

**LANXESS FINANCE B.V.**

**Amsterdam**

**SEMI-ANNUAL ACCOUNTS JUNE 30, 2009**

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## 1. Directors' report

The Board of Directors of Lanxess Finance B.V. (the "Company") herewith presents the interim report and the financial statements for the six-month period ended 30 June 2009. The Company was incorporated on 6 June 2005 by Lanxess Deutschland GmbH, Germany (the "parent company"). The Company is registered at the Chamber of Commerce in Amsterdam under number 9151956.

### Principal activities and business review

During the period under review, the Company acted as group financing Company. To serve this purpose the Company issued in 2005 EUR 500,000,000 4.125% Guaranteed Notes due 2012.

These Bonds are listed at the Stock Exchange of Luxembourg under WKN: AOE6C9, ISIN XS0222550880.

As per 9 April 2009 the Company issued EUR 500,000,000 7.75% Notes due 9 April 2014.

These Bonds are listed at the Stock Exchange of Luxembourg under WKN: AOT8NY, ISIN XS0423036663.

All Bonds are unconditionally and irrevocable guaranteed by Lanxess AG.

### Financing and investment

As mentioned the Company issued EUR 500,000,000 4.125% Guaranteed Notes due 2012. The proceeds of this issue have been on lent to group companies.

As mentioned the Company issued EUR 500,000,000 7.750% Guaranteed Notes due 2014. The proceeds of this issue have been on lent to group companies.

### Results

During the period under review, the Company recorded a profit of EUR'000 636 (2008 = EUR'000 2.390).

### Future developments

The Company will continue its activities and no major developments are foreseen.

### Board of Directors

The Board of Directors has the following members:

Mr. C.A. Koch and Deutsche International Trust Company N.V.

### Risk management and use of financial instruments

As the proceeds of the Notes have been on lent to the group companies, the ability of the Company to meet its obligations under the issue depends upon the payment of the principal and the interest due from the group companies. Therefore the liquidity risk is limited to the equity of the Company.

### Group structure

Lanxess Deutschland GmbH is the sole shareholder of the Company.

### General


No events occurred after 30 June 2009 which should be included in these financial statements. All amounts in this report are stated in EUR, unless mentioned otherwise.

Amsterdam, August 17th of 2009

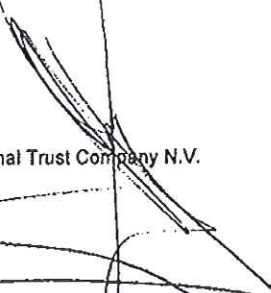
The Managing Directors:



Mr. C.A. Koch



Deutsche International Trust Company N.V.



Stephen de Haest

Ronald Ton

LANXESS FINANCE B.V.

## 2. Financial Statements

**2.1 Balance sheet as per June 30, 2009  
(After appropriation of result)**

€ \* 1.000

	<u>6/30/2009</u>	<u>12/31/2008</u>
<i>Current assets</i>		
<b>Receivables</b>		
Interest receivable	9,938	12,480
Pension receivables	598	522
Other receivables	79	67
	<u>10,615</u>	<u>13,069</u>
<b>Cash &amp; banks</b>		
Cash and banks	1,123,320	530,074
	<u>1,123,320</u>	<u>530,074</u>
<b>Total</b>	<u><u>1,133,935</u></u>	<u><u>543,143</u></u>

€ \* 1.000

	<u>6/30/2009</u>	<u>12/31/2008</u>
<b>Shareholders' equity</b>		
Capital stock	2,000	2,000
Retained earnings	4,673	4,037
	<u>6,673</u>	<u>6,037</u>
<b>Long term liabilities</b>		
Bond	992,964	498,415
<b>Short-term debts and accruals</b>		
Accounts payable	1	-10
Accounts payable group com)	122,967	26,737
Accrued Interest	9,435	10,828
Other debts and accruals	1,895	1,136
	<u>134,298</u>	<u>38,691</u>
<b>Total</b>	<u><u>1,133,935</u></u>	<u><u>543,143</u></u>

## 2.2 Profit and loss account for the period ended June 30, 2009

€ * 1.000	<u>6/30/2009</u>	<u>12/31/2008</u>
<b>Operating expenses</b>		
Administration	194	-727
Other expenses	625	1,014
	<u>819</u>	<u>287</u>
<b>Operating income</b>	<u>-819</u>	<u>-287</u>
Net interest	1,673	3,495
Other Income and expenses	0	0
	<u>1,673</u>	<u>3,495</u>
<b>Result before taxes</b>	<u>854</u>	<u>3,208</u>
Income taxes	<u>218</u>	<u>818</u>
<b>Net income</b>	<u><u>636</u></u>	<u><u>2,390</u></u>

## 2.3 Notes to the financial statements

### 2.3.1 Summary of significant accounting policies

#### *The company*

The company is a wholly owned subsidiary of Lanxess Deutschland GmbH in Germany.

### 2.3.2 Accounting policies

#### *General*

Shareholders' equity and results for the year are determined on the basis of "historical cost" convention. Unless described otherwise, assets and liabilities are stated at their face value.

#### *Activities*

The object of the company is to participate in, to finance or to have any other interest in, or to conduct the management of, other companies or enterprises;

#### *Accounting policies*

The consolidated annual accounts were 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.

#### *General*

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet and profit and loss account include references to the notes.

#### *Comparison with prior year*

The principles of valuation and determination of result remain unchanged compared to the prior year. The company is established on June 6, 2005.

#### *Translation of foreign currencies*

The assets and liabilities in foreign currencies are translated into Euro's at the (half-)year end exchange rates. Transactions denominated in foreign currency have been translated at the exchange rate at the time of the transactions. The relating translation differences are charged to the profit and loss account. The translation differences arising on financial fixed assets are charged to the retained earnings.

#### *Bond*

1. The valuation of the EUR 500.000.000 4,125% Guaranteed Notes of 2005/ 2012 is based against 99,779 per cent. The Bond is stated at the purchaseprice (99,779%) and the transaction cost are deducted.
2. The valuation of the EUR 500.000.000 7,750% Guaranteed Notes of 2009/ 2014 is based against 99,356 per cent. The Bond is stated at the purchaseprice (99,356%) and the transaction cost are deducted.

#### *Employees*

From December 29, 2006 nine employees are transferred from Lanxess B.V. to Lanxess Finance B.V. including all rights and duties (a.o.pension liabilities and lease commitments). At this moment the company employs 5 employees.



### *Pension receivables*

At December 29, 2006 Lanxess Finance B.V. took over nine employees from Lanxess B.V. In this transfer are included the pension liabilities from the defined benefit schemes.

LANXESS Finance b.v. has a defined benefit scheme.

These provide defined pension benefits to staff upon reaching retirement age, the amount of which depends on age, salary and years of service.

The pension provision carried on the balance sheet is the present value of pension benefit obligations under the defined benefit scheme net of the fair value of plan assets, against which unrecognised actuarial gains or losses and unrecognised past service costs are set off.

The required pension provision is measured annually by independent actuaries using the actuarial method known as the "Projected Unit Credit" method. The present value of the obligation is computed by discounting estimated future cash flows, using interest rates applying to high quality corporate bonds with a term roughly consistent with the term of the related pension obligation.

Actuarial gains and losses arising from changes in actuarial assumptions exceeding 10% of the higher of pension benefit obligations and the fair value of plan assets at the opening of the financial year are credited or charged to the profit and loss account over the expected average future years of service of the employees concerned.

Unrecognised past service costs are taken directly to the profit and loss account unless the changes in the pension scheme depend on the employees remaining in service for a specific period (the qualifying period). In that case, the past service costs are recognized on a straight-line basis over the qualifying period.

### *Operational lease*

Lease contracts for which a large part of the risks and rewards incidental to ownership of the assets does not lie with the Group, are recognised as operational leases. Obligations under operational leases are recognised on a straight-line basis in the profit and loss account over the term of the contract, taking into account reimbursements received from the lessor.

### *2.3.3 Accounting policies for the profit and loss account*

#### *General*

The result represents the differences between the value of the consideration rendered and the costs and other charges for the year. The results on transactions are recognized in the year they are realised.

#### *Costs*

Costs are recognized on the historical costs convention and are allocated to the reporting year to which they are related.

#### *Selling expenses*

Selling expenses concern the direct expenses of the sales activities. Selling expenses also included warehouse charges for finished goods and trade goods, relating to sales. The amortisation of goodwill is also recognized in selling expenses, as are the results on the sale of intangible and tangible fixed assets.

#### *General and administrative expenses*

General and administrative expenses include the expense of the Board of Directors and the administration department.

#### *Personnel remuneration*

##### *Regular payments*

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

##### *Pensions*

Lanxess Finance B.V. has a defined benefit scheme. These provide defined pension benefits to staff upon reaching retirement age, depending on age, salary and years of service.

##### *Interest income and expense*

Interest income and expense are time apportioned, taken into account the effective interest rate for the relating assets and liabilities. The treatment of interest expenses for loans received takes account of any transaction costs.

##### *Taxation*

Profits tax is calculated on the profit/ loss before taxation in the profit and loss account, 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 tax 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 Notes to the balance sheet and profit and loss - account

<i>Share holders' equity</i> € * 1.000	<u>6/30/2009</u>	<u>12/31/2008</u>
Authorised: 100.000 shares of € 100 each	10,000	10,000
Issued and fully paid: 20.000 shares of € 100 each	<u>2,000</u>	<u>2,000</u>

The issued shares are registered in the name of Lanxess Deutschland GmbH  
The company is established on June 6, 2005.

<i>Retained earnings</i>	<u>6/30/2009</u>	<u>12/31/2008</u>
Balance as per January 1,	4,037	1,647
Result for the year	636	2,390
Balance as per June 30,	<u>4,673</u>	<u>4,037</u>

<i>Bond</i> € * 1.000	<u>6/30/2009</u>
Balance as per December 31, 2008	498,415
Adjustment for effective rate of interest	210
New Bond as per April 9, 2009	494,339
Balance as per June 30, 2009	<u>992,964</u>

1. The nominal Bond value is EUR 500.000.000, 4,125%. The Issue price was 99,779%
2. The nominal Bond value is EUR 500.000.000, 7,750%. The Issue price was 99,356%

A guarantee is given by Lanxess AG in Germany

### *Commitment and contingencies*

As a result of the take over of employees from Lanxess B.V., the company has entered into operational leasing commitments. The termination of these commitments is as follows:

€ * 1.000	2009	2008
Less than one year	32	64
1 to 5 years	89	89
More than 5 years	0	0

2.4.2 Notes to the profit and loss account for the period ended June 30, 2009

Costs are charged to results in the year in which the related proceeds are included

*Intercompany relations*

Intercompany interest	20,178	24,454
Fixed charges	216	1,489

*Salaries and social charges*

€ \* 1.000

	<u>6/30/2009</u>	<u>12/31/2008</u>
Salaries	237	442
Social charges	12	17
Pension charges	30	130
	<u>279</u>	<u>589</u>

Above mentioned wages, salaries and social security costs are taken up in the costs of sales and the selling expenses and administration expenses, depending on the activities of the employees concerned.

*Other Income and (expenses)*

€ \* 1.000

	<u>6/30/2009</u>	<u>12/31/2008</u>
<i>Interest income</i>		
Net interests banks	938	91
Net interests from Group companies	20,178	24,454
Total interest income	<u>21,116</u>	<u>24,545</u>
 <i>Interest expenses</i>		
Net interests banks	-20,625	-20,640
Interests expenses effective rate of interests	1,182	-410
Total interest expenses	<u>-19,443</u>	<u>-21,050</u>
 Total interest	<u>1,673</u>	<u>3,495</u>

2.6.3 Number of employees

On June 30, 2009 the number of persons employed at the company was 5 (2008: 5).  
The number of employees can be specified as follows:

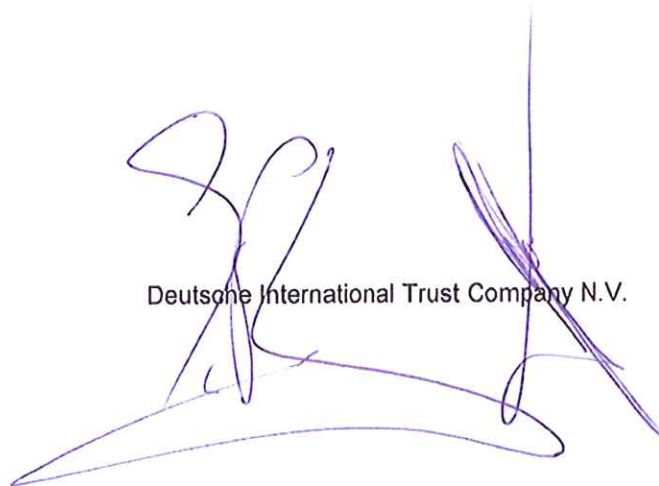
Selling	5	5
<b>Total</b>	<u>5</u>	<u>5</u>

Amsterdam, August 17, 2009

Directors



C. Koch



Deutsche International Trust Company N.V.

### **3. Other Information**

#### **3.1 Auditors report**

The interim report has not been audited.

#### **3.2 Appropriation of results according to the company's Articles of Association**

The company's Articles of Association state that the annual profit is at the deposition of the annual meeting of shareholders.

Distribution of profits may only take place out of the retained earnings.

#### **3.3 Responsibility statement**

To the best of our knowledge, and in accordance with the applicable reporting principles for the interim financial reporting, the interim financial statements for the period ending 30 June 2009 give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; the interim management report specifies the most important events of the reporting period and their effects on the interim financial statements; necessary estimates have been made with due care.

LANXESS Finance B.V., Herengracht 450, 1017 CA Amsterdam, The Netherlands

Commission de Surveillance  
du Secteur Financier  
att. Manuel Roda

L-2991 Luxembourg

19 January 2010

**LANXESS Finance B.V. - Declaration pursuant Art. 4 (2) (c)  
Transparency Law; Financial Statements Half-Year 2009**

**LANXESS Finance B.V.**  
Herengracht 450  
1017 CA Amsterdam  
The Netherlands


Phone +31 20 625 9410


Dear Madam/Sir,

Managing Directors:  
Christoph Koch  
Deutsche International Trust Co.  
N.V.


We, Christoph Koch, Managing Director of LANXESS Finance B.V. (herein after the "Issuer") and Stephen de Haseth and Ron Ton representing Deutsche International Trust Company N.V., Managing Director of the Issuer hereby declare, that, to the best of our knowledge, the condensed set of financial statements concerning half-year 2009 which has been prepared in accordance with the applicable set of accounting standards gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer, or the undertakings included in the consolidation as a whole as required under paragraph (3) of the Transparency Requirements for Issuers of Securities and that the interim management report includes a fair review of the information required under paragraph (4) of the Transparency Requirements for Issuers of Securities..

Registered Office: Amsterdam  
Local Court Amsterdam

  
Stephen de Haseth  
Authorized signatory

  
Ronald Ton  
Authorized signatory

Deutsche International Trust Company N.V.

  
Christoph Koch

