



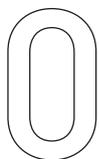
Annual Report
2012



Annual Report 2012



Company name: Ercros, S.A.
Tax ID: A-08000630
Registered office: Avda. Diagonal, 595, 08014
Barcelona - Spain
Tel.: +34 934 393 009
Fax: +34 934 308 073
E-mail: ercros@ercros.es
www.ercros.es



INDEX

	<i>page</i>
1. Letter from the Chairman	3
2. Introduction	4
3. Material Facts for the Period	6
4. Outline of the Business	7
5. Business Development	10
6. Corporate Strategy	15
7. Corporate Governance	17
8. Stock Market Information	20
9. Human Resources	23
10. Sustainable Development	25
11. Innovation and Technology	30
12. Social Responsibility	31
13. Ercros Group Annual Financial Statements	33
13.1. Consolidated Statement of Financial Position	34
13.2. Consolidated Statement of Comprehensive Income	36
13.3. Consolidated Statement of Changes in Equity	37
13.4. Consolidated Statement of Cash Flow	38
14. Ercros Group Financial Statements Historical Data Series	41
14.1. Consolidated Statement of Financial Position	42
14.2. Consolidated Statement of Comprehensive Income	43

Barring those cases in which the comprehension of the text requires so, all references contained in this document using the masculine gender will be deemed as indistinctly referring to all persons, men or women, in order to avoid the repetition of terms and to facilitate the reading thereof.

Dear Shareholders:

The relapse of economic activity in Europe in the second half of 2012 placed a brake on Ercros' fledgling recovery, which had started in mid-2011, leading to a 1.2% drop in the Company's revenue between 2011 and 2012.

The strong rise of the price of energy supply made it impossible to compensate for this drop in activity through expenses, which increased by 1.5% as a whole.

The combination of lower sales and increased costs led to a severe fall in the Company's gross operational margin, which fell from EUR 26.80 million in 2011 to EUR 15.31 million in 2012, and was the main cause for the loss of EUR 12.13 million with which Ercros closed its latest financial year.

Analysed by activity segments, these losses are attributable to the Chlorine Related Business Group which in 2012 had a loss of EUR 22.39 million, since the other two divisions, Intermediate Chemistry and Pharmacy, obtained profits of 7.09 million and 3.16 million, respectively.

The 2013 forecast envisages a continued downturn in the economic cycle. It will be hard for the Company's activity not to bear its impact, given the prevailing weakness of demand in Spain and Europe.

We at Ercros intend to mitigate this situation to some extent by reinforcing the rigorous fixed expense containment policy following in recent years, as well as by improving productivity.

In 2012, Ercros allocated EUR 16.04 million to investments, a large portion of which was financed by loans obtained through the refinancing agreement reached in July 2011. Through these investments, the Company is promoting the offer of certain products with high added value, already in the Company portfolio, of which, despite the crisis, there is a deficit in the market.

Also in order to make our commercial portfolio more valuable, we are working on several projects to expand our offer through new products, also with high added value and sustainable features. The programme in the most advanced stage is the bioplastics programme, whose goal is the development, over two years, of new biodegradable plastic materials made from renewable natural sources.

In the field of sustainability, we should highlight that we have obtained the ISO 14064 certificate for quantification of emissions and reduction of greenhouse gas to calculate the Company's carbon footprint, as well as the low accident rates in 2012.

In order to face the credit restriction and in order to strengthen the Company's own funds, in March 2012 we reached an agreement with an American investment fund managed by Yorkville Advisors to subscribe capital increases for a global amount of EUR 25 million over a period of 36 months. For the time being, we have carried out two capital increases as part of this agreement, for a total amount of almost EUR one million.

Since the start of the crisis, we have made significant efforts to adapt our Company to the new economic scenarios as they arose. Thanks to this effort, the Company has overcome the obstacles set by such an intense and extended recession as the one currently undergone by European economy. We will continue to do so, in order to ensure the Company's viability and be a relevant agent when recovery comes.

Antonio Zabalza Martí
Chairman and CEO

Barcelona, 13 February 2013

MISSION AND PRINCIPLES

The general purpose of Ercros is the consolidation of a solid and long-lasting industrial group, that contributes toward the wealth and wellbeing of the Company in response to the trust placed in it by its shareholders and which enable it to fully develop the personal and professional capacity of those who form a part of it.

The action of Ercros, aimed at increasing the value of the Company, is guided by three basic principles: maximum security for its employees, neighbours and installations; absolute respect for the environment, and satisfying the needs of its clients and the total quality of its products.

INFORMATION ON THE COMPANY

The Company is known as Ercros, S.A. and its registered offices are located in Barcelona, on the Avenida Diagonal, 595.

Ercros, S.A. is the result of the merger between S.A. Cros and Unión Explosivos Río Tinto, S.A., which took place on 30 June 1989 by means of the takeover of the latter by the former, changing its name to the current one. The registration of the merger took place on 10 July 1989. The duration of the Company is perpetual.

At the date of the approval of this Report by the Board of Directors, on 13th february of 2013, the share capital of the Company is EUR 30.81 million, represented by 102.69 million ordinary shares with a nominal value of EUR 0.30, listed on the permanent Stock Exchanges of Barcelona, Bilbao, Madrid and Valencia.

HISTORY

The history of Ercros dates back to the year 1897, when Francisco Cros installed his first factory of chemical products in Barcelona. In 1904 the Company was founded as a corporation with the name S.A. Cros.

Like S.A. Cros, Unión Explosivos Río Tinto, S.A. (ERT) was a company with a strong tradition in the Spanish chemical sector. Its origins may be found in Vizcaya when, in 1872, the Sociedad Española de la Pólvora Dinamita was founded. This company would serve as the basis for the founding, 24 years later, of Unión Española de Explosivos, S.A. In 1972 this company merged with Compañía Española de Minas de Río Tinto, S.A., a company incorporated in 1954, to form ERT.

In 1987, S.A. Cros was configured as the main shareholder of ERT, the start of a process that would culminate in 1989 with the merger of both companies and the birth of Ercros.

On 2 June 2005 the acquisition of Aragonesas, Industrias y Energía, S.A.U. took place, a group that commenced its activities in 1918 in the factory of Sabiñánigo, with the exploitation of hydroelectric resources in the Aragon Pyrenees and the production of alkaline chlorates.

Almost one year later, on 19 May 2006, Ercros acquired the industrial holding headed by Derivados Forestales Group XXI, S.A., whose industrial activity commenced in 1942, although the production of formaldehyde -main product of this group- commenced as of 1958.

THE ERCROS GROUP

Ercros is an industrial group diversified into four areas of activity: the Chlorine Related Business Group, which includes the divisions of Basic Chemicals and Plastics, and the two remaining divisions, Intermediate Chemicals and Pharmaceuticals.

In 2012 the volume of production was 2.4 million tons and the sale of goods increased to EUR 677.53 million. At 31 December, the workforce was comprised of 1,620 employees. The Company has 14 production centres distributed throughout Spain.

Ercros maintains a leadership position in the main markets in which it is present. The Company exports nearly one half of its sales (49%) and markets these in 128 countries, mainly the European Union.

The products of the Intermediate Chemicals and Pharmaceuticals absorb a significant percentage of worldwide market. With paraformaldehyde and pentaerythritol, Ercros is ranked first in the worldwide market. It is also a leader in fusidic acid and fosfomycin.

In Europe, it is the leader in sales of trichloroisocyanuric acid (TCCA). In Spain, it is first in the national ranking in sales of caustic soda, sodium hypochlorite, sodium chlorate, dicalcium phosphate and moulding compounds, and is the second agent on the PVC market.

INDUSTRIAL STRUCTURE

Divisions	Facilities	Products	Applications
Basic Chemicals	Cardona, Cartagena, Flix, Palos, Tarragona, Sabiñánigo, Salina de Huelva and Vila-seca I	Caustic potash Caustic soda Chlorine Chloroisocyanurates Hydrochloric acid Phosphates Sodium chlorate Sodium chloride Sodium chlorite Sodium hypochlorite	Pharmaceuticals Chemical industry Derivatives manufacturing Swimming pools Chemical industry Compound fodder Paper pulp bleaching Chemical industry Textile bleaching Water treatment
Plastics	Monzón and Vila-seca II	EDC VCM PVC	VCM manufacturing PVC manufacturing Construction
Intermediate Chemicals	Almussafes, Cerdanyola and Tortosa	Formaldehyde Glues and resins Moulding compounds Paraformaldehyde Pentaerythritol Sodium formate	Derivatives manufacturing Wood industry Electrotechnics Resins Paints Tanning industry
Pharmaceuticals	Aranjuez	Erythromycins Fusidic acid Fosfomycins Statins	Antibiotic Eye infections Antibiotic Antihypercholesterol

3

MATERIAL FACTS FOR THE PERIOD

FEBRUARY

On 29 February, Ercros presented the results of financial year 2011, in which sales of goods of the Group were EUR 686.04 million (12.6% more than in 2011) and ebitda reached EUR 26.80 million, representing an increase of 153.8% with respect to the preceding year.

On that same day the Company presented its Annual Report, Corporate Governance Report and the Directors Remuneration Report.

MARCH

On 9 March, Ercros entered into an agreement with YA Global Dutch, B.V., a subsidiary of an investment fund managed by Yorkville Advisors LLC, by means of which it undertook to subscribe capital increases for an overall amount of EUR 25 million over a period of 36 months.

MAY

On 11 May, Ercros published the results of the first quarter of 2012, in which sale of goods reached EUR 170.72 million and the ebitda reached EUR 1.29 million.

JUNE

On 12 June, the Supreme Court found in favour of Ercros and dismissed the claims of Marina Badalona, S.A. against Ercros seeking compensation for the decontamination of certain industrial land.

On 22 June, the Company held its General Shareholders Meeting, in which all resolutions presented were approved. 59.7% of the share capital was present at the meeting.

JULY

On 30 July, Ercros, S.A. and Maxam Chem, S.L. signed a framework agreement whereby Maxam Chem undertakes to acquire the assets for the nitric acid manufacturing business carried on by Ercros at the Tarragona Industrial Complex.

On that same day, Ercros and the City of Flix signed an agreement for collaboration by means of which Ercros transferred to the local authority several roads and a leisure space belonging to the Company located in the area of the *Colonia* of the Flix production facility. The Local Authority, on the other hand, undertakes to carry out actions for improvement and to assign these spaces to public use or service.

AUGUST

On 2 August, the Company published the report for the first half of 2012 reflecting an increase in sales of 7% and an ebitda of EUR 7.31 million and an improvement in results of over EUR 6 million.

SEPTEMBER

On 13 September the Board of Directors approved a capital increase, excluding any pre-emptive right, in an amount of EUR 414,536.36 by means of the issue of 878,255 shares with an issue price of 0.472 EUR/share. The capital increase was subscribed in its entirety by the fund YA Global Dutch, B.V., by virtue of the agreement executed on 9 March.

NOVEMBER

On 1 November, the new shares from the capital increase began trading. Following this transaction, the share capital of Ercros amounted to EUR 30,450,394.50 and is represented by 101,501,315 shares.

On 15 November, Ercros published the results of the third quarter of 2012, in which sale of goods amounted to EUR 518.01 million and the ebitda reached EUR 13.79 million.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

CAPITAL INCREASE

On 11 January 2013, the Board of Directors approved the commencement of a new capital increase, excluding any pre-emptive right, which was subscribed and paid up in its entirety by YA Global Dutch, B.V.

The amount of the increase comes to EUR 549,278.56 and is performed by means of the issue and placement into circulation of 1,183,790 shares, at an issue price of 0.464 EUR/share.

The new shares began trading on 1 February 2013.

Following this transaction, the share capital of Ercros comes to EUR 30,805,531.50 and is represented by 102,685,105 shares.

CHLORINE-CAUSTIC SODA CHEMISTRY

Chlorine is the nucleus around which the major portion of the Ercros Group activity revolves. This product is the common link of the Basic Chemicals and Plastics divisions, which constitutes a strategic business unit.

Chlorine and caustic soda are obtained simultaneously during the same production process from sodium chloride (common salt) and electricity, in a proportion of 1 tonne of chlorine to 1.1 tonnes of caustic soda. This assembly is what is known as the electrolytic unit.

Caustic soda is a basic chemical product that is broadly used in all types of industries (chemical synthesis, textile, soaps and detergents, paper, cleaning products, acid residue neutralisation, etc.). It is marketed worldwide and, given its broad scope of applications, its demand is relatively stable and its natural growth is tied to the state of the economy.

In spite of the stability of its demand, the price of caustic soda is subject to variations due to the fact that the supply is not determined by demand but rather by the production needs of its co-product, chlorine.

The margin for caustic soda is determined by the price of electric power, which comprises 50% of its total costs.

For reasons of safety and efficiency, it is advisable that the chlorine be used in the same place of production. Ercros itself uses 2/3 parts of the chlorine produced in the manufacture of derivative products, the major one being PVC. The rest of the chlorine is placed for sale for use as a raw material in third party production processes, primarily located in the vicinity of industrial complexes and estates.

The evolution of PVC is tied to the progress of construction, its main market. The margin for PVC is determined by the price of ethylene, which entails 52% of its total costs.

However, in order to understand the ultimate profitability of PVC, the electrolytic unit should be considered overall. In other words, it is necessary to consider the income and expenses deriving from PVC, as well as those of its co-product caustic soda.

The main challenge facing the Chlorine Related Businesses Group is to increase the overall margin of PVC with associated soda, within a context of the increased price of electricity and ethylene, and to address the change in technology of electrolytic plants from mercury cells to membranes, prior to 2020. At present, 27% of the chlorine produced by Ercros is manufactured using this latter technology, which is implemented in the entire production of the Sabiñánigo production facility, and partially in that of Vila-seca I.

FORMALDEHYDE CHEMISTRY

Formaldehyde is the second most important product of the Ercros Group, from which the products comprising the Intermediate Chemical Division are manufactured by means of the addition of urea, acetaldehyde, melamine, phenol, etc.

Methanol entails 60% of the raw material costs of the Division. Ercros maintains long-terms contracts to ensure the supply of this product, of which it is the main consumer in the Mediterranean area.

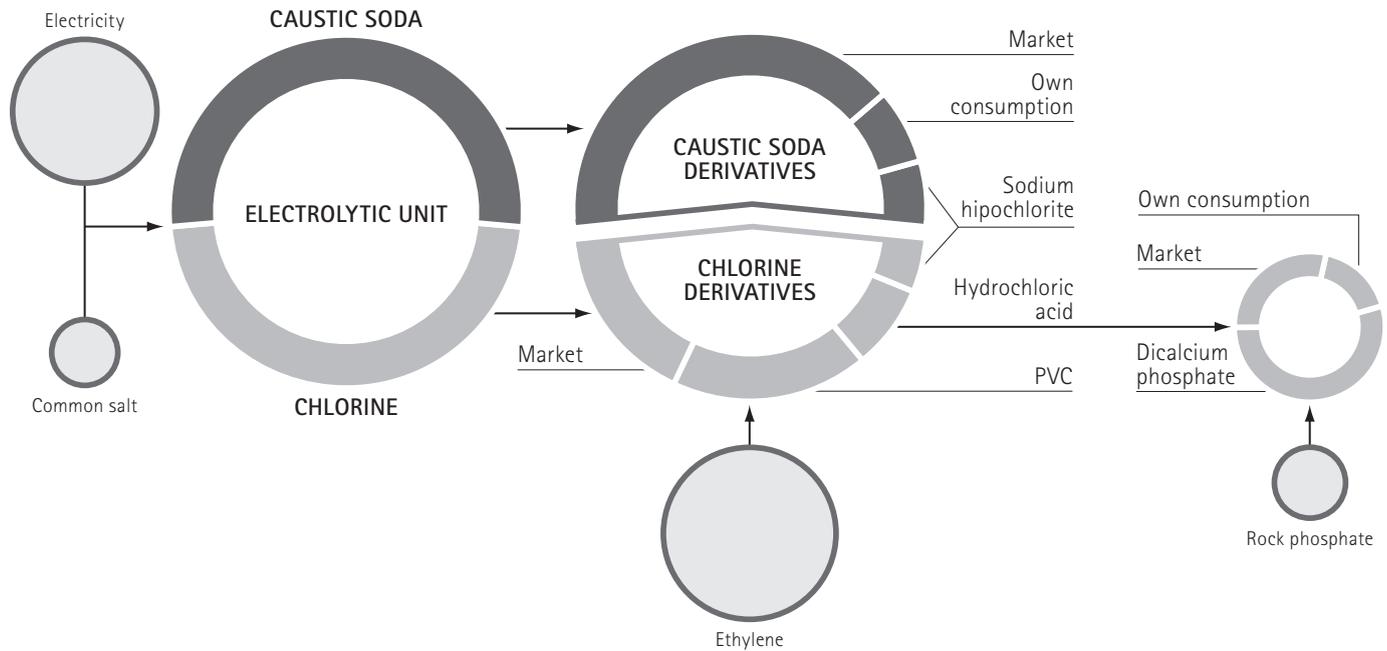
80% of formaldehyde that is produced is used in the manufacture of liquid as well as solid derivatives. The latter, which comprises 63% of the billing for the business, has greater added value than the liquids and its market is global, attaining an export percentage of 88%.

The group of solid products are used in the manufacture of high-performance resins, lubricants, varnishes and lacquers, as well as in the manufacture of electric components. Its evolution runs parallel to the progress of the economy in the various regions of the world, and Ercros is present in the majority of these, which guarantees greater business stability and a lower exposure to the national economy.

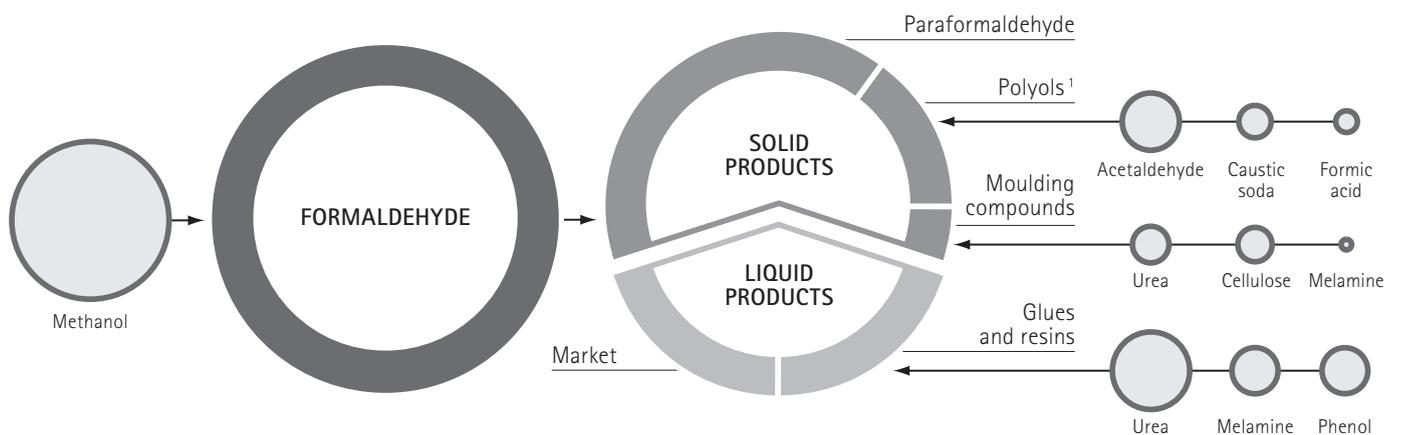
The margin of this group of products, which is determined by the difference between the cost of methanol and the sale price of the end products, benefits from the recognition of the market of the product quality and the know-how applied in their production, which is performed using own technological processes.

The challenge of this business is to maintain qualitative differentiation with respect to the products of the competition, mainly of Asian origin, and to counterbalance dependence on the dollar and the price of methanol.

CHLORINE-CAUSTIC SODA CHEMISTRY



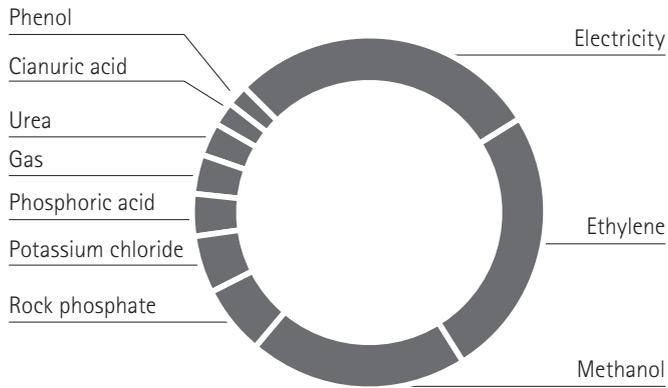
FORMALDEHYDE SODA CHEMISTRY



¹ Pentaerythritol, dipentaerythritol and sodium formate.

WHAT DO WE BUY?

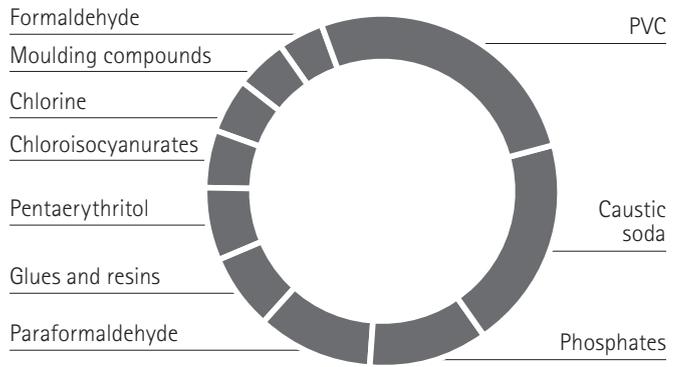
2012



Rest= 27.8%

WHAT DO WE SELL?

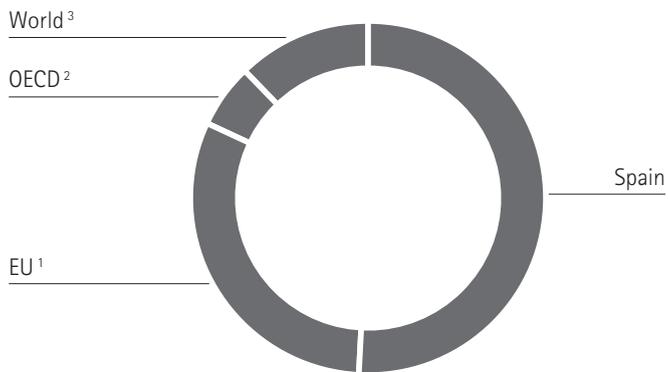
2012



Rest= 36.6%

WHERE DO WE SELL?

2012



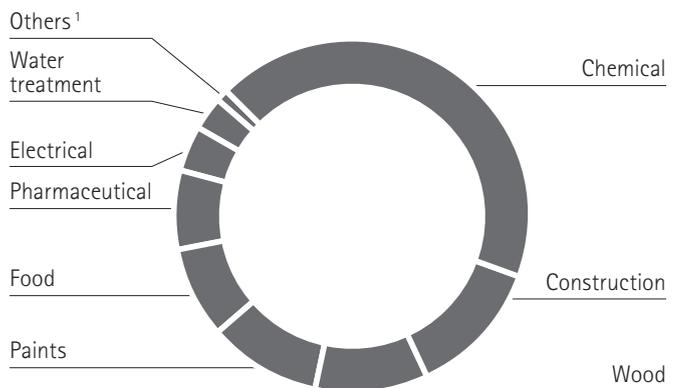
¹ Except Spain.

² Except EU countries.

³ Rest of the world.

WHO ARE OUR CLIENTS?

2012



¹ Textile, automotive, hygiene, etc.

In 2012, Ercros posted a sale of goods of EUR 677.53 million, 1.2% less than the previous year as a result of the slowing down of the incipient recovery initiated by Ercros from mid-2011, due to the relapse of the activity in Europe as of the second half of 2012.

The lower billing levels were based more on the reduction in volumes than on the prices of the products sold, which generally maintained their upward trend.

The decrease in activity could not be offset by controlling expenses, which increased overall by 1.5%. Within this heading, cost of sales and supplies, in an amount of EUR 477.15 million, increased by 1.2%, while employee benefits expense, which increased to EUR 84.60 million (without counting severance payments), did not experience any change with respect to the previous year, in line with an average stable workforce of 1,618 persons and the wage moderation policy put into practice.

Ercros closed the year with an ebitda of EUR 14.51 million (21.80 million in 2011). The non-recurring ebitda was EUR 0.80 million, which places the total ebitda at EUR 15.31 million.

The depreciation and amortisation expense was EUR -18.19 million, slightly higher than the previous year, which leads to an ebit of EUR -2.88 million as opposed to the EUR 8.79 million obtained in 2011.

STATEMENT OF COMPREHENSIVE INCOME

EUR Million	2012	2011
Revenue	699.08	700.51
Sale of goods	677.53	686.04
Other operating income and change in inventories	13.30	9.12
Other extraordinary income	8.25	5.35
Costs	-683.77	-673.71
Cost of sales	-365.21	-370.32
Employee benefits expense	-84.60	-84.62
Other expenses ¹	-226.51	-218.42
Severance payments	-1.50	—
Other extraordinary costs	-5.95	-0.35
Ebitda	15.31	26.80
Ebitda from ordinary activities	14.51	21.80
Non-recurring ebitda	0.80	5.00
Depreciation & amortization expense	-18.19	-18.01
Ebit	-2.88	8.79
Net finance costs	-11.06	-9.85
Profit /loss before tax	-13.94	-1.06
Income tax expense	0.94	0.16
Non-controlling interests	0.87	0.09
Profit/loss for the year attributable to owners of the parent	-12.13	-0.81

¹ Includes supplies by an import of EUR 111.94 million in 2012 and EUR 101.76 million in 2011.

After finance costs, taxes and non-controlling interests, the loss for the year amounted to EUR -12.13 million, when in 2011 the loss was -0.81 million.

The balance sheet, that includes a different classification of the assets and liabilities than those recognised in the consolidated financial statements, shows slight changes between the close of 2012 and 2011.

As at 31 December 2012, the working capital requirements were EUR 43.46 million, 15.42 million below those of the same

period in 2011. The net financial debt amounted to EUR 123.65 million, 2.44 million more than the figure that corresponds to 2011.

ECONOMICAL PRESENTATION OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION ¹

EUR Million	31-12-12	31-12-11
Non-current assets	291.18	293.36
Working capital	43.46	58.88
Current assets	244.24	244.08
Current liabilities	-200.78	-185.20
Capital employed	334.64	352.24
Equity	173.87	187.11
Net financial debt ²	123.65	121.21
Non-current debt	52.72	61.28
Current debt	70.93	59.93
Provisions and other liabilities	37.12	43.92
Source of funds	334.64	352.24

¹The Group uses as a management tool the economic analysis of the balance sheet, which is obtained making certain presentational restatements of the consolidated balance sheet in order to reduce the number of operating figures for a better analysis and comparison.

²All financial debts with non-banking entities are included in the item of net financial debt. In addition to cash and cash equivalents, deposits guaranteeing debt commitments have also been treated as a minor net financial debt (EUR 21.92 million in 2012 and EUR 22.93 million in 2011).

EVOLUTION OF THE DIVISIONS

CHLORINE RELATED BUSINESSES

In 2012 this business segment posted sales of EUR 460.85 million, practically the same figure as the preceding year, which entails 68% of the Company sale of goods.

Costs following an unstoppable upward trend versus the stagnation of the sales, pushed upwards by the escalation of the price of supplies, resulted in an impairment of the operating margin, which fell from EUR 13.16 million in 2011 to EUR 0.57 million in 2012.

After deducting the financial results and taxes, the loss for the year for the Chlorine Related Businesses segment was EUR -22.39 million (-7.71 million in 2011).

BASIC CHEMICALS DIVISION

The sale of goods figure of the Basic Chemicals Division in 2012 was EUR 332.89 million, 1.6% greater than the figure corresponding to 2011.

As in the previous year, a large part of this improvement is attributable to the sustained high price of caustic soda, one of the main products of the Company which, on an annual average, gained 15.5%, while in terms of volume the evolution was negative.

Just the opposite occurred with the second product of the Division, dicalcium phosphate, whose drop in average price was offset by the greater volumes sold (+4%).

PLASTICS DIVISION

In 2012, the Plastics Division was immersed in the worst scenario possible. On the one hand, this was due to the weak demand given the direct connection between its main product, suspension grade PVC, and the construction sector and, on the other hand, the price rise of its main raw materials: gas (+22%) and ethylene (+9%).

This combination of lower sales with greater costs explains, to a large degree, the elevated losses sustained by the Chlorine Related Businesses Group in 2012.

INTERMEDIATE CHEMICALS DIVISION

In spite of the fact that in 2012 the Intermediate Chemicals Group closed in positive territory, the numbers were slightly lower than those obtained during the previous year.

The sale of goods of EUR 180.11 million was 4.4% less than in 2011, essentially due to the reduction of almost half of the sales of glues and resins, products that were affected by the closure or restructuring or several of the most important wood sector companies in the country.

On the other hand, the product with the best performance was paraformaldehyde, a product with which Ercros holds third place in the sales ranking worldwide, and whose sale of goods increased by 26.4% between 2011 and 2012.

The Intermediate Chemicals Division entails 26.6% of the sale of goods for the Company.

This Division also sustained the upward pressure of the price of its main raw material, methanol and gas and electricity. This explains the 17% fall in the gross operating results, which amounted to EUR 12.78 million.

The profit of this business for the year was EUR 7.09 million, EUR 2.07 million less than the previous year.

STATEMENT OF COMPREHENSIVE INCOME BY DIVISIONS

EUR Million	Chlorine Related Businesses		Intermediate Chemicals Division		Pharmaceuticals Division	
	2012	2011	2012	2011	2012	2011
Sale of goods	460.85	460.90	180.11	188.37	36.57	36.77
Ebitda	0.57	13.16	12.78	15.40	1.96	-1.76
Depreciation & amortisation expense	-15.25	-14.71	-2.68	-3.26	-0.26	-0.04
Impairment of assets	-1.27	–	–	–	1.27	–
Ebit	-15.95	-1.55	10.10	12.14	2.97	-1.80
Net finance costs	-7.38	-6.26	-3.01	-3.07	-0.67	-0.52
Profit /loss before tax	-23.33	-7.81	7.09	9.07	2.30	-2.32
Income tax expense	0.94	0.10	–	0.09	–	-0.03
Non-controlling interests	–	–	–	–	-0.87	-0.09
Profit/loss for the year attributable to owners of the parent	-22.39	-7.71	7.09	9.16	3.17	-2.26

PHARMACEUTICALS DIVISION

The slight decrease in sales of the Pharmaceuticals Division (-0.5%) did not prevent this business from closing the year with positive results, EUR 3.17 million, versus the losses obtained in 2011 (EUR -2.26 million).

In 2012, the Pharmaceuticals Division was bolstered by the dollar exchange rate, a currency in which it performs the majority of its sales.

This fact is reflected in the upward trend of export turnover, which was likewise favoured by the increase of sales abroad of fusidic acid and phosphomycin, products with which the Company supplies 50% of worldwide demand.

The Pharmaceuticals Division entails 5.4% of total Ercros sales.

MARKETS

Given the weakness of the Spanish market in 2012, Ercros continued to set its commercial objectives abroad. As a result, the exports increased by 4.7% while domestic sales fell by 6.3%.

Of the EUR 677.53 million in sale of goods attained by Ercros in 2012, EUR 347.50 million corresponded to sales in Spain (51%) and the rest, in the amount of EUR 330.03 million, to exports (49%), which increased its share by three percentage points with respect to the previous year.

The European Union, which absorbed 31% of Ercros revenue, was the main Ercros market abroad. The ranking of the top 10 export destinations include five European Union countries: France, in the lead; Italy, which notably improved its position as the second market of Ercros; Germany, Portugal and Greece.

6% of Ercros sales were made to other OECD countries outside the EU. Of these, Turkey and the USA are worthy of mention.

The remaining 12% of the sale of goods was obtained in other countries of the world, mainly China, India and Morocco. It was precisely in this group of countries where Ercros sales increased the most with respect to 2011 (+19%).

MARKETS BY DIVISIONS

2012 %

Basic Chemicals



Plastics



Intermediate Chemicals



Pharmaceuticals

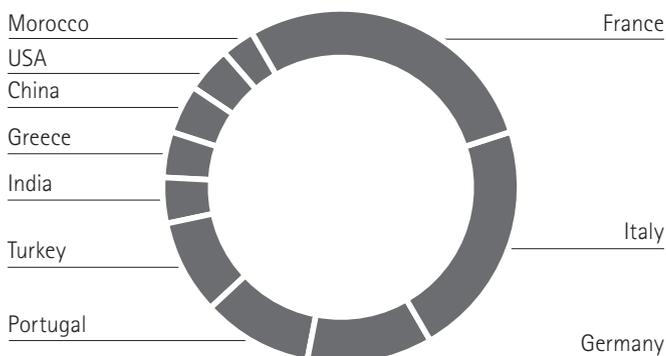


Spanish market

Foreign market

TOP TEN DESTINATIONS OF EXPORTS

2012



Rest= 30%

The Pharmaceuticals Division, which is the business that traditionally makes a greater proportion of its sales abroad (86%), continued increasing its export quota, favoured by the increase of competitiveness deriving from the devaluation of the Euro with respect to the Dollar. The other Division with a significant establishment in international markets is the Intermediate Chemicals Division (62%), whose participation in sales abroad likewise increased.

In the rest of the Divisions, while efforts are still underway to increase sales beyond our borders, the proportion of their sale of goods in Spain continues to be more significant: Basic Chemicals Division, with 61%, and Plastics, with 54%.

In 2012, the net balance of receivables less payments in Dollars amounted to USD 13.26 million (USD 2.25 million in the previous year).

Sales in Dollars reached USD 100.42 million (USD 94.74 million in 2010), which accounts for 11.5% (9.9% the previous year) of the total sales of the Group.

In terms of purchases, those that were paid in Dollars amounted to USD 87.16 million (92.49 million the previous year), accounting for 13.5% (16.9% the previous year) of the total for procurement and supplies made by the Group.

PVC continues to be the product family with the highest sale of goods; followed by caustic soda in its various forms; phosphates; paraformaldehyde, glues and resins and pentaerytritol. Overall, these five product families comprise almost half of the Ercros sale of goods.

COST OF SALES

In 2012, the cost of sales and supplies reached EUR 477.15 million, an increase of 1.2% with respect to the previous year, in spite of the decrease in sales of the same percentage. The magnitude of this increase in proportion to the increase in sales worsened the cost of sales and supplies to revenue ratio, which went from 68.7% in 2011 to 70.4% in 2012.

Within this entry, the increase of the supplies -electricity, gas and water- by 10.7% until reaching an amount EUR 111.94 million is worthy of mention.

In 2012 electric power, the greatest variable cost of the Company, increased its average price by 4.9% while consumption was 1,480 GWh, similar to that of 2011. 4.5% of this consumption was supplied by the electricity and steam co-generation production facilities of Flix, Tarragona, Vila-seca, Sabiñánigo and Aranjuez, which reached an overall production of 91.3 GWh, with a decrease of 35.9% with respect to 2011.

Gas consumption, the second most important power input, was 1,011 GWh, 5.8% less than the previous year. The price of this supply continued an upward trend during the year, with an increase of 22%.

In 2012, the billing of cost of sales amounted to EUR 365.21 million, meaning 1.5% less than in 2011. This reduction is due to the lower purchase volume since, at least in the case of the main raw materials, the prices continued their upward trend. This is the case of ethylene whose average price increased 9%; and methanol, which increased 8%.

FORECAST FOR 2013

The consensus forecast points toward an improvement of the activity in European markets at the end of 2013, although on average it is estimated that the Spanish GDP will continue decreasing with respect to 2012. Within this context, the improvement of the Ercros results should be linked to the adoption of measures that allow for a reduction of fixed costs and an increase of productivity.

The three major strategic objectives of Ercros are: to create an efficient, healthy and profitable chemical group with international presence; equipped with integrated production facilities, and a portfolio of high value added products.

A HEALTHY AND PROFITABLE CHEMICAL GROUP

It is the vocation of Ercros to turn the Company with which we are currently familiar into a profitable, healthy and efficient company.

To do so, Ercros must undertake measures that allow it to gain competitiveness, recover profits and restore economic growth by means of greater internationalisation. In this manner, Ercros is increasingly focusing its commercial management on products demanded in international markets that offer the best opportunities for growth and profitability.

INTEGRATED PRODUCTION FACILITIES

This objective seeks to achieve productive, industrially-integrated installations, of a European dimension and located at efficient sites, so that all the inputs and outputs may be combined in the closest and most efficient manner possible.

In accordance with this objective, between 2007 and 2011 the Company carried out two industrial reorganisation plans that have made it possible to concentrate production in the centres with the best locations from a logistics and industrial point-of-view, in order to reduce costs, optimise investments, explore synergies and streamline administrative and control processes. This has led to the complete closing of four production facilities and the partial closing of another two, and the cease or reduced production capacity of nine production facilities.

In 2013 Ercros has continued with this policy to increase efficiency, with the objective to close the least efficient and least competitive facilities.

PORTFOLIO ON HIGH-PERFORMANCE PRODUCTS

The third strategic objective is to specialise the Ercros commercial portfolio on products with which it may obtain higher performance, those that present the greatest comparative advantages for the Company and offer the highest growth expectations.

In order to achieve this objective, over the past five years the Group has ceased to manufacture eight product lines, all of them affected by scarce demand and/or by non-competitive manufacturing costs or for having reached the deadline established by environmental legislation.

Simultaneously, the Company is enhancing the offer of given high value added products, already present in the Company portfolio, for which, in spite of the crisis, a deficit exists on the market. In September 2012 the improvements in the following production facilities entered service:

- The sodium chlorite plant in Sabiñánigo, which has made it possible to increase the supply of this product by 23%, which is used in the most modern water purification systems since it does not generate trihalomethanes. Ercros is the second European manufacturer of sodium chlorite and its objective is to improve its presence in those markets under expansion.
- The NaDCC plant, also in Sabiñánigo, has been made available to produce TCCA as well, making it possible to increase the production capacity of this product by 27%. Both products are devoted to the treatment of swimming pool water, and the Company is the leading European supplier.

– The dipentaerythritol plant in Tortosa, which has entailed a 50% increase of the supply of this product, will allow Ercros to consolidate its position as the second manufacturer worldwide and increase its presence in new applications. Dipentaerythritol is utilised, among other fields, in the manufacture of synthetic lubricants and high-technology printing inks.

– The moulding compound plant in Cerdanyola, which has made it possible to optimise the volume of production, reduce energy costs and improve product quality, will make it possible to access market segments of greater added value, mainly in the field of electric material and sanitary fittings. Ercros is the second manufacturer in the world of moulding compounds.

With the same objective of upgrading its commercial portfolio, Ercros is working on several projects that will allow it to increase the supply of new high value added products and sustainable performance. To this regard, one of the programmes in the most advanced phase is that of bioplastics.

At the start of 2012, the activation of this product was approved, whose objective is the development over the next two years of materials based on two plastic biopolymers, PLA and PHA. Both polymers are biodegradable and manufactured from natural renewable sources. Given their technical properties, their sustainable quality and low carbon footprint, bioplastics may come to replace many of the most widespread plastics on the market.

In order to develop the composites of these products, which make it possible to offer the specific applications demanded by the clients, Ercros has contracted three specialised technological centres. It has also commenced the pre-marketing and product testing phase.

INVESTMENTS

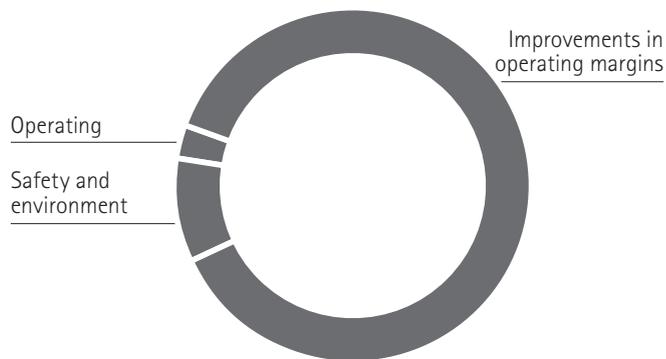
In 2012 the Company allocated EUR 16.04 million (6.65 million in 2011) to investments, a good part of which were funded with credits obtained within the scope of the refinancing achieved in July 2011 and whose objective has been to boost the supply of given products of high added value, as commented above.

88% of the amount of the investments corresponds to actions to improve the margins; 9% to actions on matters of environmental safety and protection, and the remaining 3% to operating investments.

The Basic Chemicals Division was the business in which the most was invested, 39% of the total; followed by the Intermediate Chemicals Division, with 33%; Plastics, with 16%; Pharmaceuticals, with 9% and, lastly, the Corporation which absorbed 3% of the investments of the Group.

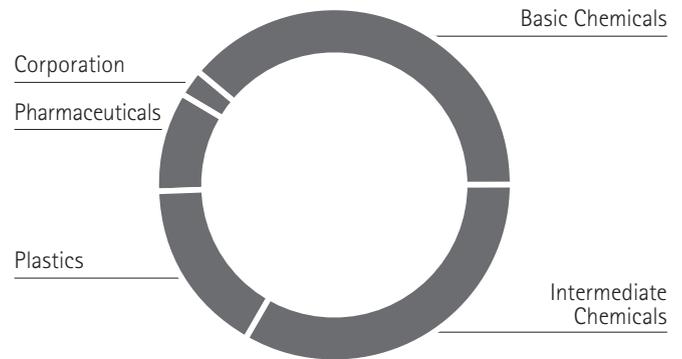
INVESTMENTS BY TYPE

2012



INVESTMENTS BY DIVISION

2012



In 2012 Ercros has continued progressing on matters of corporate governance with the adaptation of its internal regulations to the changes occurring in Spanish and European legislation and with the implementation of policies and good practice codes in social responsibility.

The Company complies with 94% of the recommendations of the Unified Code for Good Governance of the listed companies that affect it (eight recommendations of the 58 contained in this code are not applicable to it) and it complies partially or explains the reason for its non-compliance with the remaining 6% (it partially complies with two recommendations and explains the reason for the non-compliance with one recommendation).

The Corporate Governing Bodies include the General Shareholders Meeting and the Board of Directors and, within this, the Audit Committee and the Appointments and Remuneration Committee.

GOVERNING BODIES

GENERAL SHAREHOLDERS MEETING

The Ordinary General Shareholders Meeting took place in Barcelona on 22 June 2012 upon second call. The most relevant resolutions approved by it included amendments to its Articles of Association and the Bylaws of the General Shareholders' Meeting, essential for the adaptation thereof to the legislative novelties introduced by the Law for the Partial Reform of the Spanish Corporations Law (Ley de Sociedades de Capital), among these the statutory introduction of the corporate website.

In attendance at the Meeting were 16,431 shareholders of 60,041,640 shares, representing 59.670% of the subscribed voting capital, of which 8.901% was present and the remaining 50.769% was represented. The shareholders that attended the Meeting received a premium of one EUR cent gross per share.

In 2012 Ercros acted ahead of legislation, in favour of transparency, and broadened the content of the Directors Remuneration Report in keeping with the model proposed by the National Securities Market Commission (CNMV), still in the consultation stage.

BOARD OF DIRECTORS

The structure and number of members of the Ercros' Board of Directors remained unchanged between 9 April 2010 and the approval of this Report.

Of the five members comprising the Board, four belong to the category of external directors and, of them, three are independent.

Ercros' board members are: Mr. Antonio Zabalza Martí, Chairman and CEO; Mr. Laureano Roldán Aguilar, external director; and Mr. Ramón Blanco Balín, Mr. Eduardo Sánchez Morrondo and Mr. Luis Fernández-Goula Pfaff, independent directors. The Ercros' Legal Counsel, Mr. Santiago Mayans Sintes, acts as non-voting Secretary to the Board of Directors.

As of 2010 Mr. Blanco exercises the duties of coordinating board member. This post authorises him to convene the Board and to include new points on the agenda; to coordinate and voice the concerns of the external directors; and to direct the evaluation by the Board of its Chairman.

In 2012, the Board of Directors held seven meetings attended by all of its members.

In 2012, the remuneration accrued by members of Ercros' Board of Directors amounted to EUR 0.60 million as fixed remuneration (EUR 0.60 million in 2011). They accrued another EUR 0.12 million (EUR 0.12 million in 2011) in insurance, pension contributions and benefits in kind.

Ercros directors accrue no other remuneration from the Company or its Group such as statutory bonuses, *per diems*, stock options or other financial instruments, such as advances, loans, or guarantees established in favour of the directors, etc.

Ercros shareholders include the Chairman, Mr. Zabalza, with 42,512 shares representing 0.042% of the share capital; and Mr. Roldán, with 100 shares. The holdings of Mr. Zabalza and Mr. Roldán have remained unchanged during the past year. The other directors declared that they hold no Ercros shares.

Neither the directors of Ercros nor any other nominee has had dealings with the Company or the Group companies in the course of 2012.

In addition to being members of Ercros' Board of Directors, at 31 December 2012 Mr. Roldán was director of the listed company Biosearch, S.A. The remaining directors are not on the boards of any other listed company. No Ercros director gave notice of having been involved over the course of the year in any company conducting the same, similar or complementary business to the activities comprising the corporate purpose of Ercros.

Throughout 2012 and as of the date of this Report, the Company has no knowledge of any Ercros director having been prosecuted or having had any proceedings filed against him.

AUDIT COMMITTEE

The Ercros Audit Committee has three members who are appointed by the Board of Directors. The Chairman is Mr. Eduardo Sánchez Morrondo, who is an independent director, and the members are Mr. Laureano Roldán Aguilar, external director, and Mr. Antonio Zabalza Martí, executive director.

During 2012 the structure of the Committee remained unchanged.

Ercros' Administration Manager, Mr. Josep Rovira Pujals, acts as non-voting Secretary to this Committee.

Over the course of the past year, the Audit Committee held four meetings attended by all of its members.

BOARD OF DIRECTORS

Director	Position	Type	Committees	Nº of Shares	Share Capital (%)	Date of Reappointment
Antonio Zabalza Martí	Chairman and CEO	Executive	Audit	42,512	0.042	09-04-10
Laureano Roldán Aguilar	Director	External	Audit	100	0.000	09-04-10
Ramón Blanco Balín	Director	Independent	Appointments and Remuneration	–	–	09-04-10
Eduardo Sánchez Morrondo	Director	Independent	Audit	–	–	09-04-10
Luis Fernández-Goula Pfaff	Director	Independent	Appointments and Remuneration	–	–	09-04-10
Santiago Mayans Sintes	Non-voting Secretary	–	–	–	–	–

INTERNAL AUDIT SERVICE

Pedro Bienes Bonet Internal Auditor

The Internal Audit Service which reports to the Audit Committee, is directed by Mr. Pedro Bienes Bonet.

Over the past year, the Audit Committee resolved to reinforce the Internal Audit Service to endow it with greater autonomy with respect to the structure of the Company. It also modified the procedure on the Ethics Channel, which is the channel by which those persons who work in Ercros may present complaints based on infringements of the Code of Ethical Conduct.

APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee is composed of two independent directors appointed by the Board: Mr. Luis Fernández-Goula Pfaff, Chairman, and Mr. Ramón Blanco Balín, member.

During 2012 the structure of the Committee remained unchanged.

Ercros' Human Resources Manager, Mr. Joaquín Sanmartín Muñiz, acts as the non-voting Secretary to this Committee.

During the year, this Committee held two meetings attended by all of its members.

MANAGEMENT TEAM

In 2012, the composition of the management team of the Company has not changed.

MANAGEMENT TEAM

Chairman and CEO	Antonio Zabalza Martí
COO	José Luis Muñiz Álvarez
CFO	Pedro Rodríguez Sánchez
Basic Chemicals Division Manager	Francisco García Brú
Intermediate Chemicals Division Manager	Jaume Reig Navalón
Plastics Division Division Manager	José Miguel Falcón Sanz
Pharmaceuticals Division Manager	María del Carmen Cruzado Rodríguez
General Secretariat Manager	Teresa Conesa Fàbregues
Legal Counsel	Santiago Mayans Sintés
Controller and Internal Auditor ¹	Pedro Bienes Bonet
Administration Manager	Josep Rovira Pujals
Finance Manager	Meritxell Albertí Méndez
Human Resources Manager	Joaquín Sanmartín Muñiz
Systems Manager	Eduardo Gual de Diego
Sustainable Development Manager	José Luis Peña Peñacoba
Innovation and Technology Manager	Josep Mota Balcells
Integrated Logistics Manager	Francisco Manuel Arce Montaner

¹ On 1 January 2013, by agreement of the Audit Committee, Pedro Bienes Bonet ceased to be Controller to strengthen its independence as Internal Auditor.

In 2012 the trading volume of the Company shares decreased considerably with respect to 2011, in line with the decreased activity of the stock market. The average share price for the year was EUR 0.53 and the year closed at EUR 0.40 (-41% with respect to 2011). In the same period, the Ibex-35 dropped 5% and the General Index of the Madrid Stock Exchange dropped by 4%.

During the year, 34.55 million Ercros shares were traded for an amount of EUR 18.62 million. On 24 September the highest figure of shares traded in one day was reached, which was 1.21 million shares. The average volume of daily transactions during the year was 0.13 million shares.

At 31 December 2012, the Company capitalisation amounted to EUR 40.60 million. During the year, Ercros' capital turned over 0.3 times.

SHARE CAPITAL

The share capital of Ercros, paid up in its entirety, amounted at 31 December 2012 to EUR 30,450,394.50 and was represented by 101,501,315 ordinary shares, with a nominal value of EUR 0.30 par value each, all of the same series and class. Ercros shares are listed on the permanent Stock Exchanges of Barcelona, Bilbao, Madrid and Valencia.

On 13 September 2012, the Ercros' Board of Directors approved a capital increase, in accordance with the agreement executed on 9 March with YA Global Dutch, B.V., subsidiary of the investment fund managed by Yorkville Advisors LLC. The increase was undertaken without the pre-emptive right in an amount of EUR 414,536.36, by means of the issue of 878,255 shares at an issue price of 0.472 EUR/share, and was subscribed in its entirety by such fund. The new shares began trading on 1 November.

On 11 January 2013 the Company undertook a second capital increase, under the agreement cited in the preceding paragraph, which was likewise subscribed in its entirety by YA Global Dutch, B.V. The amount of the increase was EUR 549,278.56 and was performed by means of the issue and placement into circulation of 1,183,790 shares, at an issue price of 0.464 EUR/share. The new shares began trading on 1 February 2013.

Following this last transaction, the share capital of Ercros comes to EUR 30,805,531.50 and is represented by 102,685,105 shares.

SIGNIFICANT SHAREHOLDERS

At 31 December 2012, or at the date of this Report, the Company has no knowledge of the existence of any shareholder with a holding greater than 3% of the share capital. The Company has noted the existence of a 2.9% holding in the capital of Ercros by the Grupo Torras, of which Mr. Laureano Roldán is director and CEO.

Ercros has not established any type of legal or statutory restriction to the exercise of voting rights or the acquisition or transfer of shares. Neither is it aware of the existence of any shareholder agreements that regulate the exercise of voting rights in the General Meeting or that restrict or condition the free transferability of shares. The Company has no stock option plan for its employees or managers.

EVOLUTION OF THE SHARE CAPITAL

	Number of shares	Nominal value (EUR)	Amount (EUR)
Value at 31-12-10	100,623,060	0.30	30,186,918.00
Value at 31-12-11	100,623,060	0.30	30,186,918.00
Capital increase	878,255	0.30	263,476.50 ¹
Value at 31-12-12²	101,501,315	0.30	30,450,394.50

¹ The total amount of the increase was EUR 414,536.36, of which 263,476.50 corresponded to the increase of the share capital and the remaining 151,059.86, to the share premium.

² On 11 January 2013, the Company launched a new capital increase through the issuance and implementation of 1,183,790 shares. The new shares began trading on 1 February 2013. After this operation, the share capital of Ercros amounts to EUR 30,805,531.50 and is represented by 102,685,105 shares.

SHARE EVOLUTION

	31-12-12	31-12-11	31-12-10	31-12-09	31-12-08
Shares on the stock market (Million)	101.50¹	100.62	100.62	100.62²	1,006.23
Capital value (EUR Million)	40.60	68.42	71.84	139.87	160.99
Traded shares (Million)					
In the course of the year	34.55	63.43	73.46	133.75	1,344.00
Maximum in one day	1.21	2.31	2.68	1.62	49.38
Minimum in one day	0.01	0.03	0.03	0.09	0.48
Daily average	0.13	0.25	0.29	0.53	5.29
Traded volume (EUR Million)					
In the course of the year	18.62	56.81	78.78	213.47	320.99
Daily average	0.07	0.22	0.31	0.84	1.26
Share price (EUR)					
Highest	0.74	1.15	1.64	2.13	0.32
Lowest	0.36	0.66	0.66	1.20	0.15
Average	0.53	0.89	1.07	1.59	0.23
Last	0.40	0.68	0.71	1.39	0.16
Frequency rate (%)	100	100	100	100	100
Liquidity ratio (%)	34.04	63.04	73.00	132.93	133.57

¹Yearly average 2012= 100.77 million shares.

²Yearly average 2009= 807.74 million shares.

STOCK MARKET RATIOS

	31-12-12	31-12-11
CAS (EUR)	1.71	1.86
EPS (EUR)	-0.12	-0.01
CFS (EUR)	0.06	0.17
PCA	0.23	0.37
PCF	6.70	3.94
PER	—	—

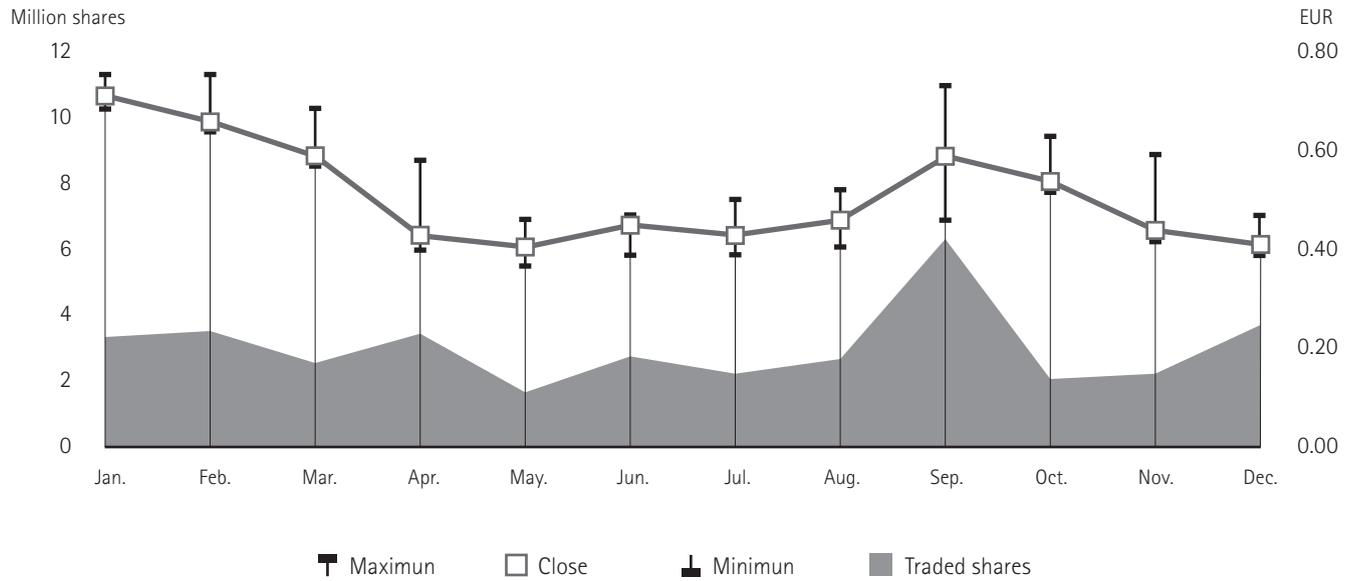
CAS = Equity /N° shares
 EPS = Earnings /N° shares
 CFS= Operating cash flow /N° shares
 PCA= Capitalisation /Equity
 PCF= Capitalisation /Operating cash flow
 PER= Capitalisation /Earnings

STOCK INDEXES EVOLUTION

	Ercros	General	Ibex-35
31-12-08	100.00	100.00	100.00
31-12-09	86.88	127.23	129.23
31-12-10	44.38	102.84	107.21
31-12-11	42.50	87.88	93.15
31-12-12	25.00	84.50	88.82

SHARE PRICE AND TRADED VOLUME EVOLUTION

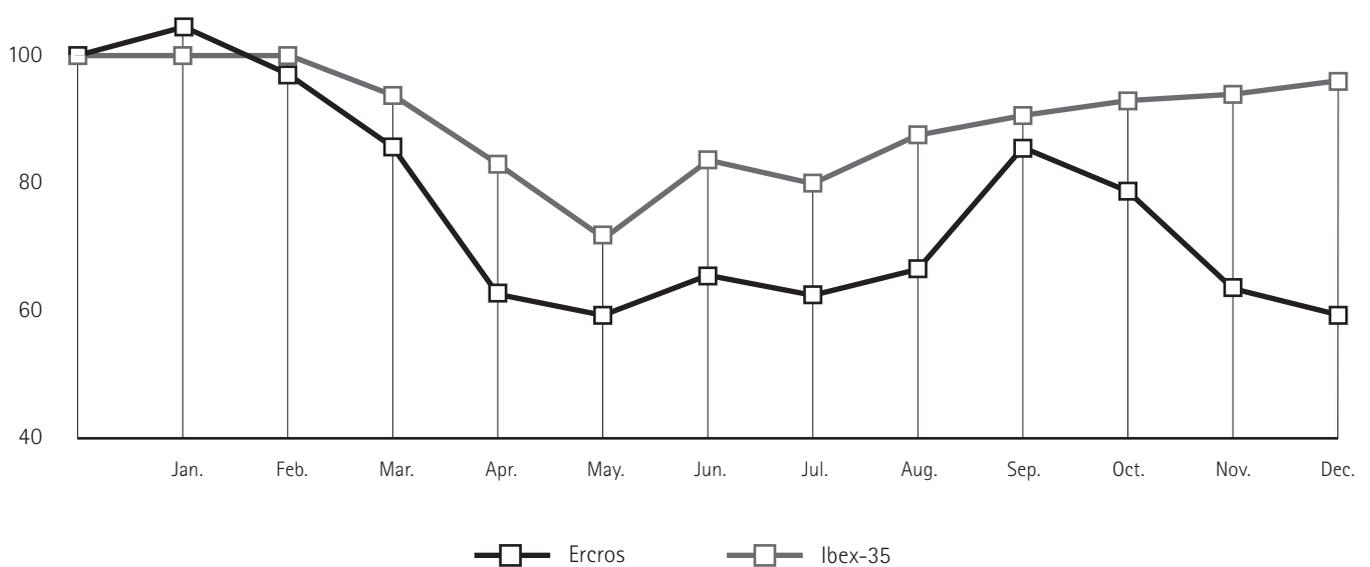
2012



COMPARISON BETWEEN ERCROS' SHARE PRICE AND IBEX-35

2012

Base 100= 31-12-11



In 2012, the average workforce of the Ercros Group was 1,618 persons, the same number as in 2011. At the close of the year, the workforce of the Group was composed of 1,620 persons, 17 more than in the preceding year¹.

Employee benefits expense (excluding severance payments) amounted to EUR 84.60 million, the same amounts as the previous year in accordance with the non-variation of the average workforce and the wage restraint policy undertaken.

76.7% of the employee benefits expense corresponded to wages; 20.4% to the payment of the employer contribution to Social Security and the remaining 2.9% to other welfare expenses and contributions to workforce pension plans.

Following the trend of recent years, in 2012 they also continued reducing management positions in a greater proportion than the rest of employees. Therefore, between 2011 and 2012, while the average workforce remained stable, the number of managers decreased by 5.3%. In the course of the past year, there was one manager for every 45 employees.

The cost of workforce restructuring inherent in the two labour force reduction plans, approved in 2008 and 2009 respectively,

was estimated at EUR 37.15 million, of which EUR 4.71 million were pending payment at the close of 2012 (EUR 8.31 million in the preceding year).

During 2012, the Group carried out a voluntary redundancy plan for the purpose of decreasing the workforce. As a result of the terminations agreed, at the close of the year EUR 0.54 million were pending payment.

Over the course of the year, EUR 4.22 million were allocated toward paying severance compensation corresponding to the labour force reduction plans and to the voluntary redundancy plan (EUR 5.39 million in 2011).

The majority of the Group workforce is employed in a production centre (88.8%), 8.4% work in the corporation and the remaining 2.8% work in the commercial network. 43.7% of the employees that work in the Group belong to the category of workers; 40.8% to that of technicians and the remaining 15.5% are administrative employees.

Ercros does not pursue any type of discrimination in the selection, wage or functional policy on grounds of gender. In 2012 the percentage of women in the Company increased by one percentage point, to 14%. The majority of the women

who work in Ercros do so as technicians and administrative personnel. While the presence of women is still low, the application of the Equality Plan, together with the generational shift, will gradually bring about gender parity in the workforce.

In 2012 there were 11 persons with a degree of disability greater than or equal to 33%, the same number as the year before.

In February 2012 union elections were held at the Aranjuez, Barcelona, Flix and Tarragona factories, with the following overall results: 17 representatives from UGT; 13 from CC.OO., and two from USOC.

Over the past year, the Company carried out a survey to learn the degree of employee satisfaction with respect to the type and characteristics of the work they perform; the capacity for autonomy and participation in the decisions affecting them; and the opportunities and remuneration they get from their work. The conclusions of the survey have made it possible to learn the psychosocial risks of work for the health and well-being of the staff. 1,183 volunteers participated in the survey, comprising 73% of the workforce.

AVERAGE WORKFORCE STRUCTURE

	2012			2011		
	Total	Men	Women	Total	Men	Women
Technicians	660	562	98	653	559	94
Administrative	251	138	113	251	141	110
Workers	707	698	9	714	704	10
Total	1,618	1,398	220	1,618	1,404	214

¹The increase of the workforce by 17 persons between the end of 2012 and 2011 is due to the fact that 54 more persons chose the hand-over contract in 2012 and that until the end of such contracts the person succeeded as well as the successor is counted as part of the workforce. If we calculated the workforce considering the real workday of the person succeeded, which is only 15%, there would be a decrease of 29 persons between the workforces of both years.

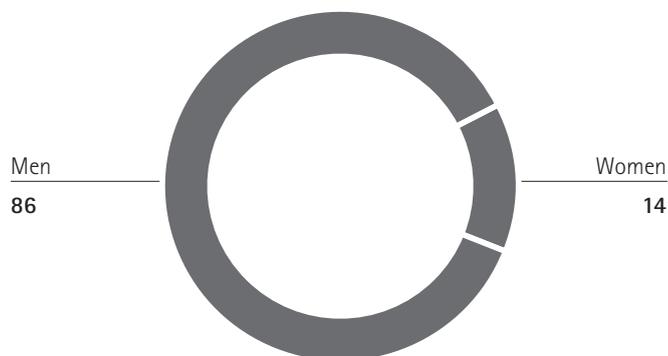
DISTRIBUTION OF THE WORKFORCE BY FACILITIES ¹

	2012		2011	
	Nº of employees	%	Nº of employees	%
Factories	1,438	88.8	1,431	88.4
Tarragona Complex	347	21.4	344	21.3
Flix	221	13.6	230	14.2
Sabiñánigo	211	13.0	204	12.6
Aranjuez	182	11.2	174	10.7
Almussafes	106	6.6	109	6.7
Tortosa	108	6.7	105	6.5
Cerdanyola	98	6.1	94	5.8
Palos de la Frontera	65	4.0	69	4.3
Cardona	47	2.9	48	3.0
Monzón	31	1.9	31	1.9
Cartagena	22	1.4	23	1.4
Commercial network	45	2.8	46	2.8
Corporation	135	8.4	141	8.7
Ercros	1,618	100.0	1,618	100.0

¹ Average workforce.

DISTRIBUTION OF THE WORKFORCE BY GENDER ¹

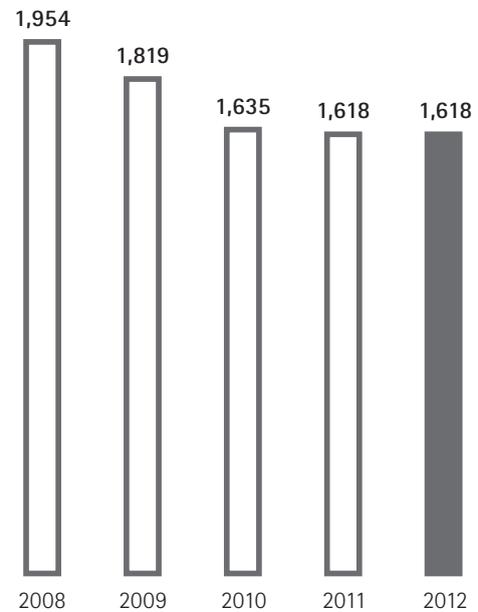
2012 %



¹ Average workforce.

EVOLUTION OF THE WORKFORCE ¹

Nº of employees



¹ Average workforce.

DISTRIBUTION OF THE WORKFORCE BY CATEGORY ¹

2012 %



¹ Average workforce.

The benchmark of Ercros action on sustainability is the Responsible Care programme, which promotes the chemical sector on a worldwide level and in which the Company has been involved since 1994. According to such programme, in the pursuit of their activity, companies should achieve continuous improvements in safety, health protection and the environment in accordance with principles of sustainable development.

The internal body responsible for ensuring sustainability is the Ercros Sustainable Development Committee. In addition, all facilities have their own committees that monitor the achievement of the Company's overall goals and those of the facilities themselves.

In compliance with the principle of continuous improvement of the sustainability management system implemented in the Company, in 2012 a new procedure was edited on the calculation of the inventory of greenhouse gas emissions, which is a guide for calculating the Ercros carbon footprint. Furthermore, another 14 general corporate sustainability procedures were reviewed.

PREVENTION

In 2012, Ercros incurred ordinary expenses in the prevention of occupational hazards of EUR 4.62 million (EUR 4.86 million in 2011). No extraordinary expenses took place nor was there any knowledge of the existence of responsibilities generated during this period for this concept.

Over the past year, four accidents with sick leave took place among personnel of its own, three less than in 2011, which leaves the accident frequency rate, measured by the number of accidents with sick leave per million hours worked, at 1.5 versus 2.5 for the previous year. The accidents that occurred were of scarce relevance, which has led the accident severity rate thereof to decrease by 0.06 (0.12 in 2011).

If accidents without sick leave are included, eight in 2012 versus 13 in 2011, these come to a total of 12 accidents with and without sick leave among the workforce, placing the overall frequency rate at 4.4 (7.1 in 2011).

Upon the approval of this Report, 13 February 2013, the Cardona facility has gone for 11 uninterrupted years without accidents with sick leave of Ercros employees; Cartagena for nine years; Monzón for six years; Aranjuez for four years; the Tarragona Complex and Tortosa factory for three years; Cerdanyola for two years and the Sabiñánigo, Flix and Palos factories for one year. On the other hand, the Tarragona factory, part of the Tarragona Complex, has gone for 14 continuous years without any accident with sick leave.

Compared to the Spanish chemical sector, according to information available from the Integral Safety Commission of the Spanish Chemical Industry Business Federation (Feique) corresponding to 2012, the accident frequency rate and the Ercros general accident frequency rate were 53% and 65%, respectively, less than the same rate for Spanish chemical companies overall.

In the case of contractor personnel, in 2012 there were nine accidents with sick leave, four more than in 2011. The total number of accidents, with and without sick leave, among this group was nine versus seven during the previous year.

As a result of all of this, the Ercros general accident frequency rate, which measures total accidents -with and without sick leave- of Ercros and contractor personnel, has improved by 22% from 7.2 to 5.6 between 2011 and 2012. This rate, which is the most representative of the management for the prevention of occupational hazards in a company, is currently the historical best for Ercros.

Four accidents *in itinere* took place in 2012 among Ercros employees, twice as many as the year before.

In 2012, the rate of absenteeism through common illness was 3.4%, somewhat higher than in 2011.

Over the year, 19 official emergency simulations were carried out at Ercros facilities, together with another 72 internal drills and another eight within the scope of the Ceret agreement on assistance in the event of an emergency during the ground transport of dangerous goods.

The production facilities covered by the Seveso Directive presented their respective autonomous regions with revised documentation on serious accidents and the appraisal report prepared by the authorised control entities.

Since 2009, all Company facilities have the certification for their health and safety in the workplace management system in accordance with OHSAS 18001:2007 (Occupational Health and Safety Management Systems), which was renewed in 2012. In turn, Aenor periodically conducts the appropriate legal audit on the prevention of occupational hazards in all facilities.

EPISODES DURING PRODUCTION PROCESSES

Throughout the past year, one incident took place regarding the security of production processes in the Sabiñánigo facility, although it had no impact on employees or the environment, causing only minor material damages to the facilities themselves.

RELEVANT LEGAL REQUIREMENTS ON PREVENTION AND PRODUCT STEWARDSHIP

SEVESO III DIRECTIVE

The Directive relative to the control of risks inherent in major accidents involving dangerous substances (Seveso III) amends Seveso Directive II by broadening its scope of application to a greater number of operators and industrial establishments (production as well as the storage of substances).

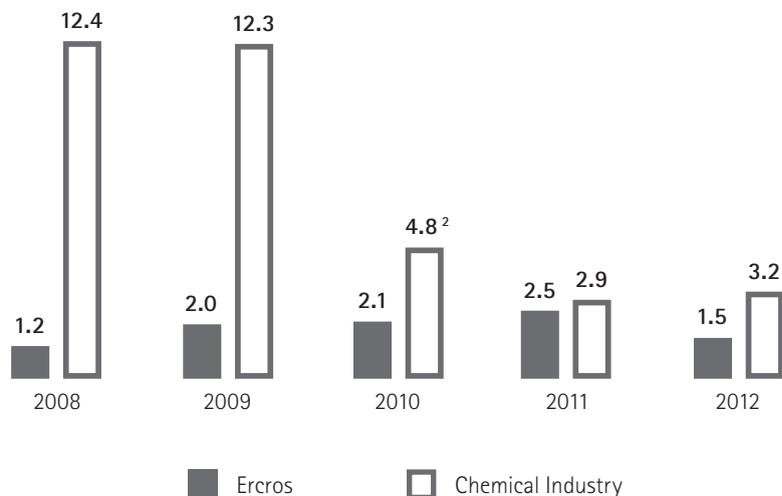
REACH AND CLP REGULATIONS

In accordance with the schedule envisaged in the Regulation on the registration, evaluation and authorisation of chemical substances (Reach) and in the Regulation for classification, labelling and packaging of chemical substances (CLP), in 2012 work continued on the registration and product safety sheets for those substances that so required.

REGULATION ON THE SALE AND USE OF BIOCIDES

This Regulation presents a list of active substances that may be used in the manufacture of biocides and how these should be authorised, sold and used within the EU. This will be applicable as of 1 September 2013.

EVOLUTION OF FREQUENCY RATE OF ACCIDENTS ¹



¹ Frequency rate of accidents = Number of accidents with sick leave per million hours worked.

² Until 2009, the benchmark rate of the chemical sector corresponded to the global index of companies belonging to the Commission on Safety and Hygiene in the Workplace of Chemical and Related Industries (Coashiq). As of 2010, the benchmark is the rate of companies in the new Feique Integral Security Commission.

THE ENVIRONMENT

In 2012, Ercros incurred ordinary expenses in sustainable development amounting to EUR 17.49 million (EUR 17.54 million in 2011). No environmental and security expenses of an extraordinary nature were incurred during the year, nor is there any knowledge of the existence of liabilities generated in the course of the year in this respect.

The rate of Ercros emissions, measured as the amount of significant substances released into the air and water and the waste generated, decreased by 11.5% with respect to the previous year. During this same period, greenhouse gas emissions were reduced by 7.2%.

In November 2012, Ercros joined the Carbon Disclosure Project (CDP), which is an independent global organisation that, on the basis of the annual information reported voluntarily by listed companies, illustrates the management of greenhouse gas emissions carried out by such companies and their strategies to combat climate change.

At present, all production facilities are granted with environmental accreditation in accordance with ISO 14001:2004 and, with the exception of the Almussafes, Flix and Cardona facilities, the rest of the production facilities are registered in EMAS. In December 2012 the Cardona facility passed the Aenor verification audit and is presently being registered in EMAS.

In January 2013 Aenor granted Ercros ISO 14064-1:2012 certification on the quantification and declaration of greenhouse gas emissions and reduction, which serves for the calculation of the carbon footprint of the Company.

Throughout last year, the process began for the implementation of an energy management system, in accordance with the ISO 50001 standard, in the facilities of Vila-seca I and Vila-seca II of the Tarragona Complex. Within this context, an Energy Policy was approved confined to these two facilities that includes, among others, the commitment of the Company to promote savings and efficiency in energy consumption.

Ercros continued performing additional studies on the preliminary status reports on the soil at the Palos, Tarragona and Vila-seca II factories. In the other facilities affected, the Company performed the monitoring of underground waters and notified the results to the competent authorities. In the rest of the affected facilities, such monitoring was conducted internally.

On 9 May the Catalanian Waste Agency notified the resolution for approval of the environmental project relative to the remediation of the soil and underground water of the Flix factory, whose cost updated to 30 June 2012 is EUR 3.66 million, provided for in their entirety. In the case of the Silla factory (without activity), Ercros has estimated the updates necessary to remedy the affected soil at EUR 0.81 million. Both quantities have been provided for in their entirety in the accounts of 2012.

In September 2012, the chlorine production facilities affected by the Voluntary Agreement on Emission Control, submitted the annual follow-up report to the central and regional Administration.

Ercros continued to operate the old slag heaps from the mining of potassium, from which sodium chloride is extracted for use as a raw material in the production of chlorine. In 2012, 594,100 tons of this mineral were processed from Cardona, Sallent and Suria. In doing so, the Company helps regenerate the natural environment and reduces the impact of salt water generated by this waste, while benefiting from the product obtained.

ENVIRONMENTAL INCIDENTS

In 2012, Ercros sustained an environmental incident in the Aranjuez facility, although without a significant impact on the environment, and three accidents occurred during the transport of merchandise with the spill of chemical products (3,480 kg of salt in the first one, 10,580 kg of sodium hypochlorite in the second and 250 kg of liquid caustic soda in the third).

ENVIRONMENTAL PROCEEDINGS

During the past year, a penalty proceeding of an environmental nature was brought against Ufefys for the accidental spill of a small quantity of hydrocarbons into the public watercourse, which entailed a penalty of EUR 10,000 for a less severe infringement.

With regard to litigation involving the Group, the following has occurred:

- Supreme Court resolution, dated 11 June 2012, rejecting the appeals filed by Marina Badalona, S.A. against the ruling of the Barcelona Provincial Appellate Court absolving Ercros, S.A. from a claim for damages deriving from the contamination of land in an amount of EUR 25.44 million.
- Imposition of a fine of EUR 20,000 deriving from a sanction proceeding, brought in May 2011 against the Aranjuez facility for the alleged breach of some of the conditions established in its Integrated Environmental Authorisation.

- Dismissal of the proceedings for an alleged ecological offence for traces of mercury in the cooling collectors of the Flix factory, dated 2004.
- Rejection of the appeal filed in 2010 by the environmental group Oceana Foundation against the concession of the Integrated Environmental Authorisation to the Palos factor for the use of mercury technology for the production of chlorine. A verdict is pending for an appeal filed in 2009 by the same environmental group and on the same grounds, regarding the Flix and Vila-seca I facilities.
- Imposition of a fine of EUR 5,000 for a minor infraction of the Vila-seca II facility for an alleged breach of the information obligations on given dangerous substances, deriving from a penalty proceeding brought in 2011.

RELEVANT LEGAL REQUIREMENTS IN RELATION TO THE ENVIRONMENT

LAW ON GREENHOUSE GAS EMISSIONS TRADING

Ercros submitted the requests for the assignment of free greenhouse gas emission rights for the period 2013-2020, although the resolution of the European Commission is not yet known.

In July 2012 the Regulation was published with the guidelines for the monitoring and notification of greenhouse gas emissions. As a result thereof, in September and October the Ercros facilities affected submitted their respective monitoring plans and they have already been approved.

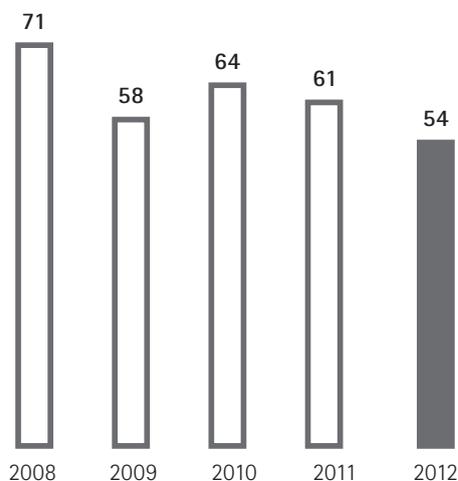
Lastly, in December the Royal Decree was published that develops the obligations for information on the installations included in the emissions trading rights regime.

ENVIRONMENTAL LIABILITY LAW

In 2012, the Ministerial Order was approved that establishes the schedule for the establishment of an obligatory financial guarantee on the installations affected by the Environmental Liability Law. The majority of the Ercros installations are included in the priority 1 level, whereby in 2013 the period for the establishment of the obligatory financial guarantee for them will be known.

EVOLUTION OF EMISSION INDEX ¹

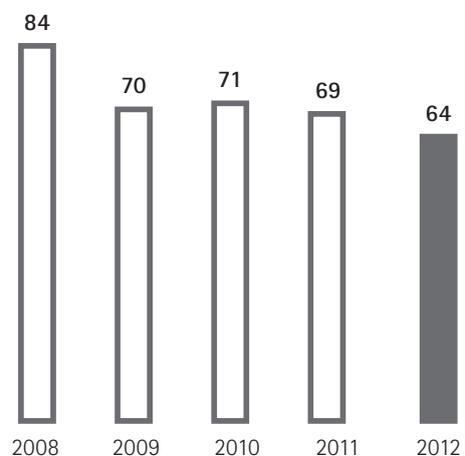
Base 100= 2007



¹ In the calculation of this index in terms of absolute emissions have been included the emissions of the co-generation plants of the Group.

EVOLUTION OF EMISSIONS OF GREENHOUSE GASSES ¹

Base 100= 2007



¹ In the calculation of this index in terms of absolute emissions of greenhouse gasses have been included the emissions corresponding to the co-generation plants of the Group.

DIRECTIVE ON INDUSTRIAL EMISSIONS (DIE)

The amendment of the Law on the integrated prevention and control of pollution (IPPC) and the publication of the Royal Decree on industrial emissions is still pending, and in Spain the Directive that regulates the emissions from industrial activities must be transposed to replace the IPPC Directive.

The new Directive broadens the affected sectors and reduces the pollution emission limits established in the integrated environmental authorisations.

ENERGY EFFICIENCY DIRECTIVE (EED)

In November 2012, the Directive was published on energy efficiency whose purpose is to ensure the reduction, for 2020, of 20% in EU energy consumption and establish rules for eliminating barriers in the energy market. Such Directive will obligate companies to submit to energy audits.

QUALITY

The rate of Ercros claims in 2012 was 0.115, 4% higher than the one obtained the previous year. This rate measures the volume of non-compliant products to the total volume of products shipped by the Company and those of third parties marketed by the Company.

At present, the percentage of satisfactory supplies is 99.88%. Over the past year, all products supplied were satisfactory in the Cardona, Cartagena and Palos factories.

Since 2011, all Ercros production facilities have implemented quality management systems according to ISO 9011:2008 quality certification and in 2012 they passed the corresponding verification and recertification audits required by the aforementioned standard.

The majority of the products of the Pharmaceuticals Division are likewise approved by the Food and Drug Administration (FDA).

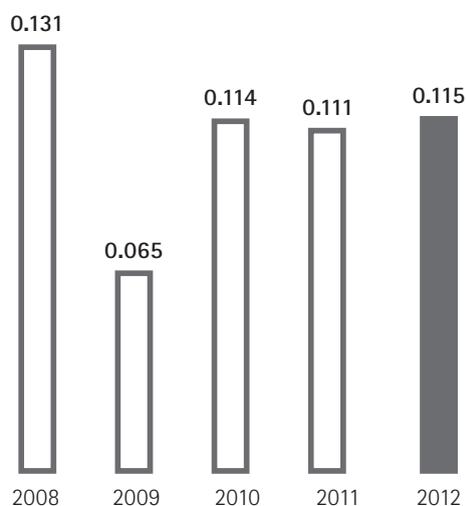
RESPONSIBLE CARE

The degree of compliance by Ercros with all six Responsible Care management codes of practice was 98.9% in 2012, slightly higher than the rate of the previous year. The Responsible Company and Distribution codes were those that experienced a more significant improvement in their degree of compliance.

Ercros is one of the benchmark companies of the chemical sector in the implementation of this programme. In 2012 the Company classified six good practices as exportable, in other words, as a model for application in the rest of the companies of the sector given their innovative and exemplary nature.



EVOLUTION OF COMPLAINTS RATIO ¹



¹ Complaints ratio = Number of non-conforming tons of products multiplied by one hundred and divided by tons sold.

The investments made and expenditure incurred by Ercros during 2012 on innovation and technology amounted to EUR 4.26 million (EUR 4.12 million in 2011).

Throughout the year, two projects of the Intermediate Chemicals Division were audited and deemed as successfully completed, with assistance from the Industrial Technology Development Centre (CDTI), relative to new catalysts for obtaining formaldehyde and new polyols for industrial applications.

Notice was likewise given regarding the grant from the Aid Programme for Competitive Development of the Industrial Activity in Aragon for the project for the development of new products and improvements in processes of the Plastics Division.

The Spanish Ministry of Industry, Energy and Tourism has approved the project presented by Ercros within the scope of the Aid Programme for Competitive Development for Strategic Industrial Sectors.

Research teams from the Autonomous University of Madrid, Autonomous University of Barcelona, University of Barcelona, Sarrià Chemical Institute (IOS), Spanish National Research Council (CSIC), University of the Basque Country, University of Saragossa and Rovira i Virgili University of Tarragona have collaborated with Ercros in research, in addition to other public and private technological centres.

The Innovation and Technology Management has carried out actions to develop new products that make it possible to broaden the Ercros portfolio, such as:

- The development of combined PVC resins and other polymers that attain unique flexibility properties, with very positive results in the most demanding applications. Technology centres and universities of renowned prestige in the field of polymers collaborate with Ercros on this project.
- The industrial production of the PVC-wood composite, starting from a development of its own. The first sales of flooring profiles have been carried out.
- The viability study of new bioplastic materials, made with annual renewable and biodegradable or bio compostable raw materials. The "ErcrosBio" trademark has been registered for the sale thereof.
- The project to increase the productivity of the micro-organisms with which different pharmaceutical active ingredients are elaborated by fermentation, starting from the industrial strains property of the Company.
- The development of a hydrogen sulphide sequestrant resin in fuel oil, pending the surpassing of industrial trials in a refinery.
- The modification of the characteristics of several resins to obtain new features in the shine and other characteristics demanded by the market.
- The development of a line for the manufacture of oxidants and water treatment products with substances containing active oxygen.

With respect to the improvement of the processes for the manufacture and broadening of the applications of several products already in existence, the execution of several projects is worthy of mention, of which the following deserve special attention:

- The start-up of the new brine filtering system of Vila-seca I, in order to reduce energy costs.
- Modifications in the NaDCC facility to enable the production of TCCA in this installation.
- A 23% increase in the production capacity of sodium chlorite, with the development of a new gas utilisation system.
- The diversification of the supply of strategic raw materials, such as potassium chloride for the manufacture of chlorine-potash and phosphate rock for the manufacture of dicalcium phosphate.
- The 50% increase in the production of dipentaerythritol.
- The increase in productivity and the quality in the manufacturing process of moulding compounds.

In 2012, Ercros conducted important actions in the area of social responsibility, the major one being the approval and establishment of the Ethics and Social Responsibility Committee, a new step toward the definition of the scope of corporate social responsibility and an essential element for the implementation in the Company of a system of ethical and socially-responsible management.

This Committee acts as an advisory board, internal and permanent in nature, and is composed of those responsible for Company areas directly involved in social responsibility: Secretariat General, Sustainable Development, Human Resources, Integral Logistics, Administration and Production.

Among its duties, worthy of mention is Management consulting on initiatives relative to social responsibility, the identification of risks regarding such material and the preparation of the Corporate Social Responsibility (CSR) Report.

In 2012 an audit was conducted of the CSR Report corresponding to 2010-2011 by the company Bureau Veritas, which classified such Report as "excellent". With this Report, Ercros has positioned itself as the leading company of the Spanish chemical sector to follow the indicators contained in the Corporate Social Responsibility Guide, prepared by the Business Federation of the Spanish Chemical Industry (Feique) in collaboration with Forética.

Throughout the year the internal regulatory scope continued to be defined relative to social responsibility, with the approval of the Equality and Non-Discrimination Policy, the Conciliation Policy and the procedures on the prevention of sexual and moral harassment and on non-sexist language, among others.

Changes were also made to the Code of Ethical Conduct to include the disciplinary regime to be applied in the event of the breach of the rules of the Code and to enable the Internal Audit Service to act *ex officio* if it learns of any infringement thereof.

The Company commenced a plan for the dissemination of the Code of Ethical Conduct, which includes the observance of its provisions by the workforce and the suppliers of Ercros goods and services, particularly the contractor companies that provide services regularly in the Company installations. Within the same context, internal training courses were performed to disseminate the contents of the Code, with special incidence on everything relative to equal opportunities and non-discrimination.

In 2012, the Company improved its rate of compliance with the Responsible Care Communication Code by three percentage points, the level of which increased from 96% to 99%.

Training is an important part of the Ercros CSR activity. In 2012, 81 courses were run by means of the Tripartite Foundation for Training in Employment (FTFE) attended by 526 employees, with a total of 13,531 course hours, an average of 8.4 hours of training per employee. The credit available for the subsidy of such training actions was EUR 128,537.24.

Within the scope of the Dialogue Improvement Plan, whose objective is to encourage ascending and descending communication in Ercros, 1,253 informative meetings were held, meaning an average attendance of 3.3 meetings per employed person. In 2012 a survey was also conducted to learn the degree of staff satisfaction with respect to the improvements observed on the subject of communication thanks to the implementation of this plan in which 424 persons participated.

Over the past year, the group of Ercros facilities received planned visits to its facilities by 580 people, mostly from the academic community.

Ercros Group Annual Financial Statements

	<i>Page</i>
13.1 Consolidated Statement of Financial Position	34
13.2 Consolidated Statement of Comprehensive Income	36
13.3 Consolidated Statement of Changes in Equity	37
13.4 Consolidated Statement of Cash Flow	38

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December of Ercros, S.A. and subsidiaries

EUR Million

ASSETS	31-12-12	31-12-11
Non-current assets	331.21	334.77
Property, plant and equipment	277.14	279.71
Investment properties	27.95	27.95
Intangible assets	4.53	5.64
Investments in associates	6.12	5.80
Financial assets	12.13	12.29
Deferred tax assets	3.34	3.38
Current assets	273.97	270.79
Inventories	75.88	73.46
Trade and other receivables	151.02	155.80
Other current financial assets	33.51	33.97
Cash and cash equivalents	11.59	7.56
Assets classified as held for sale	1.97	—
Total assets	605.18	605.56

EUR Million

EQUITY AND LIABILITIES	31-12-12	31-12-11
Equity	173.87	187.11
Attributable to owners of the parent	173.87	186.74
Attributable to non-controlling interests	—	0.37
Non-current liabilities	128.81	144.08
Interest-bearing loans and borrowings	56.50	65.06
Deferred tax liabilities	36.25	37.63
Provisions	30.45	35.33
Other non-current liabilities	5.61	6.06
Current liabilities	302.50	274.37
Interest-bearing loans and borrowings	89.36	78.00
Short term of non-current interest-bearing loans and borrowings	11.30	8.64
Trade and other payables	169.86	153.26
Provisions	1.06	2.53
Other current liabilities	30.92	31.94
Total equity and liabilities	605.18	605.56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

At 31 December of Ercros, S.A. and subsidiaries

EUR Million

	31-12-12	31-12-11
CONTINUING OPERATIONS		
Revenue	699.08	700.51
Sale of goods	677.53	686.04
Other operating income	13.02	11.28
Changes in inventories	8.53	3.19
Cost	-683.77	-673.71
Cost of sales	-365.21	-370.32
Employee benefit expense	-86.10	-84.62
Other expenses	-232.46	-218.77
Ebitda	15.31	26.80
Depreciation & amortisation expense	-18.19	-18.01
Ebit	-2.88	8.79
Finance income	0.76	0.34
Finance costs	-11.63	-11.43
Exchange rate differences (net)	-0.51	-
Share of the profit /loss of associates for using the equity method	0.32	1.24
Profit /loss before tax	-13.94	-1.06
Income tax expense	0.94	0.16
Profit /loss for the year from continuing operations	-13.00	-0.90
DISCONTINUED OPERATIONS		
Profit /loss after tax for the year from discontinued operations	-	-
Profit /loss for the year	-13.00	-0.90
Other comprehensive income for the year, net of tax	-0.05	-0.08
Net loss on cash flow hedges	-0.09	-0.14
Income tax effect	0.04	0.06
Total comprehensive income for the year, net of tax	-13.05	-0.98
Attributable to:		
Non-controlling interests	-0.87	-0.09
Owners of the parent	-12.13	-0.81
Other comprehensive income attributable to:		
Non-controlling interests	-	-
Owners of the parent	-0.05	-0.08
Basic and diluted profit /loss per share (EUR)	-0.1204	-0.0080
From continuing operations	-0.1204	-0.0080
From discontinued operations	-	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December of Ercros, S.A. and subsidiaries

EUR Million

	Issued capital	Other reserves	Capital increase expenses	Retained earnings	Non-controlling interests	Total
As 1-01-11	30.19	185.46	-14.98	-12.58	0.46	188.55
Distribution of 2010 profit /loss	—	-12.58	—	12.58	—	—
Comprehensive profit /loss 2011	—	-0.08	—	-0.81	-0.09	-0.98
Transactions with owners of the parent:						
Meeting attendance bonus	—	-0.59	—	—	—	-0.59
Others	—	0.13	—	—	—	0.13
As at 31-12-11	30.19	172.34	-14.98	-0.81	0.37	187.11
Distribution of 2011 profit /loss	—	-0.81	—	0.81	—	—
Comprehensive profit /loss 2012	—	-0.05	—	-12.13	-0.87	-13.05
Transactions with owners of the parent:						
Capital increase	0.26	0.15	-0.68	—	—	-0.27
Meeting attendance bonus	—	-0.60	—	—	—	-0.60
Others	—	0.18	—	—	0.50	0.68
As at 31-12-12	30.45	171.21	-15.66	-12.13	—	173.87

CONSOLIDATED STATEMENT OF CLASH FLOW

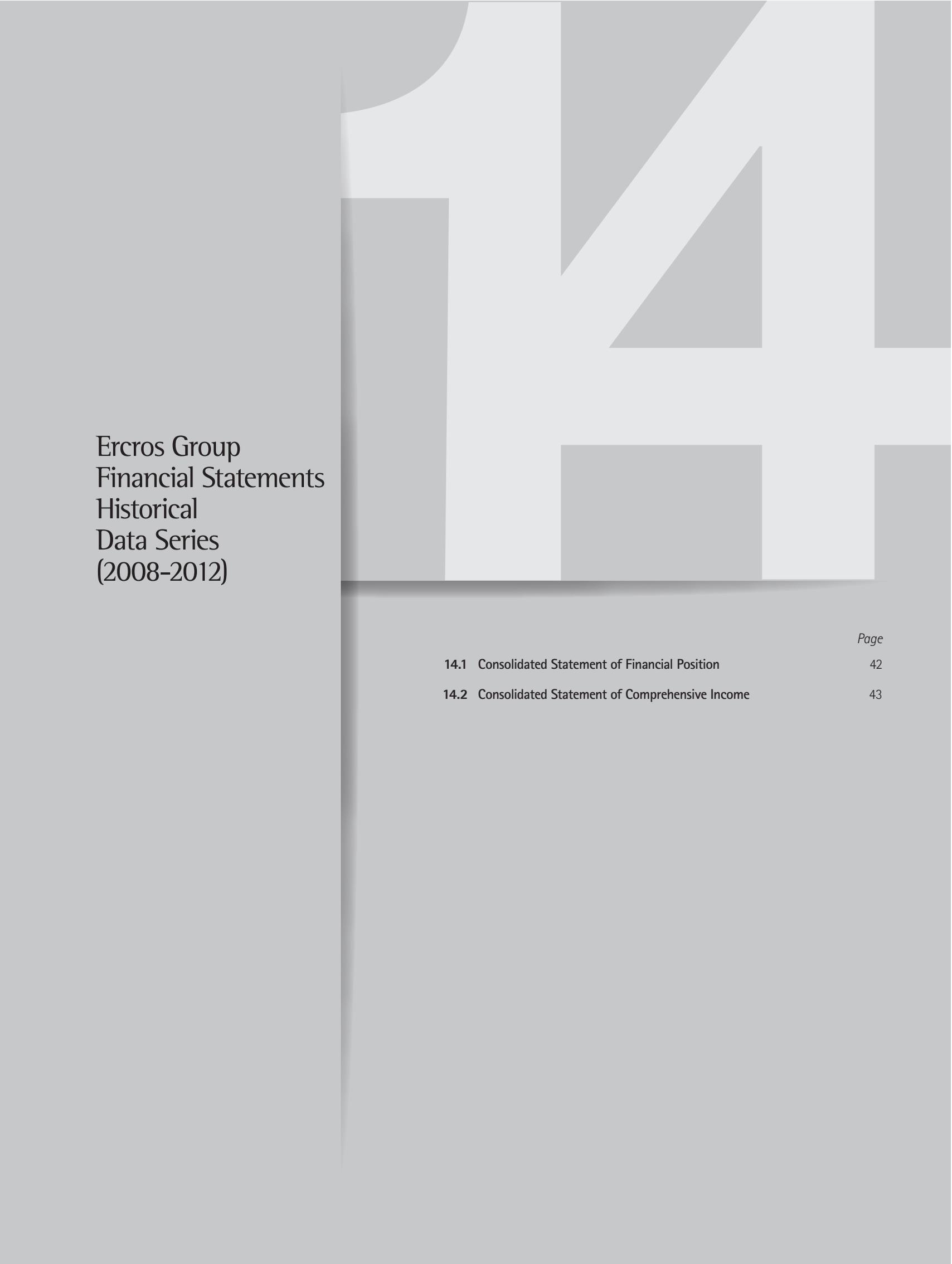
At 31 December of Ercros, S.A. and subsidiaries

EUR Million

	31-12-12	31-12-11
A. Cash flow proceeding from operating activities (+/-1, +/-2, +/-3, +/-4)	19.17	11.52
1. Profit /loss before tax	-13.94	-1.06
Continuing operations	-13.94	-1.06
Discontinued operations	—	—
2. Non cash adjustment to reconcile profit /loss before tax to net cash flows	23.15	19.96
Depreciation of property, plant and equipment (+)	18.19	18.01
Impairment loss (+/-)	3.41	3.20
Changes in provisions (+/-)	-6.35	-1.81
Grants released to income (+/-)	-1.55	-1.45
Gains on disposals of property, plant and equipment (+/-)	-1.66	-6.04
Gains on de-recognition and disposals from discontinued operations (+/-)	—	—
Finance income (-)	-0.76	-0.34
Finance costs (+)	11.63	11.43
Exchange rate differences (+/-)	0.51	—
Other income and expenses (-/+)	-0.27	-3.04
3. Changes in working capital	18.03	0.12
Inventories (+/-)	-3.19	-8.23
Trade and other receivables (+/-)	1.54	0.31
Other current assets (+/-)	0.70	2.53
Trade and other payables (+/-)	18.96	14.28
Other current liabilities (+/-)	0.42	-8.71
Other non-current assets and liabilities (+/-)	-0.40	-0.06
4. Other cash flow from operating activities	-8.07	-7.50
Interest payments (-)	-8.59	-7.61
Interest collections (+)	0.52	0.16
Income tax payments (+/-)	—	-0.16
Other payments (+/-)	—	0.11
B. Cash flow from investment activities (6-5)	-15.10	-1.31
5. Payments for investment activities (-)	-16.16	-8.05
Purchase of intangible fixed assets	-0.28	0.23
Purchase of property, plant and equipment	-15.78	-8.12
Investments in associates	—	—
Purchase of other financial assets	-0.10	-0.16
6. Proceeds from divestitures (+)	1.06	6.74
Sale of intangible fixed assets	1.06	4.92
Sale of property, plant and equipment	—	1.82
Sale of other financial assets	—	—
Proceeds from discontinued operations	—	—

EUR Million

	31-12-12	31-12-11
C. Cash flow from financing activities (+/-7, +/-8, -9)	-0.04	-36.75
7. Proceeds from equity instruments	-0.27	—
Issuing equity instruments	-0.27	—
8. Cash flow from financial instruments	0.83	-36.16
Proceeds from:	13.37	86.71
Interest-bearing loans and borrowings (+)	13.37	65.72
Government grants (+)	—	3.31
Other borrowings (+)	—	17.68
Payment of borrowings:	-12.54	-122.87
Bonds and other similar securities (-)	—	-71.30
Credit institutions (-)	-12.54	-36.86
Other debts (-)	—	-14.71
9. Payments to owners of the parent	-0.60	-0.59
Meeting attendance bonus	-0.60	-0.59
D. Net increase /decrease in cash and cash equivalents	4.03	-26.54
Cash and cash equivalents at 1 January	7.56	34.10
Cash and cash equivalents at 31 December	11.59	7.56



Ercros Group
Financial Statements
Historical
Data Series
(2008-2012)

	<i>Page</i>
14.1 Consolidated Statement of Financial Position	42
14.2 Consolidated Statement of Comprehensive Income	43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December of Ercros, S.A. and subsidiaries

EUR Million

ASSETS	31-12-12	31-12-11	31-12-10	31-12-09	31-12-08
Non-current assets	331.21	334.77	347.47	357.39	341.18
Property, plant and equipment	277.14	279.71	297.06	307.04	306.89
Other non-current assets	54.07	55.06	50.41	50.35	34.29
Current assets	273.97	270.79	275.54	279.14	365.85
Inventories	75.88	73.46	67.59	73.98	112.99
Trade receivables	151.02	155.80	156.80	141.53	215.34
Other current assets and cash	45.10	41.53	51.15	53.90	37.52
Assets classified as held for sale	1.97	–	–	9.73	–
Total assets	605.18	605.56	623.01	636.53	707.03

EUR Million

EQUITY AND LIABILITIES	31-12-12	31-12-11	31-12-10	31-12-09	31-12-08
Equity	173.87	187.11	188.55	201.81	257.20
Attributable to owners of the parent	173.87	186.74	188.09	201.55	255.92
Attributable to non-controlling interests	–	0.37	0.46	0.26	1.28
Non-current liabilities	128.81	144.08	134.02	229.73	173.90
Interest-bearing loans and borrowings	56.50	65.06	50.56	126.73	84.19
Provisions	30.45	35.33	42.53	63.39	50.44
Deferred tax liabilities and other non-current liabilities	41.86	43.69	40.93	39.61	39.27
Current liabilities	302.50	274.37	300.44	204.99	275.93
Interest-bearing loans and borrowings	100.66	86.64	120.09	45.56	87.29
Trade payables	169.86	153.26	139.45	130.68	130.82
Provisions and other current liabilities	31.98	34.47	40.90	26.58	57.82
Liabilities directly associated with assets classified as held for sale	–	–	–	2.17	–
Total equity and liabilities	605.18	605.56	623.01	636.53	707.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

At 31 December of Ercros, S.A. and subsidiaries

EUR Million

ITEMS	31-12-12	31-12-11	31-12-10	31-12-09	31-12-08
Revenue	699.08	700.51	608.77	612.54	889.98
Sale of goods	677.53	686.04	609.28	569.81	866.49
Other income and changes in inventories	21.55	14.47	-0.51	42.73	23.49
Expenses	-683.77	-673.71	-598.10	-642.32	-846.39
Cost of sales	-365.21	-370.32	-299.75	-294.22	-499.33
Employee benefit expense	-86.10	-84.62	-88.70	-106.19	-109.14
Other expenses	-232.46	-218.77	-209.65	-241.91	-237.92
Ebitda	15.31	26.80	10.56	-29.78	43.59
Ebitda from ordinary activities	14.51	21.80	9.25	-31.32	42.34
Non-recurring ebitda	0.80	5.00	1.31	1.54	1.25
Depreciation & amortisation expense	-18.19	-18.01	-19.30	-16.85	-39.73
Impairment of assets	—	—	—	—	-198.29
Ebit	-2.88	8.79	-8.74	-46.63	-194.43
Net finance costs	-11.06	-9.85	-5.19	-3.25	-7.95
Profit /loss before tax	-13.94	-1.06	-13.93	-49.88	-202.38
Profit /loss for the year from discontinued operations	—	—	1.61	1.17	—
Income tax and non-controlling interest	1.81	0.25	-0.26	-0.77	-1.01
Profit /loss for the year attributable to owners of the parent	-13.94	-1.06	-13.93	-49.88	-202.38

DIRECTORY

CORPORATION

Headquarter

Avda. Diagonal, 595
08014 Barcelona - Spain
Tel.: (+34) 934 393 009
Fax: (+34) 934 308 073
E-mail: ercros@ercros.es

Shareholders office

Avda. Diagonal, 595
08014 Barcelona - Spain
Tel.: (+34) 934 393 009
Fax: (+34) 934 308 073
E-mail: accionistas@ercros.es

BASIC CHEMICALS DIVISION

Headquarter

Avda. Diagonal, 595
08014 Barcelona - Spain
Tel.: (+34) 934 393 009
Fax: (+34) 934 308 073
E-mail: quimicabasica@ercros.es

Customer Attention Center (CAC)

East Zone:

Tel.: (+34) 902 518 200/300
and 934 446 682

West Zone:

Tel.: (+34) 902 518 300/400
Fax: (+34) 934 874 058

Export:

Tel.: (+34) 934 445 337/43 y 934 446 675
Fax: (+34) 934 873 445
E-mail: cac@ercros.es

Offices

France:

Tel.: +33 140 267 480
E-mail: ercrosfrance@ercros.fr

Water Treatment

Headquarter

Avda. Diagonal, 595
08014 Barcelona - Spain
Tel.: (+34) 934 532 179
Fax: (+34) 934 537 350
E-mail: tratamientoaguas@ercros.es

Customer Attention Center (CAC)

Tel.: (+34) 934 532 179
Fax: (+34) 934 537 350
E-mail: cac@ercros.es

Animal Feed

Headquarter

Avda. Diagonal, 595
08014 Barcelona - Spain
Tel.: (+34) 934 393 009
Fax: (+34) 934 308 073
E-mail: alimentacionanimal@ercros.es

Customer Attention Center (CAC)

Tel.: (+34) 902 518 100 y 934 446 683
Fax: (+34) 934 874 058 y 934 873 445
E-mail: cac@ercros.es

Production facilities

Cardona factory

C/ Los Escoriales, s/n
08261 Cardona (Barcelona) - Spain
Tel.: (+34) 938 691 125
Fax: (+34) 938 691 297
E-mail: cardona@ercros.es

Cartagena factory

C/ Los Parales, s/n
Valle de Escombreras
30350 Cartagena (Murcia) - Spain
Tel.: (+34) 968 333 400
Fax: (+34) 968 333 408
E-mail: cartagena@ercros.es

Flix factory

C/ Afores, s/n
43750 Flix (Tarragona) - Spain
Tel.: (+34) 977 410 125
Fax: (+34) 977 410 537
E-mail: flix@ercros.es

Palos de la Frontera factory

Apartado de correos, 284
21810 Huelva - Spain
Tel.: (+34) 959 369 200
Fax: (+34) 959 369 193
E-mail: palos@ercros.es

Sabiñánigo factory

C/ Serrablo, 102
22600 Sabiñánigo (Huesca) - Spain
Tel.: (+34) 974 498 000
Fax: (+34) 974 498 006
E-mail: sabinanigo@ercros.es

Tarragona Industrial Complex**Tarragona factory**

Apartado de correos, 450
43080 Tarragona - Spain
Tel.: (+34) 977 548 011
Fax: (+34) 977 547 300
E-mail: complejotarragona@ercros.es

Vila-seca I factory

Autovía Tarragona-Salou C-31 B, Km. 6
43480 Vila-seca (Tarragona) - Spain
Tel.: (+34) 977 370 354
Fax: (+34) 977 370 407
E-mail: complejotarragona@ercros.es

INTERMEDIATE CHEMICALS DIVISION**Headquarter**

Avda. Diagonal, 595
08014 Barcelona - Spain
Tel.: (+34) 934 393 009
Fax: (+34) 934 321 460
E-mail: quimicaintermedia@ercros.es

Customer Attention Center (CAC)

Tel.: (+34) 933 069 320/19/25
and 934 445 336
Fax: (+34) 932 472 052
E-mail: cac@ercros.es

Office**China:**

Tel.: +85 231 494 521
E-mail: ercros@netvigator.com

Innovation and Technology**Department**

Polígono Industrial Baix Ebre, Calle A
43897 Tortosa (Tarragona) - Spain
Tel.: (+34) 977 597 207
Fax: (+34) 977 597 095
E-mail: quimicaintermediait@ercros.es

Production facilities**Almussafes factory**

Polígono Industrial Norte
Ctra. C-3320, Km. 41,200
46440 Almussafes (Valencia) - Spain
Tel.: (+34) 961 782 250
Fax: (+34) 961 784 055
E-mail: almussafes@ercros.es

Cerdanyola acftory

C/ Santa Anna, 105
08290 Cerdanyola del Vallès
(Barcelona) - Spain
Tel.: (+34) 935 803 353
Fax: (+34) 935 805 409
E-mail: cerdanyola@ercros.es

Tortosa factory

Polígono Industrial Baix Ebre, Calle A
43897 Tortosa (Tarragona) - Spain
Tel.: (+34) 977 454 022
Fax: (+34) 977 597 101
E-mail: tortosa@ercros.es

PLASTICS DIVISION**Headquarter**

Avda. Diagonal, 595
08014 Barcelona - Spain
Tel.: (+34) 933 230 554
Fax: (+34) 933 237 921
E-mail: plasticos@ercros.es

Customer Attention Center (CAC)

Tel.: (+34) 933 231 104/839
Fax: (+34) 934 517 802
E-mail: cac@ercros.es

Production facilities**Tarragona Industrial Complex****Vila-seca II factory**

Ctra. de la Pineda, Km. 1
43480 Vila-seca (Tarragona) - Spain
Tel.: (+34) 977 390 611
Fax: (+34) 977 390 162
E-mail: complejotarragona@ercros.es

Monzón factory

Ctra. Nacional 240, Km. 147
22400 Monzón (Huesca) - Spain
Tel.: (+34) 974 400 850
Fax: (+34) 974 401 708
E-mail: monzon@ercros.es

PHARMACEUTICALS DIVISION**Headquarter and Aranjuez factory**

Paseo del Deleite, s/n
28300 Aranjuez (Madrid) - Spain
Tel.: (+34) 918 090 340
Fax: (+34) 918 911 092
E-mail: aranjuez@ercros.es

Commercial Department

Tel.: (+34) 918 090 344
Fax: (+34) 918 923 560
E-mail: farmaciacomercial@ercros.es

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For further information:
Ercros General Secretariat
Avda. Diagonal, 595, 2ª planta
08014 Barcelona - Spain
Tel.: +34 934 393 009
Fax: +34 934 308 073
E-mail: accionistas@ercros.es
www.ercros.es