



Science For A Better Life

# Financial Statements and Management Report 2013

- Bayer Bitterfeld GmbH

# Financial Statements 2013

- Erste K-W-A Beteiligungsgesellschaft mbH
- Bayer Real Estate GmbH

# **Bayer Bitterfeld GmbH**

## **Financial statements as of December 31, 2013 Management Report**

### **1. Introduction**

Bayer Bitterfeld GmbH is a wholly owned subsidiary of Bayer AG. Since February 7, 1992 it has had a profit-and-loss transfer agreement with its sole owner, Bayer AG.

Organizationally, the company is part of Bayer HealthCare (BCH).

At the site in Bitterfeld, Germany, Bayer Bitterfeld GmbH operates one of the most modern production facilities in the world.

The company is a contract manufacturer for Bayer Consumer Care AG, which supplies over-the-counter (OTC) medication to Europe and the world market. Precursors and packaging are provided by Bayer Consumer Care AG, and the finished products are the property of this company. Alongside production for the Consumer Health segment, Bayer Bitterfeld GmbH provides infrastructure services for companies at the local industrial park.

Bayer Bitterfeld GmbH owns a power and natural gas supply network and is thus classified as an energy supply company within the meaning of Section 3 No. 18 of the German Energy Management Act (EnWG). The company leases its power and gas network to EVIP GmbH, which has assumed all rights and obligations relating to the network since January 1, 2010. In addition, the company is affiliated to the vertically integrated energy supply company Currenta GmbH & Co. OHG, and is thus also classified as a vertically integrated energy utility within the meaning of Section 3 No. 38 EnWG.

### **2. Economic background**

2013 was another very successful year for the Bayer Group.

Despite tougher competition, the Consumer Care (CC) Division continued to develop well.

Overall, it grew sales by 5.1 percent (adjusted for currency and portfolio effects) year-on-year to €3,904 million. However, business with our painkiller Aspirin™ declined, principally due to lower demand in the U.S.A.

The economic situation of Bayer Bitterfeld GmbH is dominated by its close economic ties with its parent company Bayer AG and with the Bayer HealthCare subgroup.

The company is part of the Product Supply organizational unit (BHC-PC) within Bayer's worldwide production network. As a contract manufacturer, Bayer Bitterfeld GmbH is only indirectly affected by economic and external market factors. Its manufacturing services are invoiced on the basis of cost plus a margin of 6% (since January 1, 2011). Invoicing is on a full-cost basis, including general administration expenses.

### 3. Business Development

The Bitterfeld Supply Center produced 7,771 million tablets in 2013 (2012: 8,839 million tablets), 12% less than in 2012. The principal reason for this was that fewer Aleve tablets were produced for the the U.S. market, where Bayer had benefited from a competitor's supply problems in 2012. Further declines were registered for effervescent and standard formulations and protect, but this was alleviated to some extent by growth in in new products such as Flanax and new formulations such as sachets and sticks.

The production-related operating expenses for the Supply Center amounted to €42.6 million in 2013 (2012: €42.5 million), and capacity utilization was high, although not as high as in the previous year. There were no significant production stoppages and supply to the market remained very good.

Major capital expenditure projects completed successfully in 2013 included the packaging line for Tarot in Europe, a large cartoner for Tarot in Latin America, and upgrading an effervescent tablet line.

The NewMES project, including the planned replacement of the process control system and implementation of a new manufacturing execution system, was halted as tests indicated considerable problems with technical implementation.

An evaluation phase is now endeavoring to modify the approach for some of the work packages, for example, by involving other suppliers. As a consequence, the carrying amount of the NewMES project was written down by €1.1 million.

As of the reporting date, other financial obligations relating to investments in plants amounted to €1.5 million. The main capital expenditure projects for 2014 include modifying the HVAC system to meet production requirements for Aspirin™ Effect, optimizing energy consumption in a production facility, and separating tablet pressing and packaging in a production facility. These projects resulted in capital expenditure obligations of €0.5 million as of the reporting date.

The quality specifications for the production of medicines are subject to Good Manufacturing Practices (GMP). In 2013 Bayer Bitterfeld GmbH was able to provide evidence of compliance with these requirements, in particular in audits by the U.S. Food and Drug Administration (FDA) and the Brazilian health authority Anvisa.

Bayer Bitterfeld GmbH receives investment subsidies under German legislation on investment subsidies. These have to meet legal and tax requirements. Full annual evidence was provided for the fiscal authorities.

The company was the first BHC site to successfully pass an ISO 50001 energy management audit. The occupational safety and health management system was also validated.

Further progress was made with the "Bitterfeld 2015" strategy concept to drive forward the strategic objectives of the Bayer HealthCare organization, including optimizing production processes, raising flexibility and efficiency, and optimizing throughput times and production costs.

The Bayer Group's LIFE values are firmly anchored in the objectives of Bayer Bitterfeld GmbH and form an integral part of the global performance management system. LIFE stands for Leadership, Integrity, Flexibility and Efficiency and is put into practice with the aid of various activities at the Bitterfeld site.

Bayer Bitterfeld GmbH received the BHC-PS "Recognition 2013" award for outstanding commitment to occupational safety.

The company's infrastructure activities slightly exceeded planned revenues from business with partners at the industrial park, which made a contribution to diluting fixed costs.

The GAC 2015 strategy for the Bayer Group and the bundling of accounting activities at shared service centers was implemented as planned.

In 2013 Bayer Bitterfeld GmbH celebrated 20 years of successful vocational training and took on its 600th trainee.

#### **4. Earnings, asset and financial position**

Bayer Bitterfeld GmbH posted a good performance in fiscal 2013 and developed in line with management expectations.

The company generated sales of €55.8 million (2012: €59.8 million), a drop of 6% year-on-year. Until 2012, Bayer Bitterfeld sourced all steam required for the industrial park from an external supplier under a long-term agreement and sold it on to partners at the industrial park.

Since 2013, there have been separate steam supply agreements with companies at the industrial park.

83% of sales (2012: 78%) came from contract manufacturing for Bayer Consumer Care, and 17% (2012: 22%) came from services for partners at the industrial park.

The gross profit was €5.6 million (2012: €5.2 million). Although sales were lower, the operating result increased to €4.5 million in 2013 (2012: €4.0 million). The €0.4 million increase in the gross profit was almost entirely negated by an increase of €0.3 million in general administration expenses. The €0.5 million improvement in the operating result was therefore principally due to the reversal of other provisions.

The financial result slipped to minus €0.2 million (2012: +€0.5 million). The year-on-year decline of €0.7 million was mainly caused by lower interest from cash pool investments at Bayer AG.

The net income of €4.3 million (2012: €4.5 million) will be transferred in full to Bayer AG under the profit and loss transfer agreement.

The company's noncurrent assets totaled €62 million at year-end 2013, 1% more than in the previous year.

Additions to intangible assets and property, plant and equipment amounted to €8.3 million in 2013, while depreciation, amortization and write-downs totaled €7.7 million. This amount includes the write-down of €1.1 million on the NewMES project. In 2013, capital expenditures focused on expansion and modernization, but also included investments in connection with

the launch of new products such as new formulations of Aspirin™ for Europe and Latin America and of Rennie™.

The current assets of €198.5 million (2012: €201.0million) comprise inventories (€0.8 million), trade accounts receivable (€5.7 million), receivables from affiliated companies (€191.1 million), and other assets (€0.9 million).

Inventories are comprised entirely of materials and supplies.

As of December 31, 2013, noncurrent assets accounted for 23.7% of total assets, which was slightly more than at year-end 2012.

The equity of Bayer Bitterfeld GmbH was €235 million on December 31, 2013, giving an equity ratio of 90%.

Special items totaling €6.3 million (2012: €6.9 million) contain investment grants and subsidies and are released on a pro rata basis. This reduces depreciation of the respective assets.

The provisions of €11.9 million (2012: €11.5 million) mainly comprise provisions for pensions and other post-employment benefits (€5.9 million). Other provisions (€6.0 million) include further personnel-related provisions (€5.0 million) and trade-related provisions (€1.0 million).

The liabilities of €7.7 million (2012: €9.3 million) contain trade accounts payable (€2.6 million), payables to affiliated companies (€4.3 million) and miscellaneous liabilities (€0.8 million).

The company's liquidity is ensured by integration into the Bayer Group's cash pooling system.

## **5. Information on activities in accordance with Section 6b EnWG**

As the owner of an electricity and gas supply network, the company is subject to the reporting obligations set forth in Section 6b of the German Energy Management Act (EnWG). In accordance with these requirements, the company keeps separate accounts for the activities of its electricity and natural gas divisions. The results of these activities principally comprise leasing revenues and the attributable costs of the electricity and natural gas network. The pro rata operating income from the electricity activities was €62 thousand (2012: €64 thousand), while the gas network generated operating income of €6 thousand (2012: €8 thousand).

On December 31, 2013 total assets relating to the electricity network amounted to €449 thousand (2012: €516 thousand) while total assets for the natural gas network were €21 thousand (2012: €22 thousand). The asset side of both balance sheets is dominated by noncurrent assets. In both cases, equity and liabilities include special items for investment grants and subsidies, liabilities relating to profit transfer, and residual amounts.

## **6. Employees**

On December 31, 2013 Bayer Bitterfeld GmbH had 354 employees (2012: 362). The headcount declined by 2.2% year-on-year. It included 42 employees with fixed-term contracts (2012: 47).

The company had 25 trainees on the reporting date (2012: 46), who are not included in the total headcount.

On average, Bayer Bitterfeld GmbH had 357 employees, four fewer than the average for the previous year.

## **7. Risk report**

Managing opportunities and risks is part of the company's business activities and forms an integral part of management of the company.

Both the opportunities and risks of Bayer Bitterfeld GmbH are closely associated with Bayer Consumer Care AG, and largely determined by its future development.

Key elements of the opportunity and risk management system are the planning and controlling process, Group regulations and the reporting system.

The management holds regular meetings on the business situation, at which it evaluates opportunities and risks, analyzes the development of production volumes, the cost situation, capital expenditures and human resources trends, and agrees on measures to manage them.

Production capacity at the site could be impaired by, for example, technical problems, natural catastrophes, regulatory conditions or interruption of the supply of the main raw materials.

Process safety is guaranteed by integrated quality, health, environment and safety management. The company addresses risks relating to products and environmental protection within the framework of its Responsible Care and quality assurance activities.

As a contract manufacturer for Bayer Consumer Care AG, the company could benefit substantially from expansion of Bayer Consumer Care's position in the global OTC market and utilization of the growth potential of established brands such as Aspirin™.

Further opportunities could arise from expansionary investment by a partner at the industrial park and extension of the service offering.

The company's risk landscape has not altered since the previous year.

The present risks do not jeopardize the survival of the company.

## **8. Events After the End of the Reporting Period**

No events of particular significance that could affect the company's earnings, assets and financial position have occurred since January 1, 2014.

## **9. Outlook**

In 2014 we expect income before profit transfer to be positive at around the same level as in 2013.

Assuming that economic conditions remain unchanged, we expect output to be between 8 and 9 billion tablets in 2014, with the sales and earnings situation remaining comparable to 2013.

In view of the invoicing model for contract manufacturing, the development of sales is mainly influenced by cost trends.

Personnel expenses are expected to rise as a result of collectively agreed pay rises and changes in pension obligations. Further cost rises are likely for energy supply and depreciation of planned capital expenditures.

The results of the evaluation of the NewMES project are expected in the second quarter of 2014. At the same time, a revised project plan should be presented. This should outline the procedure to be followed with regard to the suppliers involved and the timeframe required.

Sales revenues from business activities with companies at the industrial park are expected to be around the same level as in 2013.

**Bitterfeld-Wolfen, March 31, 2014**

**Bayer Bitterfeld GmbH**  
**Dr. Schleicher, Managing Director**

**Income Statement**  
**for**  
**Bayer Bitterfeld GmbH, Bitterfeld-Wolfen**  
**for the period from January 1, 2013 to December 31, 2013**

	<u>2012</u> EUR	<u>2013</u> EUR
<b>Sales</b>	59.346.829	55.825.994
Cost of goods sold	-54.123.019	-50.218.487
<b>Gross profit</b>	<b>5.223.810</b>	<b>5.607.507</b>
General administration expenses	-1.181.551	-1.486.434
Other operating income	78.734	519.955
<i>of which from currency translation</i>	<i>(0)</i>	<i>(0)</i>
Other operating expenses	-83.521	-151.658
<i>of which from currency translation</i>	<i>(-0)</i>	<i>(-0)</i>
<b>Operating result</b>	<b>4.037.472</b>	<b>4.489.370</b>
Other interest and similar income	734.735	239.130
<i>of which from affiliated companies</i>	<i>(734,735)</i>	<i>(239,130)</i>
<i>of which income resulting from discounting of provisions</i>	<i>(0)</i>	<i>(0)</i>
Interest and similar expenses <sup>1</sup>	-247.743	-413.529
<i>of which to affiliated companies</i>	<i>(-16.812)</i>	<i>(-1.772)</i>
<i>of which interest portion of interest-bearing provisions and liabilities</i>	<i>(-230.931)</i>	<i>(-411.212)</i>
	486.992	-174.399
Miscellaneous financial income <sup>1</sup>	1.527	588
<i>of which from currency translation</i>	<i>(1.527)</i>	<i>(588)</i>
Miscellaneous financial expenses <sup>1</sup>	-2.835	-1.123
<i>of which from currency translation</i>	<i>(-2.497)</i>	<i>(-295)</i>
	-1.308	-535
<b>Financial result</b>	<b>485.684</b>	<b>-174.934</b>
<b>Income before income taxes</b>	<b>4.523.156</b>	<b>4.314.436</b>
Expenses for profit transfer/ income from assumption of losses	-4.523.156	-4.314.436
<b>Net income/loss</b>	<b>0</b>	<b>0</b>
<b>Balance sheet profit</b>	<b>0</b>	<b>0</b>



**Balance Sheet for  
Bayer Bitterfeld GmbH, Bitterfeld-Wolfen  
as of December 31, 2013**

ASSETS	Dec. 31, 2012 EUR	Dec. 31, 2013 EUR	EQUITY AND LIABILITIES	Dec. 31, 2012 EUR	Dec. 31, 2013 EUR
<b>Noncurrent assets</b>			<b>Equity</b>		
Intangible assets	4,412,461	5,395,703	Capital stock	58,800,000	58,800,000
Property, plant and equipment	56,960,135	56,577,507	Capital reserve	176,523,522	176,523,522
	<b>61,372,596</b>	<b>61,973,210</b>		<b>235,323,522</b>	<b>235,323,522</b>
<b>Current assets</b>			<b>Special items for investment grants and subsidies</b>	<b>6,941,187</b>	<b>6,318,282</b>
Inventories	876,653	827,604	<b>Provisions</b>		
Raw materials, supplies and operating materials	<b>876,653</b>	<b>827,604</b>	Provisions for pensions and other post-employment benefits <sup>1</sup>	4,960,181	5,954,858
			Provisions for taxes	12,500	0
Receivables and other assets	5,447,675	5,690,593	Other provisions <sup>1</sup>	6,524,625	5,955,652
Trade accounts receivable	(3,800,432)	(4,759,258)		<b>11,497,306</b>	<b>11,910,510</b>
of which from affiliated companies			<b>Other liabilities</b>		
Receivables from affiliated companies	193,098,336	191,092,676	Trade accounts payable	3,992,548	2,546,890
of which from the parent company	(193,098,336)	(191,092,676)	of which to affiliated companies	(894,511)	(369,388)
Other assets	1,599,353	856,658	of which to the parent company	(5,000)	(6,029)
of which due in > 1 year	(46,316)	(43,804)	of which due in < 1 year	(3,992,548)	(2,546,890)
	<b>200,145,364</b>	<b>197,639,927</b>	Payables to affiliated companies	4,523,169	4,314,436
Cash on hand and bank balances	<b>2,664</b>	<b>1,827</b>	of which to the parent company	(4,523,169)	(4,314,436)
	<b>201,024,681</b>	<b>198,469,358</b>	of which due in < 1 year	(4,523,169)	(4,314,436)
			Miscellaneous liabilities	789,616	813,113
<b>Deferred charges</b>	<b>270,911</b>	<b>240,682</b>	of which for taxes	(761,575)	(788,121)
			of which for social security	(27,824)	(19,791)
<b>Surplus from offsetting</b>	<b>399,160</b>	<b>543,503</b>	of which due in < 1 year	(776,798)	(801,777)
			of which due in between 1 and 5 years	(8,011)	(6,911)
			of which due in > 5 years	(4,807)	(4,425)
	<b>263,067,348</b>	<b>261,226,753</b>		<b>9,305,333</b>	<b>7,674,439</b>
	<b>263,067,348</b>	<b>261,226,753</b>		<b>263,067,348</b>	<b>261,226,753</b>

<sup>1</sup> Prior-year figure restated; see explanation in the notes  
Note on contingent liabilities in accordance with Section 251 of the German Commercial Code (HGB): no contingent liabilities

**Noncurrent assets of Bayer Bitterfeld GmbH, Bitterfeld-Wolfen**  
**as of December 31, 2013**

	Gross carrying amounts				Retirements EUR	Accumulated depreciation/ amortization/write-downs		Net carrying amounts	Net carrying amounts		
	As of:		As of:			As of:				As of:	
	Jan. 1, 2013 EUR	Dec. 31, 2013 EUR	Jan. 1, 2013 EUR	Dec. 31, 2013 EUR		Jan. 1, 2013 EUR	Dec. 31, 2013 EUR			Jan. 1, 2013 EUR	Dec. 31, 2013 EUR
<b>I. Intangible assets</b>											
1. Concessions, industrial property rights, similar rights and assets and licenses thereunder	5.519.903	73.750	94.936	5.676.247	-12.342	5.197.409	5.397.954	322.494	278.293		
2. Advance payments	4.089.967	2.176.306	-94.936	6.171.337	0	0	1.053.927	4.089.967	5.117.410		
	<b>9.609.870</b>	<b>2.250.056</b>	<b>0</b>	<b>11.847.584</b>	<b>-12.342</b>	<b>5.197.409</b>	<b>6.451.881</b>	<b>4.412.461</b>	<b>5.395.703</b>		
<b>II. Property, plant and equipment</b>											
1. Land and buildings	82.676.439	80.568	-211.315	82.545.692	0	55.929.318	57.548.756	26.747.121	24.996.936		
2. Machinery and technical equipment	175.352.922	2.710.248	5.270.219	179.927.117	-3.406.272	153.151.566	153.889.879	22.201.356	26.037.238		
3. Furniture, fixtures and other equipment	13.844.331	275.441	102.349	13.500.731	-721.390	12.052.553	11.955.527	1.791.778	1.545.204		
4. Advance payments and assets under construction	6.219.880	2.939.502	-5.161.253	3.998.129	0	0	0	6.219.880	3.998.129		
	<b>278.093.572</b>	<b>6.005.759</b>	<b>0</b>	<b>279.971.669</b>	<b>-4.127.662</b>	<b>221.133.437</b>	<b>223.394.162</b>	<b>56.960.135</b>	<b>56.577.507</b>		
<b>Total noncurrent assets</b>	<b>287.703.442</b>	<b>8.255.815</b>	<b>0</b>	<b>291.819.253</b>	<b>-4.140.004</b>	<b>226.330.846</b>	<b>229.846.043</b>	<b>61.372.596</b>	<b>61.973.210</b>		

**Depreciation, amortization and write-downs of noncurrent assets**  
**of Bayer Bitterfeld GmbH, Bitterfeld-Wolfen**  
**as of December 31, 2013**

	As of: Jan. 1, 2013 EUR	Additions EUR	Exceptional additions EUR	Transfers/ reclassifications EUR	Retirements EUR	Accumulated depreciation/ amortization/write-downs As of: Dec. 31, 2013 EUR
<b><u>I. Intangible assets</u></b>						
1. Concessions, industrial property rights, similar rights and assets and licenses thereunder	5.197.409	212.887	0	0	-12.342	5.397.954
2. Advance payments	0	0	1.053.927	0	0	1.053.927
	<b>5.197.409</b>	<b>212.887</b>	<b>1.053.927</b>	<b>0</b>	<b>-12.342</b>	<b>6.451.881</b>
<b><u>II. Property, plant and equipment</u></b>						
1. Land and buildings	55.929.318	1.644.575	0	-25.137	0	57.548.756
2. Machinery and technical equipment	153.151.566	4.114.741	0	25.137	-3.401.565	153.889.879
3. Furniture, fixtures and other equipment	12.052.553	624.190	0	0	-721.216	11.955.527
4. Advance payments and assets under construction	0	0	0	0	0	0
	<b>221.133.437</b>	<b>6.383.506</b>	<b>0</b>	<b>0</b>	<b>-4.122.781</b>	<b>223.394.162</b>
<b>Total depreciation, amortization and write-downs</b>	<b>226.330.846</b>	<b>6.596.393</b>	<b>1.053.927</b>	<b>0</b>	<b>-4.135.123</b>	<b>229.846.043</b>

# Bayer Bitterfeld GmbH

## Notes to the Financial Statements as of December 31, 2013

### General

The financial statements of Bayer Bitterfeld GmbH are prepared in accordance with the German Commercial Code (HGB) and the German Energy Management Act (EnWG). Bayer Bitterfeld GmbH owns a supply network for electricity and natural gas and is therefore classified as an energy supply company within the meaning of Section 3 No. 18 of the German Energy Management Act (EnWG). The company leases the electricity and gas network to EVIP GmbH. In addition, the company is affiliated to the vertically integrated energy supply company Currenta GmbH & Co. OHG, Leverkusen, Germany, and is thus also classified as a vertically integrated energy supply company within the meaning of Section 3 No. 38 EnWG.

As a wholly owned subsidiary of Bayer AG, since its establishment in 1992 the company has been included in the consolidated financial statements of Bayer AG, Leverkusen, Germany. The consolidated financial statements of Bayer AG are submitted to the operator of the electronic Federal Gazette and published electronically under commercial register no. HRB 48248.

Bayer Bitterfeld GmbH is a large stock corporation within the meaning of Section 267 Paragraph 3 of the German Commercial Code (HGB). When preparing the annual financial statements for Bayer Bitterfeld GmbH, the regulations on the presentation and disclosure of items in the balance sheet and income statement of large stock corporations are taken into account. The presentation is supplemented by the items miscellaneous financial income and miscellaneous financial expense. The operating income and financial income are shown by additional subtotals.

To enhance clarity, certain items are combined in the the balance sheet and income statement. These items are explained separately in the notes.

### Accounting policies and valuation principles

Acquired **intangible assets** are carried at the cost of acquisition and amortized using the straight-line method. They are written down if a loss of value is expected to be permanent. A write-back is recognized as soon as the reason for the write-down ceases to apply. Self-generated intangible assets are not capitalized.

Additions to **property, plant and equipment** are recognized at cost of acquisition less any discounts received. Retirements are recognized as of the date of physical retirement. Depreciation is based on the customary useful lives for the sector.

Where the cost of acquisition was above €150 and below €1,000, in 2008 and 2009, the ruling on the aggregation of items was used analogously to Section 6 Paragraph 2a of the German Income Tax Act (EStG). From January 1, 2008, these low-value items were aggregated in a single item in the year of acquisition and depreciated over five years using the straight-line method. Assets whose cost of acquisition did not exceed €150 were written down immediately. Since 2010, assets costing up to €410 have been written down immediately. Assets costing more than €410 are depreciated over their useful lives. Until December 31, 2008, depreciation was calculated using the straight-line method and the declining balance method, using the highest rates permitted by the applicable tax regulations. Where the declining balance method was used, depreciation was switched to the straight-line method as soon as this resulted in higher depreciation rates. Following the transition to the regulations of the German Accounting Law Modernization Act (BilMoG) as of January 1, 2009 and the related restraint from tax valuations of additions to assets, for the period after December 31, 2008 the straight-line depreciation method has been used for all additions to property, plant and equipment in the commercial accounts. Depreciation that commenced prior to this date has been continued using the method originally applied. The provisions of tax law are not applied. The change in the recognition of property, plant and equipment under BilMoG has no impact on the assets and earnings position. Write-downs are made for reductions in value that are expected to be permanent. These are written back as soon as the reason for the write-down no longer applies.

<b>Useful life of property, plant and equipment</b>	
Outdoor infrastructure and plant installations	5 to 33 years
Machinery and equipment	generally 10 and 12 years
Laboratory and research facilities	generally 5 years
Storage tanks and pipelines	10 to 20 years
Motor vehicles	generally 5 years
Computer equipment	3 to 5 years
Furniture, fixtures and other equipment	4 to 10 years

The company has no self-produced property, plant and equipment.

**Raw materials, supplies and operating materials** included in **inventories** are carried at the average cost of acquisition (moving average prices). Write-downs are made where necessary to the market or fair value.

**Receivables and other assets** are carried at nominal value less appropriate individual and flat-rate write-downs. The level of individual write-downs depends on the probable risk of default and maturity. To cover the general credit risk, flat-rate write-downs on trade accounts

receivable are calculated as 2% of total receivables less value-added tax. If the reasons for individual write-downs made in the past no longer apply, the respective items are written back. Interest-free receivables or receivables that bear low interest rates and are due in more than one year are recognized at discounted value.

**Cash and cash equivalents** are carried at nominal value.

**Deferred charges** are pro rata accruals for expenses relating to future periods.

The amounts required to meet various obligations relating to pensions and credit balances on employees' long-term worktime accounts are invested indirectly via intermediary investment vehicles in liquid fixed-interest bonds, equities, real estate and alternative investments. These are administered on behalf of Bayer AG by Bayer Pension Trust e.V. (BPT), Leverkusen, Germany, and are protected from other creditors if the employer should become insolvent. The investments are measured at fair value, which is derived from stock market prices and market interest rates. The trust assets held by BPT are offset against the underlying obligations. If the obligations exceed the assets, a provision is recorded. If the value of the securities exceeds the obligations, it is recorded in the balance sheet as a **surplus from offsetting**. In the income statement, the income from the trust assets held by BPT are offset against expenses for interest on the associated obligations.

The **capital stock** is carried at nominal value.

The **special items for investment grants and subsidies** reflect subsidies that have not yet been released to income. When they are released, depreciation on the income statement is reduced.

**Provisions for pensions and other post-employment benefits and other actuarial pension obligations** are calculated using actuarial methods based on the biometric probability (Heubeck 2005 G reference tables). Since 2008, the projected unit credit method has been used to calculate such obligations. Expected future salary and pension increases, including salary trends, are taken into account. As in the previous year, we currently assume annual salary increases of 3.00% and still assume annual pension increases of 1.75% p.a. Notwithstanding this, for pension commitments granted since January 1, 2000, an annual pension rise of 1.00% is calculated as this is a firm commitment to the employees. The discount factor used for pension provisions was 4.89% as of December 31, 2013 (2012: 5.05%), which is the average market interest rate for the past seven years for instruments with an assumed remaining maturity of 15 years, as determined and published by the Deutsche Bundesbank.

**Other provisions** are established to cover all foreseeable risks and uncertain liabilities and are based on the probable settlement amounts (Section 253 Paragraph 1 Sentence 2 German Commercial Code / HGB). Appropriate account is taken of price and cost increases. Provisions due in more than one year are discounted to the present value using the average market interest rate for the past seven years, based on their remaining maturities in accordance with the German Ordinance on the Discounting of Provisions of November 18, 2009.

**Liabilities** are recognized at the settlement amount.

Current **foreign currency** receivables and payables are recognized at the spot rate on the balance-sheet date. Where they are due in more than one year, recognition is based on the cost of acquisition, and the principle of prudence and realization.

Currency translation gains and losses are included in miscellaneous financial income and miscellaneous financial expenses.

No hedging was undertaken.

Since Bayer Bitterfeld GmbH forms a tax entity with Bayer AG, **deferred taxes** relating to differences between the valuation of assets and liabilities in the commercial accounts and those prepared for tax purposes are attributable to Bayer AG and are therefore not included in the financial statements of Bayer Bitterfeld GmbH.

## **Notes to the Balance Sheet**

### **Non-current assets**

The attached schedule of noncurrent assets presents the noncurrent assets and changes therein.

### **Inventories**

Inventories of raw materials, supplies and operating materials totaled €828 thousand (2012: €877 thousand).

### **Trade receivables**

Trade accounts payable amount to €5,691 thousand (2012: €5,448 thousand). All receivables are due within one year.

### **Receivables from affiliated companies**

Receivables from affiliated companies total €191,093 thousand (2012: €193,098 thousand) and are mainly financial receivables relating to overnight funds.

### **Other assets**

Other assets include investment subsidies of €401 thousand (2012: €792 thousand) based on applications which have been submitted for 2012 or which will be submitted for 2013. Further, this item includes a claim for reimbursement of electricity tax supplier amounting to €202 thousand.

### **Deferred charges**

The deferred charges principally relate to advance payment of business insurance premiums totaling €202 thousand (2012: €194 thousand).

### **Surplus from offsetting**

Obligations relating to credit balances on employees' worktime accounts and pension commitments are secured by assets invested with Bayer Pension Trust e.V., Leverkusen, Germany, through a contractual trust arrangement (CTA). These assets may only be used for the purpose of meeting these obligations and are protected from other creditors. They have been offset against the underlying obligations. In 2013 the offset resulted in a positive difference of €544 thousand (2012: €399 thousand), of which €441 thousand (2012: €345 thousand) relates to pension commitments and €102 thousand (2012: €54 thousand) to obligations arising from worktime accounts.



in € '000	2012	2013
Settlement value of obligations relating to credit balances on employees' worktime accounts	250	276
Fair value of assets invested with Bayer Pension Trust	304	378
<b>Differences between assets and obligations relating to worktime accounts (surplus from offsetting)</b>	<b>54</b>	<b>102</b>
Acquisition cost of assets invested with Bayer Pension Trust	270	370

in €'000	2012	2013
Settlement value of pension obligations	3,483	3,946
Fair value of assets invested with Bayer Pension Trust	3,828	4,387
<b>Differences between assets and obligations relating to pension commitments (surplus from offsetting)</b>	<b>345</b>	<b>441</b>
Acquisition cost of assets invested with Bayer Pension Trust	3,364	4,339

In 2013, the assets mainly comprised liquid fixed-interest bonds, equities, real estate and alternative investments held indirectly via intermediary investment vehicles. The investments are measured at fair value.

### Special items for investment grants and subsidies

These special items comprise public grants and construction subsidies from partners at the industrial park and are released on a pro rata basis. €1,013 thousand was released in 2013 (2012: €1,159 thousand), and reduced depreciation of the respective assets.

### Provisions for pensions and other post-employment benefits

This item includes provisions for current and future pension entitlements.

Some obligations arising from pension commitments are secured by assets invested with Bayer Pension Trust e.V., Leverkusen, Germany, under several contractual trust arrangements. These assets may only be used for the purpose of meeting these obligations and are protected from other creditors if the employer should become insolvent. They were offset against the underlying obligations. Where this results in a positive difference, this is recorded as a surplus from offsetting under assets, otherwise it is shown as a liability.

In 2013, the assets mainly comprised liquid fixed-interest bonds, equities, real estate and alternative investments held indirectly via intermediary investment vehicles. The investments are measured at fair value.

in € '000	2012	2013
Settlement value of pensions and other post-employment benefit obligations <sup>1</sup>	5,287	6,298
Fair value of assets invested with Bayer Pension Trust	327	343
<b>Net value of pension and other post-employment benefit obligations (provision)</b>	<b>4,960</b>	<b>5,955</b>
Acquisition cost of assets invested with Bayer Pension Trust	323	337
<sup>1</sup> Prior-year figure restated		

In addition to pension provisions, in 2012 this item also included personnel-related obligations totaling €115 thousand. These have been reclassified to other provisions and the previous year's figure has been restated.

### **Other provisions**

Provisions were established for obligations under the senior part-time working program, long-service anniversaries, payments to employees in excess of the collectively agreed rates, vacation entitlements, worktime accounts, outstanding invoices and other uncertain liabilities.

### **Other liabilities**

The payables to affiliated companies comprise the profit transfer to Bayer AG. Of the payables for social security, €11 thousand are due in more than one year. All other liabilities are due within one year.

## Notes to the Income Statement

### Net sales

The company's sales are divided into revenues from contract manufacturing for Bayer Consumer Care AG, Basel, Switzerland, and the provision of infrastructure services and the sale of goods purchased for resale to other companies at the industrial park.

### Sales by business activity

in € '000	2012	2013
Contract manufacturing		
Bayer Consumer Care AG	46,302	46,071
Infrastructure services and sale of goods purchased for resale		
IAB Ionenaustauscher GmbH Bitterfeld	4,058	2,356
Dow Wolff Cellulosics GmbH	3,457	2,177
Nuplex Resins GmbH	4,454	4,269
EVIP GmbH	204	300
Others	872	653
<b>Total</b>	<b>59,347</b>	<b>55,826</b>

### Sales by region

in € '000	2012	2013
Germany	13,045	9,755
Other European countries	46,302	46,071
<b>Total</b>	<b>59,347</b>	<b>55,826</b>

in €'000	2012	2013
Leasing of power network	174	170
Leasing of natural gas network	30	27
<b>Total</b>	<b>204</b>	<b>197</b>

### Cost of goods sold

The cost of goods sold was €50,218 thousand (2012: €54,123 thousand).

### Other operating income

in € '000	2012	2013
Income from insurance claims	34	20
Income from reversals of other provisions	-	458
Gains from the sale of plant components	5	28
Prior-period income	37	13
Other	3	1
<b>Total</b>	<b>79</b>	<b>520</b>

### Other operating expenses

in € '000	2012	2013
Expenses from insurance claims	41	9
Insurance against terrorism	26	27
Losses from the retirement of noncurrent assets	3	8
Prior-period expenses	-	25
Miscellaneous expense	14	83
<b>Total</b>	<b>84</b>	<b>152</b>

### Other interest and similar income

in € '000	2012	2013
Interest on the overnight funds account at Bayer AG	735	239
<b>Total</b>	<b>735</b>	<b>239</b>

### Interest and similar expenses

in € '000	2012	2012 restated	2013
Interest on the overnight funds account at Bayer AG	17	17	2
Interest portion of pension and other noncurrent personnel-related provisions (net)	-	230	411
Other	-	1	1
<b>Total</b>	<b>17</b>	<b>248</b>	<b>414</b>

The income from assets held by Bayer Pension Trust was offset against the interest portion of pension and other noncurrent personnel-related provisions as follows:

in € '000	2012	2013
Interest portion of pension and other noncurrent personnel-related provisions (gross)	649	1,189
Income from assets held by Bayer Pension Trust	-419	-778
<b>Total</b>	<b>230</b>	<b>411</b>

#### Other financial income

in € '000	2012	2012 restated	2013
Income from assets invested with Bayer Pension Trust	419	-	-
Realized currency translation gains	2	2	1
<b>Total</b>	<b>421</b>	<b>2</b>	<b>1</b>

#### Other financial expenses

in € '000	2012	2012 restated	2013
Interest portion of pension provisions	650	-	-
Realized currency translation losses	2	2	-
Other	1	1	1
<b>Total</b>	<b>653</b>	<b>3</b>	<b>1</b>

In 2013, the presentation of the financial result on the income statement was modified using uniform Group-wide principles. Expenses for the interest portion of pension and other noncurrent personnel-related provisions comprised the net expenses after offsetting income from the assets held by Bayer Pension Trust e.V., Leverkusen, Germany, and the impact of the change in the discount rate. The assets held by Bayer Pension Trust serve the sole purpose of meeting obligations relating to pensions and credit balances on employees' long-term worktime accounts. They are protected from other creditors.

### Cost of materials

in € '000	2012	2013
Expenses for raw materials, supplies and operating materials	1,181	1,036
Expenses for purchased services	16,375	15,519
<b>Total</b>	<b>17,556</b>	<b>16,555</b>

### Personnel expenses

in € '000	2012	2013
Wages and salaries	19,947	20,817
Social security and pension expenses	5,893	4,515
<b>Total</b>	<b>25,840</b>	<b>25,332</b>

### Number of employees

FTE, annual average	2012	2013
Production	313.9	315.1
Administration	51.1	46.1
<b>Total</b>	<b>365.0</b>	<b>361.2</b>

### Other information

#### Miscellaneous financial obligations

	As of Dec. 31, 2013
Obligations under rental agreements	€20 thousand
Approved capital expenditures for property, plant and equipment (purchase order commitments)	€1,508 thousand
<b>Total</b>	<b>€1,528 thousand</b>

#### Audit fees

Details of audit fees are contained in Bayer's consolidated financial statements. The company therefore utilizes exemption from the disclosure of audit fees as permitted by Section 285 No. 17 of the German Commercial Code (HGB).

### **Disclosures in accordance with Section 6b Paragraph 2 of the German Energy Management Act (EnWG)**

There were no unusual business activities in the field of energy supply whose significance was not negligible for the assets and earnings of Bayer Bitterfeld GmbH and that the company is required to disclose in accordance with Section 6b Paragraph 2 of the German Energy Management Act (EnWG).

### **Amounts subject to restrictions on distribution and transfer**

The total value of amounts subject to distribution restrictions as a result of the fair value measurement of trust assets is €62 thousand. The company has freely available capital reserves of this amount.

### **Supervisory Board**

Since a Supervisory Board is not a legal requirement for companies with fewer than 500 employees, a shareholder committee was established in 2013.

### **Management**

As of December 31, 2013, the sole managing director was Dr. Christian Schleicher, pharmacist.

The company refrains from disclosing the total compensation of the managing director as permitted by Section 286 Paragraph 4 of the German Commercial Code (HGB) as his personal income could be derived from this information.

**Bitterfeld, March 31, 2014**

**Bayer Bitterfeld GmbH  
Dr. Schleicher, Managing Director**

# **Bayer Bitterfeld GmbH**

## **Activity reports for fiscal 2013**

### **General information**

At its 904th session on December 14, 2012, the German Bundesrat, the upper house of parliament, decided not to call in the Mediation Committee on the Third Act Amending Energy Provisions passed by the German Bundestag (lower house) on November 29, 2012 and to approve the Act (BR-DRS. 740/12). This legislation came into force on December 28, 2012. As a consequence of the amended provisions, from fiscal 2012 Bayer Bitterfeld GmbH, which is affiliated to a vertically integrated energy supply company and is therefore also classified as an integrated energy supply company, is required to submit activity reports on its activities in these areas to the electronic Federal Gazette for publication (Section 6b Paragraph 3 German Energy Management Act/EnWG) along with its audited financial statements and to report on these activities in accordance with Section 6b Paragraph 3 EnWG (Section 6b Paragraph 7 EnWG).

Bayer Bitterfeld GmbH has prepared the required activity reports for its activities in the leasing of power and gas networks in accordance with Section 6b Paragraph 3 EnWG.

### **Information on the supplementary regulations pursuant to Section 6b Paragraph 3 Sentence 7 EnWG**

With respect to the recognition and valuation principles used to prepare the activity reports for these areas of activity, please see the notes to the financial statements of Bayer Bitterfeld GmbH as of December 31, 2013.

All balance sheet and income statement items have been directly allocated.

The amount remaining after the first-time allocation of the assets and liabilities has been recorded as an internal financing liability to the rest of the company.



**Income statement for fiscal 2013**  
**Activity report: natural gas network**

<b>Euros (€)</b>	<b>2012</b>	<b>2013</b>
<b>Sales</b>	29,800	27,000
Cost of goods sold	-13,317	-11,927
<b>Gross profit</b>	<b>16,483</b>	<b>15,073</b>
General administration expenses	-8,030	-9,180
Other operating income	0	0
Other operating expenses	0	0
<b>Operating result</b>	<b>8,453</b>	<b>5,893</b>
Other interest and similar income	0	0
Interest and similar expenses	0	0
	0	0
Other financial income	0	0
Other financial expenses	0	0
	0	0
<b>Financial result</b>	<b>0</b>	<b>0</b>
<b>Income before income taxes</b>	<b>8,453</b>	<b>5,893</b>
Expenses for profit transfer/ income from assumption of losses	-8,453	-5,893
<b>Net income/loss</b>	<b>0</b>	<b>0</b>

**Balance sheet as of Dec. 31, 2013**  
**Activity report: natural gas network**

Euros (€)	Dec. 31, 2012	Dec. 31, 2013
<b>A</b>		
<b>Non-current assets</b>		
Intangible assets	0	0
Property, plant and equipment	21,756	17,732
	<u>21,756</u>	<u>17,732</u>
<b>Current assets</b>		
Inventories	0	0
Receivables and other assets	0	2,678
Cash on hand and bank balances	0	0
	<u>0</u>	<u>2,678</u>
<b>Deferred charges</b>	<b>213</b>	<b>186</b>
	<b>21,969</b>	<b>20,596</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>0</b>	<b>0</b>
<b>Special items for investment grants and subsidies</b>	<b>11,514</b>	<b>9,540</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>		
Internal financing liability to the rest of the company	2,002	5,163
Trade accounts payable	0	0
Payables to affiliated companies	8,453	5,893
<i>of which to the parent company</i>	(8,453)	(5,893)
<i>of which due in &lt; 1 year</i>	(8,453)	(5,893)
<i>of which due in between 1 and 5 years</i>	(0)	(0)
<i>of which due in &gt; 5 years</i>	(0)	(0)
Miscellaneous liabilities	0	0
	<u>10,455</u>	<u>11,056</u>
	<b>21,969</b>	<b>20,596</b>

## Activity report: natural gas network

### Notes to the income statement

#### Cost of materials

in € '000	2012	2013
Expenses for raw materials, supplies and operating materials	0	0
Expenses for purchased services	1,500	1,229
<b>Total</b>	<b>1,500</b>	<b>1,229</b>

### Notes to the balance sheet

#### Property, plant and equipment

€ thousand	Land and buildings	Plant installations and machinery	Furniture, fixtures and other equipment	Advance payments and assets under construction	Total
Gross carrying amounts, Jan. 1, 2013	0	287	0	0	287
Capital expenditures	0	0	0	0	0
Retirements	0	0	0	0	0
Transfers	0	0	0	0	0
<b>Gross carrying amounts, Dec. 31, 2013</b>	<b>0</b>	<b>287</b>	<b>0</b>	<b>0</b>	<b>287</b>
Depreciation, Jan. 1, 2013	0	265	0	0	265
Depreciation	0	4	0	0	4
Additions/retirements	0	0	0	0	0
<b>Depreciation, Dec. 31, 2013</b>	<b>0</b>	<b>269</b>	<b>0</b>	<b>0</b>	<b>269</b>
<b>Net carrying amounts, Dec. 31, 2013</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>18</b>
Net carrying amounts, Dec. 31, 2012	0	22	0	0	22

#### Receivables and other assets

This item is comprised entirely of current trade accounts receivable from EVIP GmbH, Halle, Germany, and relate to the period December 2013.

#### Deferred charges

The deferred charges principally relate to advance payment of business insurance premiums totaling €186 (2012: €213).

**Special items for investment grants and subsidies**

The special items reflect subsidies that have not yet been released to income. They are released analogously to depreciation. In 2013 the amount released was €1,974 (2012: €1.974).

**Liabilities**

The payables to affiliated companies comprise the profit transfer to Bayer AG.

**Income statement for fiscal 2013**  
**Activity report: power network**

<b>Euros (€)</b>	<b>2012</b>	<b>2013</b>
<b>Sales</b>	173,600	169,900
Cost of goods sold	-101,356	-96,891
<b>Gross profit</b>	<b>72,244</b>	<b>73,009</b>
General administration expenses	-8,400	-11,160
Other operating income	0	0
Other operating expenses	0	0
<b>Operating result</b>	<b>63,844</b>	<b>61,849</b>
Other interest and similar income	0	0
Interest and similar expenses	0	0
	0	0
Other financial income	0	0
Other financial expenses	0	0
	0	0
<b>Financial result</b>	<b>0</b>	<b>0</b>
<b>Income before income taxes</b>	<b>63,844</b>	<b>61,849</b>
Expenses for profit transfer/ income from the assumption of losses	-63,844	-61,849
<b>Net income/loss</b>	<b>0</b>	<b>0</b>

**Balance sheet as of December 31, 2013**  
**Activity report: power network**

Euors (€)	Dec. 31, 2012	Dec. 31, 2013
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	0	0
Property, plant and equipment	509,134	425,588
	<b>509,134</b>	<b>425,588</b>
<b>Current assets</b>		
Inventories	0	0
Receivables and other assets	0	16,848
Cash on hand and bank balances	0	0
	<b>0</b>	<b>16,848</b>
<b>Deferred charges</b>	<b>6,619</b>	<b>6,897</b>
	<b>515,753</b>	<b>449,333</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>0</b>	<b>0</b>
<b>Special items for investment grants and subsidies</b>	<b>233,311</b>	<b>202,021</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>		
Internal financing liability to the rest of the company	218,571	186,439
Trade payables	27	24
<i>of which due in &lt; 1 year</i>	(27)	(24)
Payables to affiliated companies	63,844	61,849
<i>of which to the parent company</i>	(63,844)	(61,849)
<i>of which due in &lt; 1 year</i>	(63,844)	(61,849)
<i>of which due in between 1 and 5 years</i>	(0)	(0)
<i>of which due in &gt; 5 years</i>	(0)	(0)
Miscellaneous liabilities	0	0
	<b>282,442</b>	<b>247,312</b>
	<b>515,753</b>	<b>449,333</b>

## Activity report: power network

### Notes to the income statement

#### Cost of materials

in € '000	2012	2013
Expenses for raw materials, supplies and operating materials	0	0
Expenses for purchased services	24,879	23,547
<b>Total</b>	<b>24,879</b>	<b>23,547</b>

### Notes to the balance sheet

#### Property, plant and equipment

€'000	Land and buildings	Plant installations and machinery	Furniture, fixtures and other equipment	Advance payments and assets under construction	Total
Gross carrying amounts, Dec. 31, 2013	777	8,190	54	0	9,021
Capital expenditures	0	0	0	0	0
Retirements	0	0	0	0	0
Transfers	0	0	0	0	0
<b>Gross carrying amounts, Dec. 31, 2013</b>	<b>777</b>	<b>8,190</b>	<b>54</b>	<b>0</b>	<b>9,021</b>
Depreciation, Jan. 1, 2013	761	7,711	40	0	8,512
Depreciation	14	68	2	0	84
Additions/retirements	0	0	0	0	0
<b>Depreciation, Dec. 31, 2013</b>	<b>775</b>	<b>7,779</b>	<b>42</b>	<b>0</b>	<b>8,596</b>
<b>Net carrying amounts, Dec. 31, 2013</b>	<b>2</b>	<b>411</b>	<b>12</b>	<b>0</b>	<b>425</b>
Net carrying amounts, Dec. 31, 2012	16	479	14	0	509

**Receivables and other assets**

This item is comprised entirely of current trade accounts receivable from EVIP GmbH, Halle, Germany, and relate to December 2103.

**Deferred charges**

The deferred charges principally relate to advance payment of business insurance premiums totaling €6,897 (2012: €6,619).

**Special items for investment grants and subsidies**

The special items reflect subsidies that have not yet been released to income. They are released analogously to depreciation. In 2013 the amount released was €31,290 (2012: €31,551).

**Liabilities**

The payables to affiliated companies comprise the profit transfer to Bayer AG.

**Responsibility Statement**

These activity reports have been prepared in accordance with the provisions of Section 6b of the German Energy Management Act (EnWG) and the provisions of the German Commercial Code (HGB) applicable for stock corporations.

**Bitterfeld, March 31, 2014**

**Bayer Bitterfeld GmbH**  
**Dr. Schleicher, Managing Director**



**Balance Sheet for  
Erste K-W-A Beteiligungsgesellschaft mbH, Leverkusen  
as of December 31, 2013**

<b>ASSETS</b>	Dec. 31, 2012 EUR	Dec. 31, 2013 EUR	<b>EQUITY AND LIABILITIES</b>	Dec. 31, 2012 EUR	Dec. 31, 2013 EUR
<b>Noncurrent assets</b>			<b>Equity</b>		
Investments	58.718.282	58.718.282	Capital stock	30.000	30.000
	<u>58.718.282</u>	<u>58.718.282</u>	Capital reserve	33.713.281	33.713.281
<b>Current assets</b>				<u>33.743.281</u>	<u>33.743.281</u>
Receivables from affiliated companies <i>of which from the parent company</i>	11.641.387	10.923.488	<b>Provisions</b>		
	<i>(11.641.387)</i>	<i>(281)</i>	Other provisions	0	7.500
	<u>11.641.387</u>	<u>10.923.488</u>		<u>0</u>	<u>7.500</u>
			<b>Other liabilities</b>		
			Payables to affiliated companies <i>of which to the parent company</i>	36.616.388	35.889.228
			<i>of which due in &lt; 1 year</i>	<i>(25.106.242)</i>	<i>(35.889.228)</i>
			Miscellaneous liabilities	0	1.761
				<u>36.616.388</u>	<u>35.890.989</u>
	<u>70.359.669</u>	<u>69.641.770</u>		<u>70.359.669</u>	<u>69.641.770</u>

Leverkusen, March 31, 2014

Erste K-W-A Beteiligungsgesellschaft mbH

Dr. Semrau

Jansen-Frisch

**Income Statement**  
**for**  
**Erste K-W-A Beteiligungsgesellschaft mbH, Leverkusen**  
**for the period from January 1, 2013 to December 31, 2013**

	<u>2012</u> EUR	<u>2013</u> EUR
General administration expenses	-42.081	-52.392
Other operating expenses	-511	-611
<b>Operating result</b>	<b>-42.592</b>	<b>-53.003</b>
Income from profit and loss transfer agreements with affiliated cos.	0	10.923.207
Expenses from profit and loss transfer agreements with affiliated cos.	-11.505.368	0
	-11.505.368	10.923.207
Other interest and similar income	1.031	0
<i>of which from affiliated companies</i>	<i>(1.031)</i>	<i>(0)</i>
Interest and similar expenses	-94.458	-33.308
<i>of which to affiliated companies</i>	<i>(-94.458)</i>	<i>(-33.308)</i>
	-93.427	-33.308
<b>Financial result</b>	<b>-11.598.795</b>	<b>10.889.899</b>
<b>Income before income taxes</b>	<b>-11.641.387</b>	<b>10.836.896</b>
Income from assumption of losses/ expenses for profit transfer	11.641.387	-10.836.896
<b>Net loss / profit</b>	<b>0</b>	<b>0</b>

**Balance Sheet for  
Bayer Real Estate GmbH, Leverkusen  
as of December 31, 2013**

<b>ASSETS</b>	Dec. 31, 2012 EUR	Dec. 31, 2013 EUR
<b>Noncurrent assets</b>		
Intangible assets	250.466	142.365
Property, plant and equipment	30.743.686	26.846.240
Investments	<u>286.643.294</u>	<u>288.006.525</u>
	<b>317.637.446</b>	<b>314.995.130</b>
<b>Current assets</b>		
Inventories		
Work in process	4.175.477	3.628.663
Finished goods	6.909.671	4.063.980
	<b>11.085.148</b>	<b>7.692.643</b>
Receivables and other assets		
Trade accounts receivable	15.589.623	19.684.737
<i>of which from affiliated companies</i>	13.795.854	18.695.854
<i>of which from the parent company</i>	169.061	779.795
Receivables from affiliated companies	70.165.923	73.210.854
<i>of which from the parent company</i>	70.165.923	73.052.644
Receivables from other investments	4.258	0
Other assets	<u>236.389</u>	<u>221.951</u>
	<b>85.996.194</b>	<b>93.117.542</b>
Cash on hand, checks and balances with the Bundesbank and other banks	<u>0</u>	<u>487</u>
	<b>97.081.342</b>	<b>100.810.672</b>
<b>Deferred charges</b>	<u>843.618</u>	<u>833.190</u>
<b>Surplus from offsetting</b>	<u>15.111</u>	<u>74.034</u>
	<u><b>415.577.517</b></u>	<u><b>416.713.026</b></u>

**Balance Sheet for  
Bayer Real Estate GmbH, Leverkusen  
as of December 31, 2013**

<b>EQUITY AND LIABILITIES</b>	<b>Dec. 31, 2012 EUR</b>	<b>Dec. 31, 2013 EUR</b>
<b>Equity</b>		
Capital stock	1.536.000	1.536.000
Capital reserve	331.997.881	331.997.881
Other retained earnings	5.467.984	5.467.984
Profit carried forward	41.635.420	41.635.420
	<b>380.637.285</b>	<b>380.637.285</b>
<b>Provisions</b>		
Provisions for pensions and other post-employment benefits	12.898.403 *	14.144.809
Other provisions	9.708.679 *	6.797.034
	<b>22.607.082</b>	<b>20.941.843</b>
<b>Other liabilities</b>		
Liabilities to banks	75	56
Trade accounts payable	10.470.227	12.173.407
<i>of which to affiliated companies</i>	4.668.987	7.353.050
<i>of which to the parent company</i>	0	801.000
<i>of which due in &lt; 1 year</i>	10.470.227	12.173.407
Payables to affiliated companies	0	1.611.084
<i>of which due in &lt; 1 year</i>	0	1.611.084
Miscellaneous liabilities	1.209.642	976.591
<i>of which for taxes</i>	374.556	513.100
<i>of which for social security</i>	120.939	7.457
<i>of which due in &lt; 1 year</i>	1.200.167	968.013
<i>of which due in between 1 and 5 years</i>	9.475	8.578
	<b>11.679.944</b>	<b>14.761.138</b>
<b>Deferred income</b>	<b>653.206</b>	<b>372.760</b>
	<b>415.577.517</b>	<b>416.713.026</b>

\*) Prior-year amounts restated

Leverkusen, March 31, 2014  
Bayer Real Estate GmbH

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Björn Christmann

**Income Statement for  
Bayer Real Estate GmbH, Leverkusen  
for the period from January 1, 2013 to December 31, 2013**

	<u>2012</u> EUR	<u>2013</u> EUR
<b>Sales</b>	141.490.897	99.410.984
Cost of sales	<u>-134.311.810</u>	<u>-122.019.721</u>
<b>Gross profit</b>	<b>7.179.087</b>	<b>-22.608.737</b>
Selling expenses	-442.425	-8.658
General administration expenses	-1.886.147	-2.008.875
Other operating income	4.513.822	4.562.936
Other operating expenses	-75.416	-1.897.467
<b>Operating result</b>	<b>9.288.921</b>	<b>-21.960.801</b>
Income from profit and loss transfer agreements with affiliated companies	4.258	38.981
Expenses from profit and loss transfer agreements with affiliated companies	<u>-1.169</u>	<u>0</u>
<b>Income (loss) from investments in affiliated companies — net</b>	<b>3.089</b>	<b>38.981</b>
Income from other securities and loans included in investments	1.324	357
Other interest and similar income	284.959	95.635
<i>of which from affiliated companies</i>	284.746	74.542
Interest and similar expenses	-860.969	-1.107.105
<i>of which to affiliated companies</i>	-1.043	-1.722
<i>of which interest portion of interest-bearing provisions and liabilities</i>	<u>-853.301</u>	<u>-1.105.384</u>
<b>Net interest expense</b>	<b>-574.686</b>	<b>-1.011.113</b>
Miscellaneous financial income	8.624	0
Miscellaneous financial expenses	-1.240	-945
<i>of which from currency translation</i>	<u>-1.239</u>	<u>0</u>
<b>Other non-operating expense</b>	<b>7.384</b>	<b>-945</b>
<b>Financial result</b>	<b>-564.213</b>	<b>-973.077</b>
<b>Income before income taxes</b>	<b>8.724.708</b>	<b>-22.933.878</b>
Profit transferred under a profit and loss transfer agreement/ income from assumption of losses	<u>-8.724.708</u>	<u>22.933.878</u>
<b>Net income/loss</b>	<u><b>0</b></u>	<u><b>0</b></u>

**Noncurrent assets of Bayer Real Estate GmbH, Leverkusen**  
**as of December 31, 2013**

	As of: Jan. 1, 2013 EUR	Additions EUR	Transfers/ reclassifications EUR	Retirements EUR	As of: Dec. 31, 2013 EUR	Accumulated depreciation/ amortization/write-downs As of: Dec. 31, 2013 EUR	Net carrying amounts As of: Dec. 31, 2013 EUR
<b>I. Intangible assets</b>							
1. Concessions, industrial property rights, similar rights and assets and licenses thereunder	1.582.861	88.500	0	0	1.671.361	1.528.996	142.365
2. Goodwill	0	0	0	0	0	0	0
3. Advance payments	0	0	0	0	0	0	0
	<b>1.582.861</b>	<b>88.500</b>	<b>0</b>	<b>0</b>	<b>1.671.361</b>	<b>1.528.996</b>	<b>142.365</b>
<b>II. Property, plant and equipment</b>							
1. Land and buildings	23.930.074	811.020	273.764	-3.398.410	21.616.448	2.444.603	19.171.845
2. Machinery and technical equipment	1.306.863	8.985	0	0	1.315.848	407.112	908.736
3. Furniture, fixtures and other equipment	4.791.105	688.281	621.682	-880.286	5.220.782	2.836.646	2.384.136
4. Advance payments and assets under construction	6.012.456	2.240.940	-895.446	-2.976.427	4.381.523	0	4.381.523
	<b>36.040.498</b>	<b>3.749.226</b>	<b>0</b>	<b>-7.255.123</b>	<b>32.534.601</b>	<b>5.688.361</b>	<b>26.846.240</b>
<b>III. Investments</b>							
1. Investments in affiliated companies	286.643.294	1.563.026	0	-199.795	288.006.525	0	288.006.525
2. Loans to affiliated companies	0	0	0	0	0	0	0
3. Other investments	0	0	0	0	0	0	0
4. Other loans	0	0	0	0	0	0	0
	<b>286.643.294</b>	<b>1.563.026</b>	<b>0</b>	<b>-199.795</b>	<b>288.006.525</b>	<b>0</b>	<b>288.006.525</b>
<b>Total noncurrent assets</b>	<b>324.266.653</b>	<b>5.400.752</b>	<b>0</b>	<b>-7.454.918</b>	<b>322.212.487</b>	<b>7.217.357</b>	<b>314.995.130</b>

**Depreciation, amortization and write-downs of noncurrent assets**  
**of Bayer Real Estate GmbH, Leverkusen**  
**as of December 31, 2013**

	As of: Jan. 1, 2013 EUR	Additions EUR	Exceptional additions EUR	Transfers/ reclassifications EUR	Retirements EUR	Accumulated depreciation/ amortization/write-downs As of: Dec. 31, 2013 EUR
<b><u>I. Intangible assets</u></b>						
1. Concessions, industrial property rights, similar rights and assets and licenses thereunder	1.332.395	196.601	0	0	0	1.528.996
2. Goodwill	0	0	0	0	0	0
3. Advance payments	0	0	0	0	0	0
	<b>1.332.395</b>	<b>196.601</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1.528.996</b>
<b><u>II. Property, plant and equipment</u></b>						
1. Land and buildings	1.792.916	748.554	0	0	-96.867	2.444.603
2. Machinery and technical equipment	269.457	137.655	0	0	0	407.112
3. Furniture, fixtures and other equipment	3.234.438	477.590	0	0	-875.382	2.836.646
4. Advance payments and assets under construction	0	0	0	0	0	0
	<b>5.296.811</b>	<b>1.363.799</b>	<b>0</b>	<b>0</b>	<b>-972.249</b>	<b>5.688.361</b>
<b><u>III. Investments</u></b>						
1. Investments in affiliated companies	0	0	0	0	0	0
2. Loans to affiliated companies	0	0	0	0	0	0
3. Other investments	0	0	0	0	0	0
4. Other loans	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total depreciation, amortization and write-downs</b>	<b>6.629.206</b>	<b>1.560.400</b>	<b>0</b>	<b>0</b>	<b>-972.249</b>	<b>7.217.357</b>