LANXESS FINANCE B.V.

Amsterdam

ANNUAL FINANCIAL STATEMENTS
December 31, 2011

Contents

1. Directors' report

General information

The Board of Directors of LANXESS Finance B.V. (the "Company") herewith presents the annual report and the financial statements of the Company for the period ended December 31, 2011. The Company was incorporated on June 6, 2005, by LANXESS Deutschland GmbH, Germany (the "parent company"). Unchanged from the previous year, the Company continued to be a wholly owned subsidiary of LANXESS Deutschland GmbH. The Company is registered at the Chamber of Commerce in Amsterdam under number 9151956. The report was prepared in euros (€) and all amounts are in thousand euros (€ in thousands) except where otherwise stated.

Principal activities and business review

During the reporting period, the Company acted as Group financing company for LANXESS AG and its direct and indirect subsidiaries ("the LANXESS Group"). For this purpose the Company issued the following bonds:

Year	Nominal value € in thousands	ISIN number	Maturity	Interest rate in %
2005	500,000	XS0222550880	June 21, 2012	4.125
Repurchased in 2009	-98,395	XS0222550880	June 21, 2012	4.125
2009	500,000	XS0423036663	April 9, 2014	7.750
2009	200,000	XS0452802175	September 21, 2016	5.500
2011	500,000	XS0629645531	May 23, 2018	4.125
	1,601,605			

All the bonds are listed on the Luxembourg Stock Exchange and are unconditionally and irrevocably guaranteed by LANXESS AG.

On September 15, 2011, the company entered into an agreement with KfW IPEX-Bank GmbH regarding a credit facility of €120,000,000.00, repayable in 10 instalments starting on September 30, 2013, and ending on September 19, 2018. This credit facility is fully drawn on October 28, 2011. The loan is unconditionally and irrevocably guaranteed by LANXESS AG.

Financing and investment

The proceeds of the above-mentioned bonds and the loan have been made available to LANXESS Group companies in the form of loans.

Profit

During the period under review, the Company recorded a profit of € 949,376.85 (December 31, 2010 = € 1,172,512.09).

Future developments

The Company will continue its activities as a financing company for the LANXESS Group. Based on its stable business situation, no major developments are currently predicted for the Company.

The agency-Business within LANXESS Finance B.V. including the remaining four employees, will be transferred to the LANXESS Elastomers B.V. .

Auditors

PricewaterhouseCoopers Accountants N.V. has been appointed as the auditor of the financial statements for 2011.

Board of Directors

The following have been appointed as members of the Board of Directors:
Mr. C.A. Koch,

Mr. P. Nederstigt and

Deutsche International Trust Company N.V. .

Risk management and use of financial instruments

The risk profile of the Company did not materially change compared to the end of 2010.

As the proceeds of the bonds have been used to grant loans to LANXESS Group companies, the ability of the Company to meet the financial obligations arising therefrom depends upon the payment of the principal and interest due by the LANXESS Group companies concerned. Therefore the liquidity risk is limited to the equity of the Company.

The Company manages its risks in line with the procedures and systems used by the LANXESS Group and deemed by the Board of Directors to be adequate for this purpose. At the present time the Board of Directors cannot identify any sufficiently likely risk that would jeopardize the continued existence of the Company.

Group structure

LANXESS Deutschland GmbH is the sole shareholder of the Company. LANXESS AG is the sole shareholder of LANXESS Deutschland GmbH.

Subsequent events

The company has successfully issued on February 16, 2012 a Chinese offshore Renminbi (CNH) denominated bond. The bond has a volume of RMB 500 million (roughly EUR 60 million) and a three-year term. The coupon of the bond is 3.95 percent per year. The bond was placed with institutional investors in Asia and Europe. The proceeds of the bonds have been made available to LANXESS Group companies in the form of loans

No other events occurred after December 31, 2011, that are required to be included in these financial statements.

Amsterdam, March 16, 2012

The Managing Directors:

Mr. C.A. Koch   Mr. Pieter Nederstigt   Deutsche International Trust Company N.V.

Declaration pursuant to Art. 3 (2) (c) Transparency Law concerning the financial statements

We, Mr. C. A. Koch, Mr. P. Nederstigt, Managing Director of LANXESS Finance B.V. (hereinafter the "Issuer") and Mr. E. Rijkenberg and Mr. R. Ton representing Deutsche International Trust Company N.V., Managing Director of the Issuer, hereby declare, that, to the best of our knowledge, the financial statements for 2011, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer and that the interim directors' report includes a fair review of the development and performance of the business and the position of the Issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Mr. C.A. Koch   Mr. P. Nederstigt   Deutsche International Trust Company N.V.

2. Financial statements

2.1 Statement of financial position as of Dec. 31, 2011 (after appropriation of the profit)

Assets	Notes	Dec. 31, 2011	Dec. 31, 2010
		€ in thousands	€ in thousands
Non-current assets			
Financial assets	(2.4.5.1)		
Loans to Group companies		1,309,532	1,095,137
Deferred income tax assets		381	296
		1,309,913	**1,095,433**
Current assets			
Receivables	(2.4.5.2)		
Interest receivable from Group companies		55,957	42,439
Loans to Group companies		401,605	0
Other receivables		359	320
		457,921	**42,759**
Cash and cash equivalents	(2.4.5.3)		
Cash and cash equivalents		8,348	5,709
		8,348	**5,709**
Total assets		**1,776,182**	**1,143,901**

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Equity and Liabilities	Notes	Dec. 31, 2011	Dec. 31, 2010
		€ in thousands	€ in thousands
Shareholders' equity	(2.4.5.4)		
Capital stock		2,000	2,000
Retained earnings		6,527	5,826
		8,527	**7,826**
Provisions	(2.4.5.5)		
Pension plan		833	461
		833	**461**
Non-current liabilities	(2.4.5.6)		
Liabilities to Bank		120,000	0
Bonds		1,192,119	1,095,487
		1,312,119	**1,095,487**
Current liabilities and accruals	(2.4.5.7)		
Accounts payable		12	1
Bonds		401,423	0
Accrued interest		53,174	40,043
Other debts and accruals		94	83
		454,703	**40,127**
Total equity and liabilities		**1,776,182**	**1,143,901**

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2.2 Income statement for the period ended Dec. 31, 2011

		ending Dec. 31, 2011	ending Dec. 31, 2010
		€ in thousands	**€ in thousands**
Financial income and expenses			
Interest income		84,163	70,272
Interest expenses		-81,835	-67,981
Net financial income	**(2.4.5.8)**	**2,328**	**2,291**
Operating income			
Commission income		1,275	1,488
Other income		229	0
Operating expenses			
Wages and salaries		-444	-394
Other expenses		-2,044	-1,790
Operating result	**(2.4.5.9)**	**-984**	**-696**
Income before income taxes		**1,344**	**1,595**
Income taxes	**(2.4.5.10)**	-395	-422
Net income		**949**	**1,173**

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2.3 Statement of cash flows

	2011		2010	
	€ in thousands		€ in thousands	
Cash flows from operating activities				
Operating result (2.4.5.9)		-984		-696
Adjustments for:				
Changes in provisions (2.4.5.5)		37		-94
Changes in working capital:				
Receivables (2.4.5.2)	137		-112	
Current liabilities (exclusive of bank overdrafts) (2.4.5.7)	-80		-16	
		57		-128
Cash generated from operating activities		-890		-918
Interest received	70,646		70,171	
Interest paid	-66,649		-66,317	
		3,997		3,854
		3.107		2,936
Income tax expense		-468		-1655
Net cash generated from operating activities		2.639		1.281
Cash flows from investing activities				
Loans to Group companies (2.4.5.2)	-616,000		0	
Net cash used in investing activities		-616,000		0
Cash flows from financing activities				
Proceeds from borrowings	320,000		0	
Issuance of bonds	496,000		0	
Repayments of loans	-200,000		0	
		616,000	0	0
Net increase in cash and cash equivalents		**2,639**		**1,281**

Changes in cash und cash equivalents were as follows:

	2011	2010
	€ in thousands	€ in thousands
As of January 1	5,709	4,428
Change in cash and cash equivalents (2.4.5.3)	2,639	1,281
As of December 31	**8,348**	**5,709**

2.4 Notes to the financial statements

2.4.1 General information

The Company

The Company was established on June 6, 2005, and is a wholly owned subsidiary of LANXESS Deutschland GmbH, Leverkusen, Germany. The ultimate parent company is LANXESS AG, Leverkusen, Germany. The Company's financial data are included in the consolidated financial statements of the LANXESS Group, copies of which are available from LANXESS AG, Leverkusen, Germany.

Activities

The object of the Company is to participate in, to finance, or otherwise to take an interest in, or to conduct, the management of other companies or enterprises.

Changes in accounting policies

The Company changed, to improve the understanding of the financial statements, the format of the profit and loss accounts from Model E of the Decree 'Template for financial statements' to Model L.

Notes to the statement of cash flows

The statement of cash flows has been prepared using the indirect method. The cash items disclosed in the statement of cash flows are comprised of cash and cash equivalents. Interest paid and received, and income taxes are included in cash flows from operating activities. Transactions not resulting in cash inflows or outflows are not recognized in the statement of cash flows.

Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

2.4.2 Accounting policies for the statement of financial position

General

The annual financial statements of the Company have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or at fair value. Except where otherwise stated, they are recognized at the amounts at which they were acquired or incurred. The statement of financial position and the income statement include references to the notes.

Comparison with prior year

The accounting policies have been consistently applied to all the years presented, with the exception of the change in accounting policies set out in the note above.

Translation of foreign currencies

Assets and liabilities in foreign currencies are translated into € at the year-end exchange rates. Transactions denominated in foreign currency have been translated at the exchange rates prevailing at the respective transaction dates. The resulting translation differences are charged to the income statement. The translation differences arising on financial assets are charged to retained earnings.

Financial assets - Loans to Group companies

Receivables disclosed under financial assets are initially stated at the fair value of the amount owed, which is normally equal to its face value, net of any provisions considered necessary. Subsequently they are measured at amortized cost using the effective interest method, net of any provisions/write downs considered necessary.

Impairment of non-current assets

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Fair value less costs to sell is determined based on the active market. For the purposes of determining value in use, cash flows are discounted. An impairment loss is directly expensed in the income statement.

If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a receivable is uncollectible, it is written off against the allowance account for receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

Provisions – General information

Provisions are recognized for legally enforceable or constructive obligations existing at the closing date, the settlement of which is likely to require a cash outflow that can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the closing date. Except where otherwise indicated, provisions are stated at the present value of the expenses expected to be required to settle the obligations.

Employees

On December 29, 2006, nine employees were transferred from LANXESS B.V. to LANXESS Finance B.V. including all rights and duties (a.o. pension liabilities and lease commitments). Four employees remained on the payroll of LANXESS Finance B.V. as of December 31, 2011.

Pension benefits

The pension provisions recognized in the statement of financial position are based on the net present value of the pension benefit obligations under the defined benefit plan and the corresponding fair value of the plan assets at the closing date. The amount of the necessary pension provision is measured annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is calculated by discounting estimated future cash flows using a rate of interest applicable to high-quality corporate bonds with a term roughly equal to the term of the related pension obligations and taking into account expected future salary and benefit increases.

Service cost and past service cost are recognized in the operating result. The net value of the interest cost for the defined benefit obligation and the expected return on plan assets is recognized in the financial result. All actuarial gains and losses are recognized in equity in the period in which they occur.

The company's pension calculation is determined using the Projected Unit Credit method, as used in IAS 19 and FAS 87/158.

Bonds and Bank Loan

Borrowings are initially recognized at fair value, net of transaction costs incurred. Subsequently they are stated at amortized cost, which is the amount received, taking account of any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest in the income statement over the period of the borrowings using the effective interest method.

Operational leases

Lease contracts for which a large part of the risks and rewards incidental to ownership of the assets do not accrue to the Company, are recognized as operational leases. Obligations under operational leases are recognized on a straight-line basis in the income statement over the term of the contract, taking into account reimbursements received from the lessor.

Deferred income tax assets and liabilities

Deferred taxes are calculated for temporary differences between the carrying amounts of assets or liabilities in the statement of financial position and its tax base or for realizable tax loss carryforwards. Deferred taxes are calculated at the rates which – on the basis of the statutory regulations in force, or already enacted in relation to future periods, as of the closing date – are expected to apply at the time of realization. The carrying amount of deferred tax assets is reviewed at each closing date, and only the amount likely to be realizable due to future taxable income is recognized. Deferred tax assets from tax loss carryforwards are recognized if it is probable that the tax loss carryforwards can be utilized.

2.4.3 Accounting policies for the income statement

General

Income represents the difference between the value of the consideration rendered and the costs and other charges for the reporting period. The results of transactions are recognized in the period in which they are realized.

Costs are recognized using the historical cost convention and are allocated to the reporting period to which they relate.

Interest income and expense

Interest income and expense are allocated to the period to which they relate, taking into account the effective interest rate for the respective assets and liabilities. When recognizing interest paid, allowance is made for the transaction costs for loans received.

Operating expenses

Wages and salaries are the direct expenses for sales activities. The other expenses include general and administrative expenses.

Employee compensation

Regular payments

Salaries, wages and social security costs are charged to the income statement when due and in accordance with employment contracts and obligations.

Pensions

LANXESS Finance B.V. operates a defined benefit pension plan that provides pension benefits to employees when they reach retirement age. The benefits depend on age, salary and years of service.

Taxation

Income tax is calculated on the profit/loss before taxation reported in the income statement, taking into account any losses carried forward from previous financial years (insofar as these are not included in deferred tax assets), tax-exempt items and non-deductible expenses, and using current rates. Account is also taken of changes in deferred tax assets and deferred tax liabilities owing to changes in the applicable tax rates.

2.4.4. Other information

2.4.4.1 Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be related parties, as are entities that can control the Company. Statutory directors, other key management personnel of LANXESS Finance B.V. or of the ultimate parent company and their close relatives are also regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they do not take place under normal market conditions. The nature and extent of such transactions and other information thereon is disclosed if this is necessary to provide a true and fair view.

2.4.4.2 Financial instruments and risk management

The risk profile of the Company did not materially change compared to the end of 2010.

As the proceeds of the bonds have been used to grant loans to LANXESS Group companies, the ability of the Company to meet the financial obligations arising therefrom depends upon the payment of the principal and interest due by the LANXESS Group companies concerned.

The Company manages its risks in line with the procedures and systems used by the LANXESS Group and deemed by the Board of Directors to be adequate for this purpose.

2.4.5 Notes to financial position and financial income

2.4.5.1 Financial assets

Changes in financial assets were as follows:

	Loans to Group companies	Deferred income taxes	Total
	€ in thousands	€ in thousands	€ in thousands
December 31, 2010	**1,095,137**	**296**	**1,095,433**
Additions	**616,000**	**85**	**616,085**
Term reclassification	**-401,605**	**0**	**-401,605**
December 31, 2011	**1,309,532**	**381**	**1,309,913**

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Loans outstanding at the closing date:

	Maturity	Dec. 31, 2011	Dec. 31, 2010
		€ in thousands	€ in Thousands
LANXESS AG	April 9, 2014	495,280	495,280
LANXESS AG	May 23, 2018	496,000	0
LANXESS AG	September 30, 2018	120,000	0
LANXESS Deutschland GmbH	June 21, 2012	0	401,605
LANXESS Deutschland GmbH	September 21, 2016	198,252	198,252
		1,309,532	**1,095,137**

Repayment has been agreed at maturity date.

Deferred income taxes fall due in more than one year. The fair value of the deferred income taxes approximates the book value.

2.4.5.2 Receivables

All receivables fall due in less than one year. The fair value of the receivables approximates the book value.

Loans to Group companies

Current loans outstanding at the closing date:

	Maturity	Dec. 31, 2011	Dec. 31, 2010
		€ in thousands	€ in thousands
LANXESS Deutschland GmbH	June 21, 2012	401,605	0
		401,605	0

Interest receivable

Interest receivable pertains to Group companies.

Other receivables

Other receivables also include income taxes amounting to € 177.000 (2010: € 104.000)

2.4.5.3 Cash and cash equivalents

Cash and cash equivalents represent the balance on current account with the parent company.

Cash and cash equivalents are all at the Company's free disposal.

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2.4.5.4 Shareholders' equity

The authorised share capital of Lanxess Finance B.V. amounts to € 10 million ordinary shares. Of these, € 2 million ordinary shares have been issued.

	Dec. 31, 2011	Dec. 31, 2010
	€ in thousands	€ in thousands
Authorized: 100,000 shares of €100 each	10,000	10,000
Issued and fully paid: 20,000 shares of €100 each	2,000	2,000

The issued shares are registered in the name of LANXESS Deutschland GmbH.

Retained earnings

	Dec. 31, 2011	Dec. 31, 2010
	€ in thousands	€ in thousands
Balance as of January 1	**5,826**	**4,756**
Profit for the year	949	1,173
Actuarial gains/losses from pension plan	-248	-103
Balance as of December 31	**6,527**	**5,826**

2.4.5.5 Pensions

Changes in provisions for defined benefits were as follows:

	Dec. 31, 2011	Dec. 31, 2010
	€ in thousands	€ in thousands
Balance as of January 1	461	418
Pension cost for defined benefit plans	107	89
Pension contributions paid/accrued	-69	-184
Actuarial gains/losses	334	138
Balance as of December 31	**833**	**461**

The amounts recognized in the statement of financial position as at December 31, were as follows:

	Dec. 31, 2011	Dec. 31, 2010
	€ in thousands	€ in thousands
Present value of funded obligations	4,121	3,755
Fair value of plan assets	-3,288	-3,294
Present value of unfunded obligations - Net liability	**833**	**461**

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The amounts recognized in the income statement were as follows:

	Dec. 31, 2011 € in thousands	Dec. 31, 2010 € in thousands
Current service cost	60	51
Interest on obligation	196	181
Expected return on plan assets	-149	-143
Total pension cost	**107**	**89**

The principal actuarial assumptions are as follows:

	Dec. 31, 2011 in %	Dec. 31, 2010 in %
Discount rate	4,50	5,25
Expected return on plan assets	4,50	4,50
Future salary increases	2,50	2,50
Future pension indexation	2,00	2,00

2.4.5.6 Non-current liabilities

Liabilities to banks

The Company has one fix rate loan contracted, repayable in 10 instalments starting on September 30, 2013, and ending on September 19, 2018. The loan is unconditionally and irrevocably guaranteed by LANXESS AG.

Bonds

All bonds are guaranteed by LANXESS AG.

	Interest		Dec. 31, 2011	Dec. 31, 2010
	nom. in %	effective in %	€ in thousands	€ in thousands
€ 500,000,000 Notes issued on June 21, 2005; Notes due in 2012	4.125	4.220	0	401,045
€ 500,000,000 Notes issued on April 9, 2009; Notes due in 2014	7.750	8.030	467,165	496,063
€ 200,000.000 Notes issued on September 21, 2009; notes due in 2016	5.500	5.670	198,627	198,379
€ 500,000,000 Notes issued on May 23, 2011; Notes due in 2018	4.125	4.255	496,327	0
			1,192,119	**1,095,487**

The market values of the bonds per December 31, 2011 is € 1,294 million.

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2.4.5.7 Current liabilities and accruals

Bond

The short-term bond is guaranteed by LANXESS AG.

	Interest		Dec. 31, 2011	Dec. 31, 2010
	nom. in %	effective in %	€ in thousands	€ in thousands
€ 500,000,000 Notes issued on June 21, 2005; Notes due in 2012	4.125	4.220	401,423	0
			401,423	0

The market values of the bond per December 31, 2011 is € 406 million

All current liabilities fall due in less than one year.

Other debts and accruals

Other debts and accruals also include accounts payables.

Operational leases

The obligations from operational leases amounted to € 125,000 (2010: €128,000) at the closing date and have following maturities:

	Dec. 31, 2011	Dec. 31, 2010
	€ in thousands	€ in thousands
Less than one year	68	64
1 to 5 years	57	64
More than 5 years	0	0
	125	128

During the reporting period € 74,865 (2010: € 67,821) is included in the income statement with respect to leases.

2.4.5.8 Net financial income

	2011	2010
	€ in thousands	€ in thousands
Interest income		
Net interest others	5	0
Net interest from Group companies	84,158	70,272
Total interest income	**84,163**	**70,272**
Interest expense		
Interest expense for bonds and loans	-81,788	-67,969
Other interest expense	-47	-12
Total interest expense	**81,835**	**-67,981**
Interest income/expense – net	**2,328**	**2,291**

2.4.5.9 Operating result

Costs are charged to income in the period in which the income is earned:

Wages and salaries

	2011	2010
	€ in thousands	€ in thousands
Salaries	357	319
Social charges	27	24
Pension charges	60	51
	444	**394**

During the period under review, the average number of employees, based on full-time equivalents, was 4 (2010: 4). None of these employees worked outside the Netherlands in 2011 or 2010.

Other expenses

	2011	2010
	€ in thousands	€ in thousands
Guarantee fee	1,500	1,504
Credit arrangement fee	200	0
Other expenses	344	286
	2,044	**1,790**

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Audit fees

The following audit fees were expensed in the income statement in the reporting period:

	2011	2010
	€ in thousands	€ in thousands
Audit of the financial statements	14	12
Other audit procedures	5	5
Tax services	0	0
Other non-audit services	25	0
	44	**17**

Other income

	2011	2010
	€ in thousands	€ in thousands
Credit arrangement fee	200	0
Other income	29	0
	229	**0**

2.4.5.10 Income taxes

The effective tax rate is 29.4% (2010 26.5%). The applicable tax rate is 25.0%.

The effective tax rate differs from the applicable tax rate due to prior years tax adjustments.

Remuneration of the managing directors

Mr. C.A. Koch and Mr. P. Nederstigt do not receive any remuneration which is borne by the company.

Amsterdam, March 16, 2012

Lanxess Finance B.V., Amsterdam,

Directors

Mr. C.A. Koch Mr. P. Nederstigt Deutsche International Trust Company N.V.

LANXESS Finance B.V. , De Entree 99 – 197, 1101 HE AMSTERDAM, The Netherlands

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3. Other information

3.1 Auditor's report

The report of the auditor, PricewaterhouseCoopers Accountants N.V., can be found on page 24.

3.2 Appropriation of the profit pursuant to the Company's Articles of Association

Under the Company's Articles of Association, any distribution of the annual profit is at the discretion of the annual meeting of shareholders and may only be made out of retained earnings.

3.2 Appropriation of the profit for the year

In accordance with the company's Articles of Association, the directors propose to add the profit for the year to retained earnings.

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Independent auditor's report

To: the General Meeting of Shareholders of Lanxess Finance B.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 as set out on pages 7 to 22 of Lanxess Finance B.V., Amsterdam, which comprise the balance sheet as at 31 December 2011, the profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Directors' responsibility

The directors are responsible for the preparation and fair presentation of these financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the directors are responsible for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Lanxess Finance B.V. as at 31 December 2011, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Hengelo, 19 March 2012
PricewaterhouseCoopers Accountants N.V.

Original signed by A.H.J.M. Tönissen RA