	-70	1,432
Short-term financial liabilities	141	0	141
Liabilities directly connected to assets held for sale	-	136	136
Total shareholders´ equity and liabilities	**9,140**	**0**	**9,140**
Working capital	**678**	**-60**	**618**
Net debt	**3,037**	**-5**	**3,032**
Capital employed	**6,866**	**-9**	**6,857**

Development during the third quarter

Net sales increased by 9% during the third quarter, compared with the year-earlier period, and amounted to SEK 1,578 m (1,444). However, sales were 10% lower than in the preceding quarter. Volumes were weaker than in the preceding quarter, which is normal, because several countries have their vacation period during the third quarter. Price levels were significantly higher than during the third quarter of 2004.

Operating earnings before depreciation amounted to SEK 279 m during the third quarter (second quarter: SEK 310 m). Adjusted for non-recurring items during the second quarter, the operating margin improved slightly.

Net financial items for the third quarter amounted to an expense of SEK 77 m, compared with an expense of SEK 71 m for the immediately preceding quarter. The change was due to an increase in the interest on the debenture loan.

Income statement by quarter, remaining operations (IFRS 5)

SEK m	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3
		2004				2005	
Net sales	**1,372**	**1,441**	**1,444**	**1,412**	**1,478**	**1,659**	**1,578**
Cost of sold goods	-1,085	-1,105	-1,172	-1,132	-1,157	-1,343	-1,252
Gross earnings	**287**	**336**	**272**	**280**	**321**	**316**	**326**
Selling, administration and R&D cost	-144	-132	-92	-112	-131	-138	-124
Other operating income and expenses	-14	19	-1	-4	72	53	-6
Amortization of intangible fixed assets	0	-1	0	-1	0	-1	-2
Income from participations in associated companies	1	0	0	0	0	0	0
Operating earnings (EBIT)	**130**	**222**	**179**	**163**	**262**	**230**	**194**
Financial income and expenses	-77	-79	-81	-78	-76	-71	-77
Write-down/capital gains, financial holdings	-8	-1	0	19	-	-	0
Earnings before taxes	**45**	**142**	**98**	**104**	**186**	**159**	**117**
Taxes	-16	-46	-25	-17	-55	7	-37
Net earnings from remaining operations	**29**	**96**	**73**	**87**	**131**	**166**	**80**
Net earnings from operations divested or held for sale	13	12	-8	10	2	57	-58
Net earnings, total Group	**42**	**108**	**65**	**97**	**133**	**223**	**22**
EBITDA remaining operations	**202**	**299**	**254**	**262**	**341**	**310**	**279**

Other

Accounting and valuation principles

As of 2005, in accordance with decisions taken within the European Union, listed companies must compile their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). This interim report has been compiled in accordance with IAS 34 Interim Financial Reporting. As a result of the transition to IFRS, certain changes in the reporting format have also been made. In the income statement, minority interest in net profit is no longer deducted. Total shareholders' equity, which is reported in the balance sheet, includes minority interest. Provisions have been divided into current and long-term liabilities. Operations that were divested or are held for sale are reported separately in the income statement under Net earnings. Figures for preceding periods have been recalculated.

Transactions with related companies

Sydsvenska Kemi has business relations with other groups that are controlled by Industri Kapital funds. The transactions consist of purchases of liquid admixtures and R&D services in a total amount of SEK 22 m during the report period, and of sales of various specialty chemical products in a total amount of SEK 13 m. The transactions involving products were conducted on normal market terms, while the pricing of services was cost based.

Dates for interim reports

The preliminary date for the publication of the year-end report is in February 2006.

Perstorp, October 31, 2005
Lennart Holm
President and Chief Executive Officer

The report has not been examined by Sydsvenska Kemi's auditors.

Key figures, total Group [1]

SEK m unless otherwise stated	Quarter 3 2005	Quarter 3 2004	Quarter 1-3 2005	Quarter 1-3 2004	Latest 12 months	Full year 2004
Net sales	1,643	1,649	5,111	4,919	6,724	6,532
Operating earnings before depreciation and impairment	224	260	999	823	1,277	1,101
Operating earnings	136	173	696	562	867	733
Operating margin before depreciation, %	13.6	15.8	19.5	16.7	19.0	16.9
Operating margin, %	8.3	10.5	13.6	11.4	12.9	11.2
Investments	222	44	524	145	580	201
of which acquisitions	-	-	150	-	150	-
excluding acquisitions	222	44	374	145	430	201
Depreciation/amortization [2]	88	87	303	261	410	368
Working capital, end of period	678	808	678	808	678	746
Working capital, average	753	906	862	848	872	857
Turnover rate, working capital	8.7	7.3	7.9	7.7	7.7	7.6
Cash flow from continuing operations	313	201	735	523	967	755
Cash flow as % of net sales	19.1	12.2	14.4	10.6	14.4	11.6
Capital employed, end of period	6,866	7,376	6,866	7,289	6,866	7,200
Capital employed, average for the period	6,924	7,468	7,231	7,503	7,277	7,473
Return on capital employed, %	7.9	9.5	12.9	10.1	12.0	9.8
Net debt, end of period	3,037	3,891	3,037	3,891	3,037	3,765
Debt/equity ratio	0.8	1.2	0.8	1.2	0.8	1.1
Equity/assets ratio	41	35	41	35	41	37
Return on shareholders´ equity incl. minority interest, %	2.3	7.9	13.9	8.9	13.3	9.6
Number of full-time employees, end of period	1,765	2,039	1,765	2,039	1,765	2,034

Consolidated income statement, total Group [1]

SEK m	Quarter 3 2005	Quarter 3 2004	Quarter 1-3 2005	Quarter 1-3 2004	Latest 12 months	Full year 2004
Net sales	**1,643**	**1,649**	**5,111**	**4,919**	**6,724**	**6,532**
Cost for sold goods	-1,326	-1,347	-4,110	-3,900	-5,416	-5,206
Gross earnings	**317**	**302**	**1,001**	**1,019**	**1,308**	**1,326**
Selling, R&D and administrative expenses	-127	-117	-430	-444	-566	-580
Other operating income and expenses [2] [3]	-52	-12	128	-13	129	-12
Amortization of intangible fixed assets	-2	0	-3	-1	-4	-2
Income from participations in associated companies	0	0	0	1	0	1
Operating earnings (EBIT)	**136**	**173**	**696**	**562**	**867**	**733**
Financial income and expenses	-78	-82	-229	-239	-308	-318
Write-down/capital gains, financial holdings	-	0	-	-9	19	10
Earnings before taxes	**58**	**91**	**467**	**314**	**578**	**425**
Taxes [4]	-36	-26	-89	-99	-103	-113
Net earnings (incl. minority interest)	**22**	**65**	**378**	**215**	**475**	**312**
Operating earnings before depreciation and amortization (EBITDA)	**224**	**260**	**999**	**823**	**1,277**	**1,101**

[1] The Vyncolit companies are included in key figures up to and including April 2005. Franklin is included as of April 2005.

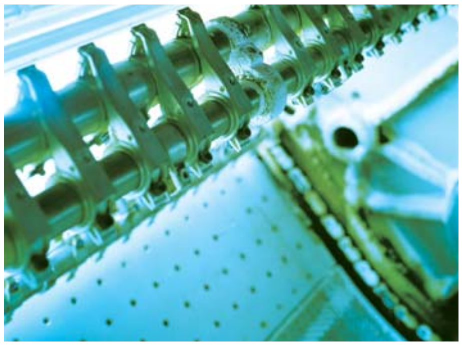
[2] An impairment loss of SEK 35 m on Compounds' fixed assets was posted in the second quarter of 2005. An impairment loss of SEK 22 m on the formic acid plant was posted in the fourth quarter of 2004.

[3] Other revenues and costs were affected by capital gains of SEK 100 m on the sale of Vyncolit during the second quarter of 2005. In Q3 2005, a provision of SEK 44 m was posted for Compounds operations. Reversals of acquisition balance sheet reserves by SEK 20 m were posted in the second quarter of 2005 and by SEK 28 m in the first quarter of 2005. In the first quarter of 2004, rationalization costs of SEK 67 m were charged against this item.

[4] After a tax audit of the German company, loss carryforwards were adjusted upward by SEK 49 m in the second quarter of 2005. Capital gains of SEK 100 m are not subject to taxation, and write-down/provisions within Compounds were not regarded as tax deductible.

Shareholders' equity, total Group

SEK m	Share capital	Restricted reserves	Unrestricted reserves	Profit for the period	Total, before min. interest	Minority interest	Total, incl. min. interest
Closing shareholders´ equity, Dec. 31, 2004	**300**	**12**	**2,752**	**71**	**3,135**	**22**	**3,157**
Transition to reporting in accordance with IFRS:							
IFRS 3: Goodwill amortization in 2004, reversal	-	-	-	239	239	-	239
less tax effect	-	-	-	-5	-5	-	-5
translation effect, goodwill in foreign currency	-	-	-3	-	-3	-	-3
Introduction of IAS 39, pertaining Hedge accounting	-	-	170	-	170	-	170
less tax effect	-	-	-48	-	-48	-	-48
Opening shareholders´ equity January 1, 2005 in accordance with IFRS	**300**	**12**	**2,871**	**305**	**3,488**	**22**	**3,510**
Translation difference:							
change during the period	-	-	178	-	178	4	182
less effect of currency hedging during the year	-	-	-162	-	-162	-	-162
tax effect of currency hedging during the year	-	-	45	-	45	-	45
Transfer between unrestricted and restricted shareholders´ equity	-	1	-1	-	0	-	0
Reversal of earnings in preceding year	-	-	305	-305	0	-	0
Effects of Hedge accounting accordance with IAS 39	-	-	-289	-	-289	-	-289
less tax effect	-	-	83	-	83	-	83
Amounts paid in by minority shareholders	-	-	-	-	-	8	8
Dividends paid to minority shareholders	-	-	-	-	-	-4	-4
Earnings for the year	-	-	-	367	367	11	378
Closing shareholders´ equity, September 30, 2005	**300**	**13**	**3,030**	**367**	**3,710**	**41**	**3,751**



Sydsvenska Kemi is the Parent Company of international chemicals group Perstorp. The Group focuses on specialty chemicals for customers who are primarily active in the chemicals, coatings and plastic-processing industries. The Group has nearly 1,600 employees and manufacturing companies in eight countries in Europe, North America and Asia. Sales by the remaining operations amounted to SEK 5.7 billion in 2004.

Sydsvenska Kemi is controlled by the Industri Kapital 2000 fund. Industri Kapital is one of Europe's leading private equity companies. When Perstorp was acquired in June 2001, part of the payment was met through a debenture loan that is registered with the Stockholm Stock Exchange.

Following the close of the interim report period, Industri Kapital reached an agreement regarding the sale of Sydsvenska Kemi AB to PAI partners, a French private equity company. The transaction is expected to have been completed by year-end.

Further information is available on the Group's website www.perstorp.com.

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