LANXESS Finance B.V.

Sittard-Geleen

ANNUAL FINANCIAL STATEMENTS

December 31, 2013

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1. Board of Directors' report

General information

The Board of Directors of LANXESS Finance B.V. (the "Company") herewith presents the report and the financial statements of the Company for the period ended December 31, 2013. These latter were prepared in euros (€) and all amounts are in thousand euros (€ thousand), except otherwise stated.

The Company was incorporated on June 6, 2005 by LANXESS Deutschland GmbH, Germany (the "parent company"). The Company has been a wholly-owned subsidiary of LANXESS Deutschland GmbH since its creation.

The Company is registered at the Chamber of Commerce of the Netherlands, under the number 09151956. Its headquarter is located in Sittard-Geleen at the following address: Urmonderbaan 24, 6167 RD Geleen, the Netherlands.

Financing and investment

LANXESS Finance B.V. acts as a Group financing company for LANXESS AG and its direct and indirect subsidiaries ("the LANXESS Group"). It operates in both the domestic and foreign markets, with the countries of the European Union forming the most important markets.

For this purpose, the Company issued the following bonds:

Year	Nominal value deal currency in thousand	Deal currency	Nominal value (€ thousand)	ISIN number	Maturity	Interest rate (%)
2009	500,000	EUR	500,000	XS0423036663	Apr. 9, 2014	7.750
2009	200,000	EUR	200,000	XS0452802175	Sept. 21, 2016	5.500
2011	500,000	EUR	500,000	XS0629645531	May 23, 2018	4.125
2012	500,000	CNY	59,664	XS0746637296	Feb. 15, 2015	3.950
2012	100,000	EUR	100,000	XS0769023309	Apr. 5, 2022	3.500
2012	100,000	EUR	100,000	XS0768450933	Apr. 5, 2027	3.950
2012	500,000	EUR	500,000	XS0855167523	Nov. 21, 2022	2.625

All bonds are unconditionally and irrevocably guaranteed by LANXESS AG.

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

The Company did not subscribe any new bond in 2013.

Profit

As of December 31, 2013, the Company recorded a net income of € 652,259.16 (2012: € 3,459,114.24).

Future developments

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

Auditors

PricewaterhouseCoopers Accountants N.V. has been appointed to perform the audit of the financial statements for 2013.

Board of Directors

The following persons have been appointed as members of the Board of Directors:

- Mr. C.A. Koch,
- Mr. P. Nederstigt.

Deutsche International Trust Company N.V. is no longer a member of the Board of Directors of LANXESS Finance B.V. with effect from November 30, 2013.

There is no well-balanced spread of men and women in the Board of Directors of LANXESS Finance B.V.. Due to the limited numerical size of the Board of Directors, the Company has not developed a policy and will not do so in the foreseeable future.

Risk management and use of financial instruments

The risk profile of the Company did not materially change compared to the end of 2012.

LANXESS Finance B.V. is a financing vehicle of LANXESS Group. As such, it raises funds through the proceeds of bonds and financial liabilities and makes it available to companies within LANXESS Group via intercompany loans.

As the terms of the loans granted to Group companies match the payment obligations of LANXESS Finance B.V., in the event a company within LANXESS Group fails to fulfil the repayment of such loan to LANXESS Finance B.V., LANXESS Finance B.V. may, as a consequence, not be able to meet its own obligations regarding the subscribed bonds.

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.

- **Market risk**

Currency risk

LANXESS Finance B.V. mainly operates in the European Union, however some bonds and loans denominated in Chinese Yuan Renminbi were subscribed and granted. The currency risk for LANXESS Finance B.V. largely concerns positions and future transactions in Chinese Yuan

Renminbi. The Management has determined, based on a risk assessment, that this currency risk needs to be hedged. Forward exchange contracts are used for this purpose.

Interest rate and cash flow risk

LANXESS Finance B.V. incurs interest rate risk on interest-bearing receivables (in particular those included in financial assets) and on interest-bearing non-current and current liabilities (including borrowings).

LANXESS Finance B.V. incurs risk on fixed-interest loans and receivables with respect to the fair value due to changes in the market rate of interest. No financial derivatives for interest rate risk are contracted with regard to the receivables.

LANXESS Finance B.V. has no floating-interest loans and receivables, it does not incur risk regarding future cash flows.

- **Credit risk**

LANXESS Finance B.V. has issued loans to participants and associates, as well as to shareholders. These counterparties do not have a history of non-performance.

Group structure

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

LANXESS Finance B.V. is fully consolidated.

Subsequent events

No other events occurred after December 31, 2013 that are required to be included in these financial statements.

Sittard-Geleen, February 12, 2014

The Managing Directors:

Mr. C.A. Koch

Mr. P. Nederstigt

Declaration pursuant to Article 3 (2) (c) of the Transparency Law concerning the financial statements 2013

We, Mr. C. A. Koch and Mr. P. Nederstigt, as the Managing Director of LANXESS Finance B.V. (the "Issuer"), hereby declare, that, to the best of our knowledge, the financial statements for 2013, 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 Board of 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

2. Financial statements

2.1 Statement of financial position as of December 31, 2013[1]

Assets € thousand	Notes	Dec. 31, 2013	Dec. 31, 2012
Non-current assets			
Financial assets	(2.4.5.1)		
Loans to Group companies		1,532,049	2,060,985
		1,532,049	**2,060,985**
Current assets			
Receivables	(2.4.5.2)		
Loans to Group companies		533,100	13,000
Interests receivables from Group companies		54,776	55,505
Other receivables		55	499
		587,931	**69,004**
Cash and cash equivalents	(2.4.5.3)		
Cash and cash equivalents		1,443	532
		1,443	**532**
Total assets		**2,121,423**	**2,130,521**

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[1] After appropriation of the profit for the year.

Equity and liabilities € thousand	Notes	Dec. 31, 2013	Dec. 31, 2012
Shareholders' equity	(2.4.5.4)		
Capital stock		2,000	2,000
Retained earnings		10,257	9,605
		12,257	**11,605**
Non-current liabilities	(2.4.5.5)		
Bonds		1,448,254	1,945,840
Liabilities to Bank		87,270	109,090
Other non-current liabilities		4	11
		1,535,528	**2,054,941**
Current liabilities and accruals	(2.4.5.6)		
Bonds		499,640	0
Accrued interest		52,160	52,464
Liabilities to Bank		21,820	10,910
Accounts payable		18	560
Other debts and accruals		0	41
		573,638	**63,975**
Total equity and liabilities		**2,121,423**	**2,130,521**

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2.2 Income statement for the period ending December 31, 2013

Income statement € thousand	Notes	2013	2012
Financial income and expense			
Interest income		101,285	95,605
Interest expenses		-99,311	-93,074
Exchange gains and losses		1	62
Net financial income	**(2.4.5.7)**	**1,975**	**2,593**
Operating income		**72**	**2,944**
Other income		72	2,111
Reversal provision for pension costs		0	833
Operating expenses		**-1,288**	**-1,930**
Other expenses		-1,288	-1,930
Net operating result	**(2.4.5.8)**	**-1,216**	**1,014**
Income before income taxes		**759**	**3,607**
Income taxes	(2.4.5.9)	-107	-148
Net income		**652**	**3,459**

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2.3 Statement of cash flows for the period ending December 31, 2013

Statement of cash flows € thousand	2013	2012
Cash flow from operating activities		
Interests received	101,979	96,026
Interests paid	-96,654	-91,288
Income received	65	0
Expenses paid	-1,826	572
Income tax received	573	0
Income tax paid	-228	-454
Cash flow from operating activities	**3,911**	**4,856**
Cash flow from investing activities		
Granting of loans to Group companies	-16,000	-362,848
Repayment of loans to Group companies	23,910	0
Cash flow from investing activities	**7,910**	**-362,848**
Cash flow from financing activities		
Issuance of bonds	0	751,781
Repayments of bonds & bank liabilities	10,910	-401,605
Cash flow from financing activities	**10,910**	**350,176**
Net increase/decrease in cash	**911**	**-7,816**

Changes in cash and cash equivalents were as follows:

Changes in cash and cash equivalents € thousand	2013	2012
Cash at the beginning of the year	532	8,348
Cash at the end of the period	1,443	532
Total	**911**	**-7,816**

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2.4 Notes to the 2013 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, Cologne, Germany. The ultimate parent company is LANXESS AG, Cologne, Germany. The Company's financial data are included in the consolidated financial statements of the LANXESS Group, copies of which are available at LANXESS AG in Cologne, 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.

Going concern

There is no serious uncertainty about the going concern of the business of the Company.

Changes in accounting policies

The accounting policies have not changed in 2013.

Changes in accounting estimates

The accounting estimates have not changed in 2013.

Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In addition, managing directors, other key management of LANXESS Finance B.V. and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information are disclosed if this is required for to provide the true and fair view.

Estimates

The preparation of the 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 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 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.

Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements of LANXESS Finance B.V. are presented in euros, which is the functional and presentation currency of the Company.

Transactions, receivables and debts held in a foreign currency

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates are recognized in the income statement.

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, if no asset impairment had 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, if the impairment had 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.

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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.

Liabilities

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.

Financial instruments

Securities included in financial and current assets, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange, are stated at fair value. All other on-balance financial instruments are carried at amortised cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

- **Derivatives quoted in an active market not designated as hedging instruments**

These derivative financial instruments are stated at fair value. Changes in the fair value of these derivative instruments are recognised directly in the income statement.

2.4.3 Accounting policies for the income statement

General information

Profit or loss is determined as the difference between the realizable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized.

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

Exchange differences

Exchange differences arising upon the settlement or conversion of monetary items are recognized in the income statement in the period they arise.

Interest income and expenses

Interest income and expenses 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.

Other operating income and expenses

Other operating income and expenses include general and administrative income and expenses.

Taxation

Income tax is calculated based on the profit/loss before taxation reported in the income statement, taking into account any losses carried forward from previous financial years (as long as these are not already included in deferred tax assets), tax-exempt items, non-deductible expenses and using current tax rates.

2.4.4 Accounting policies for the cash flow statement

The statement of cash flows has been prepared using the direct 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.

2.4.5 Other information

Financial instruments and risk management

The risk profile of the Company did not materially change compared to the end of 2012.

LANXESS Finance B.V. is a financing vehicle of LANXESS Group. As such, it raises funds through the proceeds of bonds and makes it available to companies within LANXESS Group via intercompany loans.

As the terms of the loans granted to Group companies match the payment obligations of LANXESS Finance B.V., in the event a company within LANXESS Group fails to fulfil the repayment of such loan to LANXESS Finance B.V., LANXESS Finance B.V. may, as a consequence, not be able to meet its own obligations regarding the subscribed bonds. All Notes issued by LANXESS Finance are wholly and unconditionally guaranteed by LANXESS AG in respect of principal and interest payments. This guarantee is enforceable under the laws of the Federal Republic of Germany.

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.

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- **Market risk**

Currency risk

LANXESS Finance B.V. mainly operates in the European Union, however some bonds and loans denominated in Chinese Yuan Renminbi were subscribed and granted. The currency risk for LANXESS Finance B.V. largely concerns positions and future transactions in Chinese Yuan Renminbi. The Management has determined, based on a risk assessment, that this currency risk needs to be hedged. Forward exchange contracts are used for this purpose.

Interest rate risk

LANXESS Finance B.V. incurs interest rate risk on interest-bearing receivables (in particular those included in financial assets) and on interest-bearing non-current and current liabilities (including borrowings).

LANXESS Finance B.V. incurs risk on fixed-interest loans and receivables with respect to the fair value due to changes in the market rate of interest. No financial derivatives for interest rate risk are contracted with regard to the receivables.

LANXESS Finance B.V. has no floating-interest loans and receivables, it does not incur risk regarding future cash flows.

- **Credit risk**

LANXESS Finance B.V. has issued loans to participants and associates, as well as to shareholders. These counterparties do not have a history of non-performance.

2.4.6 Disclosure notes

2.4.6.1 Financial assets

Changes in financial assets were as follows:

€ thousand	Loans to Group companies
December 31, 2012	**2,060,985**
Additions	0
Reductions	-528,936
- reclassification in short term of the IC Loan due 04/2014	-495,280
- reclassification in short term of the 2014 repayments of the IC Loan due 09/2018	-21,820
- repayment of the 2013 instalment of the IC Loan due 09/2018	-10,910
- foreign exchange translation effects	-926
December 31, 2013	**1,532,049**

Non-current loans outstanding at the closing date:

€ thousand	Maturity	Dec. 31, 2013	Dec. 31, 2012
LANXESS AG, Germany	Apr. 9, 2014	0	495,280
LANXESS AG, Germany	May 23, 2018	496,000	496,000
LANXESS AG, Germany	Sept. 30, 2018	87,270	120,000
LANXESS AG, Germany	Nov. 21, 2022	492,845	492,845
LANXESS Deutschland GmbH, Germany	Feb. 12, 2015	19,195	19,495
LANXESS Deutschland GmbH, Germany	Sept. 21, 2016	198,252	198,252
LANXESS Deutschland GmbH, Germany	Apr. 5, 2022	99,693	99,693
LANXESS Deutschland GmbH, Germany	Apr. 5, 2027	98,670	98,670
LANXESS N.V., Belgium	Feb. 12, 2015	40,124	40,750
		1,532,049	**2,060,985**

Repayment has been agreed for each loan at maturity date.

2.4.6.2 Receivables

All receivables fall due in less than one year.

Loans to Group companies

Current loans outstanding at the closing date:

€ thousand	Maturity	Dec. 31, 2013	Dec. 31, 2012
LANXESS AG, Germany	Apr. 9, 2014	495,280	0
LANXESS AG, Germany	Sept. 30, 2018	21,820	0
LANXESS Deutschland GmbH, Germany	Jan. 16, 2014	16,000	13,000
		533,100	**13,000**

Interest receivables

Interest receivables pertain to Group companies.

Other receivables

Other receivables includes receivables from income taxes amounting to € 47 thousand (2012: € 460 thousand).

2.4.6.3 Cash and cash equivalents

Cash and cash equivalents represent the balance of current accounts and are all at the Company's free disposal.

2.4.6.4 Shareholders' equity

€ thousand	Dec. 31, 2013	Dec. 31, 2012
Capital	2,000	2,000
Retained earnings	10,257	9,605
Balance as of Dec. 31	**12,257**	**11,605**

The authorised share capital of LANXESS Finance B.V. amounts to € 10 million, divided into 100.000 ordinary shares with a nominal value of € 100 each. Among these, 20.000 ordinary shares have been issued and fully paid. The issued shares are registered in the name of LANXESS Deutschland GmbH.

In accordance with the Company's Articles of Association, the Managing Directors decided in 2013 to allocate the profit for the year 2012 amounting to € 3,459 thousand to retained earnings.

2.4.6.5 Non-current liabilities

Liabilities to banks

The Company contracted one fix-rate credit, repayable in 11 instalments starting on September 30, 2013 and ending on September 19, 2018. Repayment obligations falling due within 12 months of the end of the financial year are included in current liabilities.

The loan is unconditionally and irrevocably guaranteed by LANXESS AG.

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Long-term bonds

All bonds are unconditionally and irrevocably guaranteed by LANXESS AG.

€ thousand	Interest (%)		Dec. 31, 2013	Dec. 31, 2012
	Nom.	Effect.		
€ 500,000,000 Notes issued on Apr. 9, 2009; Notes due in 2014	7.750	8.034	0	498,357
€ 200,000,000 Notes issued on Sept. 21, 2009; Notes due in 2016	5.500	5.670	199,165	198,889
€ 500,000,000 Notes issued on May 23, 2011; Notes due in 2018	4.125	4.255	497,364	0
CNY 500,000,000 Notes issued on May 23, 2011; Notes due in 2018	3.950	4.289	59,664	0
1 year < Maturity < 5 years			**756,193**	**697,246**
€ 500,000,000 Notes issued on May 23, 2011; Notes due in 2018	4.125	4.255	0	496,844
CNY 500,000,000 Notes issued on May 23, 2011; Notes due in 2018	3.950	4.289	0	60,406
€ 100,000,000 Notes issued on Apr. 5, 2012; Notes due in 2022	3.500	3.537	99,739	99,712
€ 100,000,000 Notes issued on Apr. 5, 2012; Notes due in 2027	3.950	4.070	98,787	98,719
€ 500,000,000 Notes issued on Nov. 21, 2012; Notes due in 2022	2.625	2.789	493,535	492,913
Maturity > 5 years			**692,061**	**1,248,594**
			1,448,254	**1,945,840**

The market value of the long-term bonds as of December 31, 2013 is € 1,523 million (2012: € 2,127 million).

2.4.6.6 Current liabilities and accruals

Short-term bond

The short-term bond outstanding as of December 31, 2013 is as follows:

€ thousand	Interest (%)		Dec. 31, 2013	Dec. 31, 2012
	Nom.	Effect.		
€ 500,000,000 Notes issued on Apr. 9, 2009; Notes due in 2014	7.750	8.034	499,640	0
			499,640	**0**

The market value of the short-term bonds as of December 31, 2013 is € 509 million (2012: € 0).

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Accounts payable

€ thousand	Dec. 31, 2013	Dec. 31, 2012
Accounts payable - Group	0	520
Accounts payable - Third party	18	40
	18	**560**

The accounts payable amounted € 560 thousand as of December 31, 2012 and referred mainly to bond-related costs.

2.4.6.7 Net financial income

€ thousand	2013	2012
Financial income		
Interest income from Group companies	101,285	95,600
Interest income others	0	5
Total financial income	**101,285**	**95,605**
Financial expenses		
Interest expenses for bonds and loans	-99,311	-93,074
Total financial expenses	**-99,311**	**-93,074**
Foreign exchange gains and losses	1	62
Net financial income	**1,975**	**2,593**

The net financial income mainly results from the interest income and expense for the bonds and loans borne by the Company and the exchange gains and losses generated by the bonds and loans in Chinese Yuan Renminbi.

2.4.6.8 Net operating result

Costs and incomes are recognized in the income statement in the period they occur.

€ thousand	2013	2012
Operating income		
Sale of Agency business related income	0	2,105
Reversal of pension provisions	0	833
Other income	72	6
Total operating income	**72**	**2,944**
Operating expenses		
Guarantee fees	-1,157	-1,486
Other expenses	-112	-425
Audit fees	-13	-13
Other audit procedures	-6	-6
Total operating expenses	**-1,288**	**-1,930**
Net operating result	**-1,216**	**1,014**

All bonds are unconditionally and irrevocably guaranteed by LANXESS AG. LANXESS AG received fees for this guarantee. The guarantee fees stayed stable over the period.

Audit fees

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

€ thousand	2013	2012
Audit of the financial statements	13	13
Other audit procedures	6	6
Other non-audit services	30	71
Total	**49**	**90**

Wages and salaries

During the period under review, the average number of employees, based on full-time equivalents, is 0 (2012: 0).

2.4.6.9 Income taxes

In 2013, the effective tax rate is 14.04% (2012: 4.71%) while the applicable tax rate is 25.0% (2012: 25.0%). The effective tax rate differs from the applicable tax rate given that the Company beneficiated in 2013 from tax refund from a prior year.

Remuneration of the Managing Directors

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

Sittard-Geleen, February 12, 2014

The Managing Directors

Mr. C.A. Koch

Mr. P. Nederstigt

LANXESS Finance B.V., Urmonderbaan 24, 6167 RD Geleen, 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 later in this document.

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.

3.3 Appropriation of the profit for the year

In accordance with the Company's Articles of Association, the Managing Directors propose to add the profit for the year to retained earnings.

Independent auditor's report

To: the general meeting of Lanxess Finance B.V.

Report on the financial statements

We have audited the accompanying financial statements 2013 as set out on pages 7 to 22 of Lanxess Finance B.V., Sittard-Geleen, which comprise the balance sheet as at 31 December 2013, the income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Board of directors' responsibility

The board of directors is 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 board of directors is responsible for such internal control as it determines 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 board of 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 2013, 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.

Groningen, 12 February 2014
PricewaterhouseCoopers Accountants N.V.

Originally signed by H.D.M. Plomp RA