

# Opening Statement of Financial Position of Covestro AG i.G., Leverkusen, according to the German Commercial Code (HGB)\*

<b>Aug. 21, 2015</b>	
€ thousand	
<b>A. Current assets</b>	
I. Cash in banks	140,000
<b>Total assets</b>	<b>140,000</b>
<b>A. Equity</b>	
I. Capital stock of Covestro AG i.G.	140,000
II. Net loss	(27)
	139,973
<b>B. Provisions</b>	
I. Other provisions	27
<b>Total equity and liabilities</b>	<b>140,000</b>

\* The opening statement of financial position of Covestro AG i.G. was compiled and audited in German language. This version is a translation of the audited opening statement of financial position of Covestro AG i.G.

# Notes to the Opening Statement of Financial Position of Covestro AG i.G., Leverkusen

## 1. General information

The opening statement of financial position of the Covestro AG i.G. has been prepared in accordance with the regulations of the German Commercial Code (*Handelsgesetzbuch*, "HGB") as well as the additional requirements of the German Stock Corporation Act (*Aktiengesetz*, "AktG").

The company is classified as a small corporation by means of article 267 (1) HGB.

The opening statement of financial position of the Covestro AG i.G. is presented in euros. Amounts are stated in thousands of euros, except where otherwise indicated, which may lead to rounding discrepancies.

The articles of association of the Covestro AG i.G. were notarized on August 20, 2015. With cash contribution relating to the establishment of Covestro AG i.G. on August 21, 2015 the opening statement of financial position was prepared by the Board of Management of Covestro AG i.G., Kaiser-Wilhelm-Allee 60, 51368 Leverkusen, Germany.

## 2. Accounting policies

The accounting policies used in preparing the opening statement of financial position as of August 21, 2015 are in accordance with the provisions of articles 242 to 256a and 264 to 288 HGB and the additional legal-form specific provisions (e.g. articles 150 to 160 AktG).

### Cash in banks

Cash in banks is accounted for at the nominal value at the date of the opening statement of financial position.

### Equity

The capital stock of Covestro AG i.G. is accounted for at the nominal value at the date of the opening statement of financial position

## **Provisions**

Provisions consider all identifiable risks and uncertain liabilities and are measured at their settlement amounts by using reasonable business judgment. Discounting of provisions according to article 253 (2) HGB was not required.

## **3. Cash in banks**

Cash in banks amounting to €140,000 thousand result from the contribution in cash by Bayer AG, Leverkusen, relating to the establishment of Covestro AG i.G. The amount is paid in as capital stock.

## **4. Deferred tax assets**

The option to recognize deferred tax assets for tax deductible cost of foundation amounting to €9 thousand was not selected, according to article 274 (1) S. 2 HGB. The calculation of deferred tax assets is based on a tax rate of 31.74 %.

## **5. Equity**

### **Capital stock of Covestro AG i.G.**

The capital stock of Covestro AG i.G. amounts to €140,000 thousand and was fully paid in. The capital stock of the corporation is divided into 140 million non-par value bearer shares. The par value of each share is €1. Each share grants one voting right and is entitled to dividend.

### **Net loss**

The net loss of €27 thousand accounts solely for the costs to incorporate the Covestro AG i.G.

## **6. Provisions**

Other provisions amounting to €27 thousand comprise costs to incorporate the Covestro AG i.G. These costs include in particular notary costs. The remaining term of provisions is less than one year.

## 7. Members of the Board of Management

The Board of Management consists of the following members as of August 21, 2015:

Name	Function
Patrick Thomas (Chairman)	Chief Executive Officer, appointed in August 2015
Frank H. Lutz	Chief Financial Officer, appointed in August 2015
Dr. Klaus Schäfer	Chief Production and Technology Officer, appointed in August 2015
Dr. Markus Steilemann	Chief Innovation Officer, appointed in August 2015

## 8. Members of the Supervisory Board

The Supervisory Board consists of the following members as of August 21, 2015:

Name	Function
Dr. Richard Pott (Chairman)	Physicist, former Chief Human Resource Officer of Bayer AG, appointed in August 2015
Johannes Dietsch (Deputy Chairman)	Member of the Board of Management and Chief Financial Officer of Bayer AG, appointed in August 2015
Prof. Dr. Rolf Nonnenmacher	Auditor ( <i>Wirtschaftsprüfer</i> ), appointed in August 2015

## 9. Employees

The corporation employs no employees as of August 21, 2015. The recruitment of employees will take place subsequent to the date of the opening statement of financial position.

## **10. Disclosure pursuant to § 160 (1) No. 8 AktG**

At the date of the opening statement of financial position, Bayer AG, Leverkusen, holds an investment in the common stock of the corporation for which a notification pursuant to § 20 (1), (3) and (4) AktG was received.

The content of the notification published under § 20 (6) AktG, is as follows:

Bayer AG with its registered office in Leverkusen has notified us pursuant to § 20 (1), (3) and (4) AktG that it holds directly a majority investment in our company and that, at the same time, — even without consideration of shares pursuant to § 20 (2) AktG—it holds more than one fourth of the shares in our company.

## **11. Group affiliation**

Covestro AG i.G. is a subsidiary of Bayer AG, Leverkusen, and will be included in its consolidated financial statements. Bayer AG holds 100 percent of the bearer shares of Covestro AG i.G. as of August 21, 2015.

The consolidated financial statements and the consolidated management report (*Konzernlagebericht*) of Bayer AG for the fiscal year 2015 will be filed electronically with the operator of the electronic German Federal Gazette (*Bundesanzeiger*) and will be published in the electronic German Federal Gazette after filing under register number HRB 48248, accessible at [www.bundesanzeiger.de](http://www.bundesanzeiger.de).

Leverkusen, August 21, 2015

Covestro AG i.G.  
- Board of Management -

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Patrick Thomas

Frank H. Lutz

Dr. Klaus Schäfer

Dr. Markus Steilemann

## **Independent auditor's report**

To Bayer MaterialScience Aktiengesellschaft, Leverkusen

We have audited the accompanying opening statement of financial position of Covestro AG i.G., Leverkusen, as at 21 August 2015 and the notes to the opening statement of financial position (together the 'balance sheet').

### ***Management's responsibility for the balance sheet***

Management of Covestro AG i.G. is responsible for the preparation and fair presentation of this balance sheet in accordance with those requirements of accounting principles generally accepted in Germany relevant to preparing such a financial statement, and for such internal control as management determines is necessary to enable the preparation of a balance sheet that is free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the balance sheet based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the balance sheet. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the balance sheet, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the balance sheet 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the balance sheet.

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 balance sheet presents fairly, in all material respects, the financial position of Covestro AG i.G. as at 21 August 2015, in accordance with those requirements of accounting principles generally accepted in Germany relevant to preparing such a financial statement.

Essen, den 21. August 2015

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Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft**

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