Unaudited Financial Report
1st Half Year 2019

Evonik Finance B.V.
Amsterdam

Contents

DIRECTORS' REPORT

1st Half Year Report 2019 of Board of Directors

We herewith report you on the exercise of our mandate over the 1st half year, ending by 30 June 2019 and present you the semi-annual accounts of Evonik Finance B.V. The financial report for the 1st half year 2019 has not been audited by an auditor.

Evonik Finance B.V. domiciled in Amsterdam, the Netherlands is a 100% subsidiary company of Evonik Industries AG (also referred to herein as 'Evonik'), based in Germany with operations throughout the world.

Evonik is one of the world's leading specialty chemicals companies. Our strengths include the balanced spectrum of our business activities, end-markets, and regions. Around 80 percent of sales come from market-leading positions[1], which we are systematically expanding. Our strong competitive position is based on close collaboration with customers, high innovative capability, and integrated technology platforms. Market-oriented research and development is a key driver of profitable growth. This is based on our strong innovation culture, which is rooted in our innovation management and management development.

Key Figures Evonik Finance B.V.

Overview

in €	30/06/2019	2018
Operating result	-377.346	-929.310
Financial result	1.674.866	6.766.828
Profit/loss of financial year	924.518	4.750.142
As at	30/06/2019	31/12/2018
Financial fixed assets	1.514.846.490	1.582.635.862
Current assets	681.017.727	716.607.717
Equity	245.629.696	248.721.559
Non-current liabilities	1.893.360.069	1.893.801.231
Current liabilities	56.874.452	156.720.789

Evonik Finance B.V. was founded on 15 December 2010 with an authorized share capital of €250.000 (paid in €50.000).

The main objects of the company are:
(a) to grant loans to foreign subsidiaries and joint ventures;
(b) to issue bonds and take up loans;
(c) to grant finance to group companies and guarantees to external parties securing group obligations.

[1] We define these as ranking 1st, 2nd, or 3rd in the relevant markets.

Income Statement Evonik Finance B.V.

Overview in €	30/06/2019	30/06/2018
Operating expenses	-377.346	-466.580
Operating result	**-337.346**	**-466.580**
Interest and similar income	58.164.858	29.164.618
Interest and similar expense	-56.489.992	-22.825.444
Result before tax	**1.297.520**	**5.872.594**
Income tax expense/income	-373.002	-996.509
Result after tax	**924.518**	**4.876.085**

Business Outlook

In 2nd half year of 2019, Evonik Finance B.V. will focus on its activities with regards to the granting of loans to foreign subsidiaries and joint ventures.

Evonik has a debt issuance program to place bonds with a total volume of up to €5 billion. By 30 June 2019 five bonds with a total nominal value of €3,15 billion have been issued under this program.

Bonds issued under the debt issuance program

	Nominal value in € million	Rating (S&P / Moody's)	Maturity	Coupon in percent	Issue price in percent
Evonik Industries AG					
Fixed-interest bond 2013/2020	500	BBB+ / Baa1	April 8, 2020	1,875	99,185
Fixed-interest bond 2015/2023	750	BBB+ / Baa1	Jan. 23, 2023	1,000	99,337
Evonik Finance B.V.					
Fixed-interest bond 2016/2021	650	BBB+ / Baa1	March 8, 2021	0,000	99,771
Fixed-interest bond 2016/2024	750	BBB+ / Baa1	Sept. 7, 2024	0,375	99,490
Fixed-interest bond 2016/2028	500	BBB+ / Baa1	Sept. 7, 2028	0,750	98,830

To finance the acquisition of the Air Products specialty additives business, Evonik Finance B.V. successfully issued bonds with a nominal value of €1,9 billion and an average coupon of 0,35 percent p.a. on the debt market in September 2016. In total Evonik Finance B.V. issued three fixed tranches:

1. €650 million with a tenor of 4,5 years and a coupon of 0%
2. €750 million with a tenor of 8 years and a coupon of 0,375%
3. €500 million with a tenor of 12 years and a coupon of 0,750%

The bonds were issued at discount. The repayment of the bonds to the investors is guaranteed by Evonik Industries AG.

Major Events

In the 1st half year 2019 there were no major events with material impact on Evonik Finance B.V.

Research and development

Evonik Finance B.V. had no activity, nor has it made expenses regarding research and development.

Risk report

As an international group with a diversified portfolio of specialty chemicals, Evonik is exposed to a wide range of opportunities and risks. The risk categories and principal individual opportunities and risks relating to our earnings, financial and asset position, and the structure of our risk management system were described in detail in the opportunity and risk report, which forms part of the director's report for 2018.

Management statement

We hereby declare, to the best of our knowledge, the financial statements 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 the undertakings included in the consolidation taken as a whole. The management report includes a fair review of the development and performance of the business and the position of Evonik Finance B.V. and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The executive board comprises one woman and one man. In compliance with statutory requirements, it therefore meets the minimum of 30 percent women and 30 percent men.

Amsterdam, August 1, 2019

Laila Aoulad Si Kaddour	Alexander van der Weiden
Director	Director

FINANCIAL STATEMENTS

Company financial statements

1 Balance sheet as at June 30, 2019 (after appropriation of result)

Assets

	Note	30/06/2019 €	31/12/2018 €
Non-current assets			
Financial fixed assets			
Loans to group companies	8.1	1.471.300.536	1.531.753.113
Deferred tax asset	8.2	3.338.040	2.083.196
Derivatives	8.3	40.207.914	48.799.553
		1.514.846.490	**1.582.635.862**
Current assets			
Loans to group companies	8.4	165.459.795	652.961.219
Tax receivables	8.5	14.424	7.054
Other receivables	8.6	3.283	6.087
Derivatives	8.3	419.659	44.176.096
Receivables from group companies	8.7	500.727.553	4.585.733
Interest receivable	8.8	14.393.013	14.871.528
		681.017.727	**716.607.717**
TOTAL ASSETS		**2.195.864.217**	**2.299.243.579**

Liabilities

	Note	30/06/2019	31/12/2018
		€	€
Equity	8.9		
Issue share capital		50.000	50.000
Share premium		232.190.000	232.190.000
Revaluation Hedge Reserve		-3.186.373	830.008
Retained earnings		16.576.069	15.651.551
		245.629.696	**248.721.559**
Provisions			
Deferred tax liability		-	276.669
		-	**276.669**
Non-current liabilities			
Bonds	8.10	1.892.542.729	1.890.086.128
Derivatives	8.3	817.340	3.438.434
		1.893.360.069	**1.893.524.562**
Current liabilities			
Loans from group companies	8.11	48.520.859	143.540.686
Derivatives	8.3	1.991.778	2.766.527
Creditors	8.12	66.875	5.730.037
Interest payable to group companies	8.13	955.043	2.597.923
interest payable on bonds	8.14	5.339.897	2.085.616
		56.874.452	**156.720.789**
TOTAL LIABILITIES		**2.195.864.217**	**2.299.243.579**

2 Income statement for the 1st half year 2019

	Notes	30/06/2019 €	30/06/2018 €
Income			
Interest and similar income	9.1	58.164.858	29.164.618
Expenses			
Interest and similar expenses	9.1	-56.489.992	-22.825.444
Financial result		**1.674.866**	**6.339.174**
General and administrative expenses			
Personnel expenses	9.2	-6.660	-6.383
Other operating expenses	9.2	-370.686	-460.197
Operating result		**-377.346**	**-466.580**
Income before tax		**1.297.520**	**5.872.594**
Income tax expense/income	9.4	-373.002	-996.509
Profit after tax		**924.518**	**4.876.085**

3 Cash flow statement for the 1st half year 2019

	Notes	30/06/2019	2018
		€	€
Operating result		**-377.346**	**-929.310**
Change in other working capital			
- Accounts payable		-5.663.162	-2.149.559
- Receivables		-496.146.387	-4.580.386
		-501.809.549	-6.729.945
Received interest		26.655.802	58.447.535
Paid interest		-21.423.137	-52.835.700
Taxes paid		-565.722	-1.347.380
Cash flow from operating activities	**4.6**	**-497.519.952**	**-3.394.800**
Cash flow from investing activities	**4.6**	**-**	**-**
Loans from Evonik Industries AG	8.3 8.11 8.13	-46.067.594	6.718.821
Loans to other companies	8.1 8.4 8.12	547.954.000 2.456.600	-25.404.071 5.397.582
	8.9	-	19.100.000
Cash flow from financing activities	**4.6**	**504.343.006**	**5.812.332**
Effect of exchange rate differences		-6.823.054	-2.417.532
Changes in cash & cash equivalents		-	-
Cash & cash equivalents January 1		-	-
Cash & Cash equivalents June 30		**0**	**0**

4 General information

4.1 Operations

Evonik Finance B.V. is a 100% subsidiary of Evonik Industries AG. As such its primary goals are to cover for the structural financing needs from Evonik group companies and joint-ventures, by providing loans and guarantees. Borrowings and bond issuances are normally undertaken by Evonik Industries AG or its financing subsidiary Evonik Finance B.V., whose liabilities are fully guaranteed by Evonik Industries AG. To reduce external borrowing, surplus liquidity is placed in a cash pool at Group level to cover financing requirements in other Group companies. Evonik has a flexible range of corporate financing instruments to meet liquidity requirements for day-to-day business, investments, and the repayment of financial debt.

Moody's confirmed the credit rating for Evonik on 29 May 2019 and Standard & Poor's (S&P) confirmed the credit rating for Evonik on 7 June 2018. The Moody's & S&P ratings for Evonik are unchanged at Baa1 and BBB+ respectively, with a stable outlook in both cases. Therefore, Evonik's solid investment grade rating was confirmed. This combined with the Evonik Industries AG unlimited and unconditional guarantee should be considered the basis for Evonik Finance B.V.'s activities on the international debt capital markets.

4.2 Group structure

Evonik Finance B.V. is a member of the Evonik group. The ultimate parent company of this group is Evonik Industries AG located in Essen (Germany). The financial statements of Evonik Finance B.V. are included in the consolidated financial statements of Evonik Industries AG located in Essen (Germany).

4.3 Foundation

Evonik Finance B.V. was founded on December 15, 2010 with an authorized share capital of €250.000 (paid in €50.000) and is located at the following address: Hettenheuvelweg 37/39, 1101 BM Amsterdam, the Netherlands. Evonik Finance B.V is registered at the chamber of commerce under number 51480433.

4.4 Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. The shareholder of the company is Evonik Industries AG located in Essen (Germany). All companies in which Evonik Industries AG ultimately has a majority interest are considered to be a related party.

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 is disclosed if this is required for to provide the true and fair view.

4.5 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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.

4.6 Notes to the cash flow statement 30 June 2019

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, and income taxes are included in cash from operating activities. Issued loans and received loans to and from group companies, changes in bond values, proceeds from capital increases and movements in the other comprehensive income are included in cash from financing activities. Transactions not resulting in inflow or outflow of cash, are not recognized in the cash flow statement.

5 Accounting policies for the balance sheet

5.1 General information

The consolidated financial statements 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 Dutch Accounting Standards for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The financial statements are denominated in Euro(s).

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes.

5.2 Prior-year comparison

The valuation principles and method of determining the result are the same as those used in the previous year. The accounting policies have been consistently applied to all the years presented.

5.3 Foreign currencies

The financial statements are presented in Euro(s), which is the functional and presentation currency of Evonik Finance B.V.

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 year-end exchange rates are recognized in the income statement.

Translation differences on non-monetary assets held at cost are recognized using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

5.4 Loans to group companies

Receivables disclosed under loans to group companies are recognized initially at fair value of the amount owed net of any provisions considered necessary. These receivables are subsequently measured at amortized cost. Interests are accrued until date of payment.

Evonik Finance B.V. assesses at each balance sheet date whether there is objective evidence that a financial asset/liability or a group of financial assets/liabilities is impaired. If any such evidence exists, the impairment loss is determined and recognized in the income statement.

The amount of an impairment loss incurred on financial assets/liabilities stated at amortized cost is measured as the difference between the asset's/liabilities carrying amount and the present value of estimated future cash flows, discounted at the financial asset's/liabilities 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 recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset/liability that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized through profit or loss.

5.5 Derivatives

Derivatives are initially recognized in the balance sheet at fair value, the subsequent valuation of derivative financial instruments depends on whether or not the instrument is listed. If the underlying object of the derivative financial instrument is listed on a stock exchange, it is valued at fair value. If the object is not listed, it will be stated at cost or lower market value for derivatives for which no hedge accounting is applied. Non-listed instruments for which hedge accounting is applied are stated at fair value. Recognition of changes in the value of a derivative financial instrument is dependent on whether or not the instrument is designated as a hedging instrument to which hedge accounting is applied. These derivative financial instruments are stated at fair value. The method for of accounting for changes in the value of the derivative instruments depends on whether hedge accounting is applied.

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. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models, making allowance for entity-specific inputs.

Evonik Finance B.V. applies hedge accounting. Evonik Industries AG documents the relationship between hedging instruments and hedged items at the inception of the transaction. Evonik Industries AG also tests its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. This can be done by comparing the critical characteristics of the hedge instrument with those of the hedged position, and/or by comparing the change in the fair value of the hedge instrument with the hedged position. If there is an indication of ineffectiveness, the company measures this potentially ineffective part by conducting a quantitative ineffectiveness analysis. Notional and maturity of the derivative and the loans match perfectly. Potential ineffectiveness might only occur due to the credit/debit valuation adjustments (CVA/ DVA). For time-period related hedging relationship, CCBS is classified as cost of hedging and recognized in P&L by linear amortization over the life time of the derivatives.

To measure the cross-currency swaps, future cash flows are calculated and then discounted. The calculated cash flows result from the contract conditions and the Chinese renminbi yuan (CNY) forward exchange rate (development of exchange rates expected by the market). Discounting is based on market interest rate data as of the reporting date for comparable instruments (EURIBOR rate of the same tenor).

With a cash flow hedge, the changes in fair value of the derivative hedging instrument are initially recognized in the cash flow hedge reserve to the extent that the hedge is effective. Amounts accumulated in the cash flow hedge reserve are reclassified to the income statement at the same time that the underlying hedged item affects net income. To the extent that the hedge is ineffective, the change in fair value is immediately recognized in net interest.

The purpose of fair value hedges is to hedge the fair value of assets or liabilities reflected on the balance sheet. Both changes in the fair value of the hedging instrument and changes in the value of the hedged item are recognized in the income statement. In view of this method, changes in the value of the hedged item and the hedge cancel each other out in the income statement.

Evonik Finance B.V. shall discontinue hedge accounting if:

- The hedging instrument expires or is sold, terminated or exercised
- The hedge no longer meets the criteria for hedge accounting
- The company revokes the designation

5.6 Deferred tax asset

Deferred tax assets are recognized for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognized insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses. The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law. Deferred income taxes are recognized at nominal value.

5.7 Other receivables

Other receivables presented under current assets include trade receivables. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost.

5.8 Cash and cash equivalents

Cash and cash equivalents include bank balances. Cash and cash equivalents are stated at face value.

5.9 Equity

Ordinary shares are classified incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5.10 Deferred tax liability

Deferred tax liabilities are recognized for temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the book values applied in these financial statements on the other. The computation of the deferred tax liabilities is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law. Deferred tax balances are valued at nominal value.

5.11 Non-current Liabilities

Long-term borrowings are initially recognized at fair value, net of transaction costs incurred. Long-term borrowings are subsequently stated at amortized costs, being 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 long-term borrowings using the effective interest method.

5.12 Current liabilities

Short-term borrowings are initially recognized at fair value, net of transaction costs incurred. After initial recognition short-term borrowings are subsequently stated at amortized costs, being 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 long-term borrowings using the effective interest method.

5.13 Contingent liabilities

Contingent liabilities are possible or present financial obligations arising from past events where an outflow of resources is not probable but which are not recognized on the balance sheet.

6 Accounting policies for the income statement

6.1 General determination of result

The result is the difference between the financial income, financial expenses and the costs and other charges during the year. The results on transactions are recognized in the year in which they are realized.

6.2 Financial income and expenses

Interest paid and received is recognized on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognizing interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

Changes in the value of financial instruments recognized at fair value are recorded in the profit and loss account.

6.3 General and administrative expenses

General and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods sold.

6.4 Employee benefits

Employee costs (salaries and wages are presented as a separate item in the income statement. Salaries and wages included in the general and administrative expenses based on the terms of employment, where they are due to employees. Reference is made to note 9.2.

6.5 Exchange differences

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

6.6 Income tax

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs.

The gross interest income on loans issued to Chinese and Mexican group companies is subject to withholding taxes. Evonik Finance B.V. only receives the net interest, the deducted withholding taxes are directly paid to the tax authorities in China and Mexico. The financial burden of the withholding taxes lies at Evonik Finance B.V.

Withholding taxes that are due on interest received are booked as income tax expense.

7 Financial instruments and risk management

All financial risk management of Evonik Finance B.V. is handled centrally by Evonik Industries AG.

All financial risk management of Evonik Finance B.V. is handled centrally by Evonik Industries AG. As an international company, Evonik is exposed to financial risks in the normal course of business. A major objective of corporate policy is to minimize the impact of market, liquidity, and default risks on both the value of the company and profitability in order to check adverse fluctuations in cash flows and earnings without forgoing the opportunity to benefit from positive market trends. For this purpose, a systematic financial and risk management system has been established. Interest rate and exchange rate risks are managed centrally by the Finance division of Evonik Industries AG.

The financial derivatives contracts used by Evonik are entered into exclusively in connection with a corresponding underlying transaction (hedged item) relating to normal operating business, which provides a risk profile directly opposite to that of the hedge. The instruments used are customary products found on the market. For the management of interest rates and exchange rates, they comprise currency swaps, forward exchange contracts, currency options, cross-currency interest rate swaps, and interest rate swaps (= fair value hedge).

For financial risk management purposes, Evonik follows the principle of separation of trading, risk controlling and back office functions and takes as its guide the banking-specific “Minimum Requirements for Trading Activities of Credit Institutions” (MaRisk) and the requirements of the German legislation on corporate control and transparency (KonTraG). Binding trading limits, responsibilities and controls are thus set in accordance with recognized best practices, and group-wide policies and principles are in place. All financial risk positions in the group have to be identified and evaluated. This forms the basis for selective hedging to limit risks.

Credit risks

The default risk (= credit risk) is managed at Group level. Three categories are defined for credit risk management, each of which is treated separately on the basis of its specific features. The categories are: financial counterparties (generally banks but also other financial institutions and industrial counterparties, insofar as derivatives transactions are concluded with them), other counterparties (mainly debtors and creditors), and countries. Credit risks are defined generally as a potential threat to earnings power and/or corporate value resulting from a deterioration of the respective contractual counterparty. More precisely, it means defaulting on payments as a result of financial difficulties/insolvency by the counterparty. On principle, Evonik does not hold any purchased or originated credit-impaired financial assets. To monitor any risk concentrations, the individual risk limits are set for business partners on the bases of internal and external ratings.

Credit risks relating to financial contracts are systematically examined when the contracts are concluded and monitored continuously afterwards by Evonik Industries AG.

Interest rates and cash flow risk

The aim of interest rate management is to protect net income from the negative effects of fluctuations in market interest rates and the resulting changes in fair values or cash flows. Interest rate risk is managed using derivative and non-derivative financial instruments. The aim is to achieve an appropriate ratio of fixed rates (with interest rates fixed for more than one year) and variable rates (terms of less than one year), taking costs and risks into account.

Currency risk

Main objective of currency risk management for Evonik Finance B.V. is to eliminate the currency risk relating to financing transactions that are not denominated in the functional currency of the company. Micro hedging is applied for non-current loans. The hedging instrument and related hedged item are then designated in a formal hedge relationship (cash flow hedge accounting). This synchronizes the earnings impact of the hedging instruments with hedged items that can only be recognized on the balance sheet at a later date. In the case of hedges on loans, it allows the distribution of hedging costs on a straight-line basis over the term of hedging relationship.

Currency risk management is carried out separately for operational risk positions (mainly trade accounts receivable and payable in foreign currencies) and risk positions arising from current financing activities such as cash pooling, bank deposits, and cash and cash equivalents.

Gross income and expenses from the currency translation of financing-related risk positions and financing-related currency hedging are netted analogously. The resulting net results for currency translation and currency hedging are recognized in other financial income/expense. The net presentation of the results reflects both the management of risk positions in the Evonik Group and the economic substance.

Due to the application of hedge accounting for micro hedging of foreign currency balance sheet exposure (for example, financing-related currency hedging of non-current loans through cross-currency interest rate swaps) their hedge results are only reflected in profit or loss for any ineffective portions of the hedge accounting relationship. By contrast, the effective results of micro-hedges reflected in cash flow hedge accounting and the hedging costs (forward components, time value of options, and foreign currency basis spreads) are recognized in other equity components until the hedged transaction is realized. In the case of currency hedges for loans for which cash flow hedge accounting is applied, the effective portion of the hedge is transferred from other equity components to offset the net result of currency translation of monetary assets and liabilities triggered by the hedged item.

Liquidity risks

Liquidity risk is managed at Evonik through business planning to ensure that the funds required to finance the current operating business and current and future investments at all Group companies are available at the right time and in the right currency at optimum cost. Liquidity requirements for business operations, investments, and other financial activities are derived from a financing status and liquidity planning, which form part of liquidity risk management. Liquidity is pooled in a central cash management pool where this makes economic sense and is legally permissible. Central liquidity risk management facilitates low-cost borrowing and advantageous offsetting of financial requirements.

Evonik Finance B.V. participates in the cash pool of Evonik Industries AG. In addition, the Group’s financial independence is secured through a broadly diversified financing structure. As of 30 June 2019 Evonik had cash and cash equivalents amounting to €529 million. Alongside cash and cash equivalents and investments in current securities, Evonik’s central source of liquidity is a €1.75 billion revolving credit facility. Following exercise of the first extension option in June 2018 and the second extension option in April 2019, the credit facility concluded in June 2017 matures in June 2024. It was not utilized in the 1st half 2019 and does not contain any covenants requiring Evonik to meet specific financial ratios.

8 Notes to the balance sheet as at June 30, 2019

NON-CURRENT ASSETS

8.1 Loans to group companies

	30/06/2019	31/12/2018
	€	€
Loans to Evonik Spec Chem (Shanghai) Co.(1)	19.185.266	19.047.378
Loans to Evonik Degussa GmbH (2)	998.160.964	998.035.439
Loans to Evonik Corporation (3)	453.954.306	451.179.039
Loan to Evonik Degussa China Co., Ltd.	-	63.491.257
	1.471.300.536	**1.531.753.113**

The loans to group companies consist at 30 June 2019 of the following loans:

1. A Credit Facility Agreement with Evonik Specialty Chemicals (Shanghai) Co., Ltd. for the facility amount of 150.000.000 CNY. This credit facility agreement is an amendment of the previous credit facility agreement of 342.500.000 CNY that had a maturity date of 2 February 2018. The new availability period started on 2 February 2018. The final maturity date is 2 February 2021. Interest is paid annually on each 2 February. The average interest rate in the 1st half of 2019 was 4,75%. This loan is fully covered by a cross currency swap. On 30 June 2019 the EUR equivalent of this loan €19.185.266
2. Two Credit Facility Agreements with Evonik Degussa GmbH for the facility amount of 1.000.000.000 EUR in total. The availability period started on 1 October 2016. The Final maturity date is 7 September 2024 for 500.000.000 EUR and 7 September 2028 for another 500.000.000 EUR. Interest has and will be paid at 7 September each year. The average interest rate in the 1st half of 2019 was 1,15%. On 30 June 2019 the loans amounted to €998.160.964, including the disagio.
3. A Credit Facility Agreement with Evonik Corporation for the facility amount for two loans of each 516.600.000 USD. The availability period started on 20 December 2016 and both loans have been fully drawn on 3 January 2017. The first has been repaid on May 2019 and the final maturity date for the second loan is on 6 May 2021. Interests for this loan will be paid semiannually on 6 May and 6 November. The average interest rate in the 1st half of 2019 was 3,20%. This loan is fully covered by a cross currency swap. On 30 June 2019 the EUR equivalent of this loan €453.954.306.

The below movement schedule shows the changes in the loans during the 1st half year 2019:

	€
Balance as at 1 January 2019	**1.531.753.113**
New granted loan	-
Terminated loans	-
Disagio loan Evonik Degussa GmbH	125.525
Currency translation effect	3.238.517
Reclassification to short term loan	-63.816.619
Balance as at 30 June 2019	**1.471.300.536**

8.2 Deferred tax asset

On 30 June 2019 a deferred tax asset was created. The deferred tax assets mainly relates to tax credits that can be offset against future profits of €2.154.309, further a decrease of the deferred tax asset of €34.718 was made on the unrealized losses of foreign exchange revaluations. Additionally a deferred tax asset of €1.062.124 was created for the amount in the revaluation hedge reserve.

The deferred tax asset can be specified as follows:

	Tax credits	Foreign exchange revaluation	Rating agency fees	Revaluation hedge reserve	Total
	€	€	€	€	€
Balance as at 1 January 2019	**1.926.871**	**17.607**	**138.718**	**-**	**2.083.196**
Change in deferred tax asset	227.438	-34.718	-	1.062.124	1.254.844
Balance as at 30 June 2019	**2.154.309**	**-17.111**	**138.718**	**1.062.124**	**3.338.040**

8.3 Derivatives

On 30 June 2019 Evonik Finance B.V. had 5 cross currency swaps, 1 interest rate swap and 10 FX swaps. The cross-currency swaps are designated in a cash flow hedge. The interest rate swap is designated in a fair value hedge. For 5 cross-currency swaps and 1 interest rate swap hedge accounting is applied. For 10 FX swaps no hedge accounting is applied.

Cross-currency swaps

The notional amounts and fair value of the cross-currency swaps are shown in the analysis below.

Non-current asset

Derivative	Start date	Maturity date	Notional value		Dirty market value 30.06.2019		Dirty market value 31.12.2018	
Cross-currency swap	03.01.2017	06.05.2021	USD	516.600.000	EUR	37.234.092	EUR	47.337.647

Current assets

Derivatives	Start date	Maturity date	Notional value		Dirty market value 30.06.2019		Dirty market value 31.12.2018	
Cross-currency swap	03.01.2017	06.05.2019	USD	516.600.000	EUR	-	EUR	43.881.293
Cross-currency swap	20.04.2015	18.01.2019	EUR	21.953.483,70	EUR	-	EUR	294.346

Non-current liabilities

Derivatives	Start date	Maturity date	Notional value		Dirty market value 30.06.2019		Dirty market value 31.12.2018	
Cross-currency swap	02.02.2018	02.02.2021	CNY	150.000.000	EUR	817.340	EUR	1.149.013

Current liabilities

Derivatives	Start date	Maturity date	Notional value		Dirty market value 30.06.2019		Dirty market value 31.12.2018	
Cross-currency swap	20.09.2017	16.03.2020	CNY	250.000.000	EUR	637.535	EUR	1.210.435
Cross-currency swap	20.07.2017	16.03.2020	CNY	250.000.000	EUR	441.150	EUR	1.078.986
Cross-currency swap	11.03.2014	15.11.2019	CNY	86.000.000	EUR	895.640	EUR	629.140
Cross-currency swap	07.01.2014	15.04.2019	CNY	20.000.000	EUR	-	EUR	135.114
Cross-currency swap	07.01.2014	15.04.2019	CNY	100.000.000	EUR	-	EUR	675.570
Cross-currency swap	15.05.2013	18.01.2019	CNY	175.000.000	EUR	-	EUR	955.276

For the cross-currency swaps mentioned in the table above hedge accounting is applied. The cross-currency swaps are designated in a cash flow hedge.

The cross-currency swaps are contracted with Evonik Industries AG to hedge the foreign currency risk on the intercompany loans which are not covered by back to back financing. The notional amounts correspond to the volume of exposure hedged with the cash flow hedge. The dirty market value consists of the clean market value and the net interests on the derivatives. The total change in the clean market value of the cross currency swaps amounts to EUR 53.407.449. Both the changes in the clean market values of the cross currency swaps and the revaluations of the loans underlying these financial instruments are recorded in the revaluation hedge reserve. The changes in clean market value are shown in the table below.

Derivatives	Start date	Maturity date	Notional value	Clean market value 30.06.2019	Clean market value 31.12.2018	Change in clean market value
Cross-currency swap	03.01.2017	06.05.2021	USD 516.600.000	EUR 38.993.123	EUR 47.591.667	EUR -8.598.544
Cross-currency swap	03.01.2017	06.05.2019	USD 516.600.000	EUR -	EUR 45.151.020	EUR -45.151.020
Cross-currency swap	20.04.2015	18.01.2019	EUR 21.953.483,70	EUR -	EUR 4.981	EUR -4.981
Total				EUR 38.993.123	EUR 92.747.668	EUR -53.754.545
Liabilities						
Derivatives	Start date	Maturity date	Notional value	Clean market value 30.06.2019	Clean market value 31.12.2018	Change in clean market value
Cross-currency swap	02.02.2018	02.02.2021	CNY 150.000.000	EUR 460.827	EUR 347.456	EUR 113.371
Cross-currency swap	20.09.2017	16.03.2020	CNY 250.000.000	EUR 234.823	EUR 103.356	EUR 131.467
Cross-currency swap	20.07.2017	16.03.2020	CNY 250.000.000	EUR 19.823	EUR -79.680	EUR 99.503
Cross-currency swap	11.03.2014	15.11.2019	CNY 86.000.000	EUR 766.645	EUR 602.956	EUR 163.690
Cross-currency swap	07.01.2014	15.04.2019	CNY 100.000.000	EUR -	EUR 499.932	EUR -499.932
Cross-currency swap	07.01.2014	15.04.2019	CNY 20.000.000	EUR -	EUR 99.986	EUR -99.986
Cross-currency swap	15.05.2013	18.01.2019	CNY 175.000.000	EUR -	EUR 255.208	EUR -255.208
Total				EUR 1.482.118	EUR 1.829.214	-347.096
Total assets and liabilities				EUR 37.511.005	EUR 90.918.454	EUR -53.407.449

Fair value hedge

The fair value hedge was entered into and contracted with Evonik Industries AG. The impact of this measurement in June 2019 is an increase in the fair value of the zero coupon bond with approx. €1,5 million in comparison with 2018.

Non-current assets

Derivative	Start date	Maturity date	Notional value	MtM value 30.06.2019	MtM value 31.12.2018
Fair value hedge	10.01.2017	08.03.2021	EUR 650.000.000	EUR 2.973.822	EUR 1.461.906

For the above mentioned financial instruments hedge accounting is applied. The fair value movement on these derivatives is recognized in the income statement.

Other derivatives

The other derivatives relate to FX swaps contracted with Evonik Industries AG. These derivatives are closed to offset the exchange rate results on the loans granted to Cyplus Idesa S.A.P.I. de C.V.

Current assets

Derivatives	Start date	Maturity date	Notional value	MtM value 30.06.2019	MtM value 31.12.2018
FX Swap	17.06.2019	18.12.2019	USD 254.736	EUR 2.656	EUR -
FX Swap	17.06.2019	18.12.2019	USD 8.000.000	EUR 83.478	EUR -
FX Swap	23.05.2019	29.11.2019	USD 111.490	EUR 1.810	EUR -
FX Swap	23.05.2019	29.11.2019	USD 163.956	EUR 2.661	EUR -
FX Swap	23.05.2019	29.11.2019	USD 5.000.000	EUR 80.946	EUR -
FX Swap	23.05.2019	29.11.2019	USD 3.400.000	EUR 54.974	EUR -
FX Swap	29.04.2019	29.10.2019	USD 470.996	EUR 6.114	EUR -
FX Swap	29.04.2019	29.10.2019	USD 14.500.000	EUR 187.020	EUR -
FX Swap	26.11.2018	28.05.2019	USD 100.000	EUR -	EUR 457

Current liabilities

Derivatives	Start date	Maturity date	Notional value		MtM value 30.06.2019		MtM value 31.12.2018	
FX Swap	25.03.2019	25.09.2019	USD	379.822	EUR	855	EUR	-
FX Swap	25.03.2019	25.09.2019	USD	11.500.000	EUR	16.598	EUR	-
FX Swap	21.09.2018	25.03.2019	USD	369.938	EUR	-	EUR	11.708
FX Swap	21.09.2018	25.03.2019	USD	11.500.000	EUR	-	EUR	359.370
FX Swap	20.12.2018	27.06.2019	USD	164.000	EUR	-	EUR	349

For the above mentioned financial instruments no hedge accounting is applied.

CURRENT ASSETS

All receivables mentioned below fall due in less than one year. Due to the short term nature the fair value approximates the carrying value.

8.4 Loans to group companies

	30/06/2019	31/12/2018
	€	€
Loans to Evonik Spec Chem (Shanghai) Co. (1)	39.137.942	137.903.012
Loan to Cyplus Idesa S.A.P.I. de C.V.* (2)	38.745.967	40.254.168
Loan to Evonik Neolyse Ibbenbüren GmbH* (3)	23.625.000	23.625.000
Loans to Evonik Corporation	-	451.179.039
Loan to Evonik Degussa China Co., Ltd. (4)	63.950.886	-
	165.459.795	**652.961.219**

*The loans underlying the credit facility agreement have a maturity of 1 year. On the maturity date of the loan it is decided whether the loan will be prolonged for another year. These loans were previously presented as long term.

The short term loans to group companies consist at 30 June 2019 of the following loans:

1. A Credit Facility Agreement with Evonik Specialty Chemicals (Shanghai) Co., Ltd. for the facility amount of 306.000.000 CNY. The availability period started on 15 November 2013. The final maturity date is 30 November 2019. Interest is paid annually on each 15 November. The average interest rate in the 1st half of 2019 was 5,79%. This loan is partly covered by a cross currency swap of 86.000.000 CNY. On 30 June 2019 the EUR equivalent of this loan €39.137.942.
2. A Credit Facility Agreement with Cyplus Idesa, S.A.P.I. de C.V. for the facility amount of 46.400.000 USD. The availability period started on 17 March 2015. The final maturity date is 31 December 2021. Interest is paid in various periods. The average interest rate in in the 1st half of 2019 was 7,16%. On 30 June 2019 only 44.400.000 USD was drawn and the EUR equivalent of this loan €38.745.967, including the impairment of €269.851.
3. A Credit Facility Agreement with Neolyse Ibbenbüren GmbH for the facility amount of 26.250.000 EUR. The availability period started on 10 November 2015. The final maturity date is 31 December 2027. Interest is paid in various periods. The average interest rate in the 1st half of 2019 was 1,15%. On 30 June 2019 only €23.625.000 has been drawn as a loan.
4. A Credit Facility Agreement with Evonik Degussa (China) Co., Ltd. for the facility amount for two loans of each CNY 250.000.000. The availability period started on 20 July 2017. The final maturity date of the second loan is 16 March 2020. Interest will be paid annually on 16 March. The average interest rate in the 1st half of 2019 was 4,85%. This loan is fully covered by a cross currency swap. On 30 June 2019 the EUR equivalent of this loan €63.950.886

The below movement schedule shows the changes in the loans to group companies during the 1st half of 2019:

	€
Balance as at 1 January 2019	**652.961.219**
New granted loan Cyplus	7.151.158
Repaid loan – Cyplus	-8.938.948
Repaid loan - Shanghai	-101.961.544
Repaid loan – Evonik Corp	-461.868.574
Currency translation effect	14.299.865
Reclassification to short term loan	63.816.619
Balance as at 30 June 2019	**165.459.795**

8.5 Tax receivables

	30/06/2019	**31/12/2018**
	€	**€**
VAT	14.424	7.054
	14.424	**7.054**

All receivables mentioned above fall due in less than one year.

8.6 Other receivables

	30/06/2019	**31/12/2018**
	€	**€**
Trade receivables	-	4.104
Prepaid expenses	3.283	1.983
	3.283	**6.087**

All receivables mentioned above fall due in less than one year.

8.7 Receivables from group companies

	30/06/2019	**31/12/2018**
	€	**€**
Cashpool with Evonik Industries AG	500.727.553	4.585.733
	500.727.553	**4.585.733**

The receivable from group companies reflects the cashpool position towards Evonik Industries AG. The average interest rate on the cashpool is 0% (2018: 0%)

The company holds accounts with the UniCredit, HSBC bank and the JP Morgan bank. These accounts have a zero balance (due to the cash pooling with Evonik Industries AG) at the balance sheet date.

8.8 Interest receivable

	30/06/2019	31/12/2018
	€	€
Accrued interest Evonik Spec Chem (Shanghai) Co.	1.520.805	4.541.199
Accrued interest Cyplus Idesa S.A.P.I. de C.V.	420.715	417.430
Accrued Interest Neolyse Ibbenbüren GmbH	128.956	167.509
Accrued interest Evonik Degussa GmbH	9.341.260	3.648.438
Accrued interest Evonik Corporation	2.219.332	4.000.454
Accrued interest Evonik Degussa (China) Co., Ltd.	761.945	2.096.498
	14.393.013	**14.871.528**

All receivables mentioned above fall due in less than one year.

EQUITY AND LIABILITIES

8.9 Equity

	Issued share capital	Share premium	Revaluation Hedge Reserve	Retained earnings	Total
	€	€	€	€	€
At January 1, 2019	**50.000**	**232.190.000**	**830.008**	**15.651.551**	**248.721.559**
Revaluation Hedge Reserve	-	-	-5.355.174	-	-5.355.175
Deferred tax asset on OCI	-	-	1.338.793	-	1.338.794
Result at June 30, 2019	-	-	-	924.518	924.518
At June 30, 2019	**50.000**	**232.190.000**	**-3.186.373**	**16.576.069**	**245.629.696**

Share capital
At the balance sheet date, the authorized share capital of Evonik Finance B.V. amounts to €250.000, divided into 2.500 ordinary shares of € 100 each. Of these, 500 ordinary shares have been issued and fully paid. All shares are held by Evonik Industries AG.

Revaluation hedge reserve
The revaluation hedge reserve is a legal reserve according to Dutch law and can therefore not be distributed as dividend to the shareholder. Hedge accounting was applied on the outstanding financial instruments (cash flow hedge) between Evonik Industries AG and Evonik Finance B.V.

The balance in the revaluation hedge reserve can be broken down as follows:

Revaluation Hedge Reserve	Clean market value change	Currency translation effects loans	Total
At January 1, 2019	**€ 90.889.920**	**€ -89.783.243**	**€ 1.106.677**
Changes	€ -53.407.449	€ 48.052.275	€ **-5.355.174**
At June 30, 2019	**€ 37.482.471**	**€ -41.730.968**	**€ -4.248.497**

Additionally a deferred tax asset of €1.062.124 was created for the amount in the revaluation hedge reserve.

8.10 Bonds

On September 7, 2016 Evonik Finance B.V. issued bonds with a nominal value of €1,9 billion. In total Evonik Finance B.V. issued three fixed tranches:

1. €650 million with a tenor of 4.5 years and a coupon of 0%. Issued price: 99,771%
2. €750 million with a tenor of 8 years and a coupon of 0,375%. Issued price: 99,490%
3. €500 million with a tenor of 12 years and a coupon of 0,750%. Issued price 98,830%

The bonds were issued at discount. The repayment of the bonds to the investors is guaranteed by Evonik Industries AG. As of January 2017 the zero coupon bond is subsequently stated at fair value. For the zero coupon bond a fair value hedge was closed and contracted with Evonik Industries AG. The impact of this fair value hedge as at 30 June 2019 is an increase in the fair value of the zero coupon bond with approx. €1,5 million. Hedge accounting is applied for the fair value hedge.

	Nominal value in € million	Rating (S&P/Moody)	Issue price in percent	Fair value price in € 30.06.2019	Maturity	Coupon in percent	interest payment date	Interest	Book value in € 30.06.2019
Fixed interest bond 2016/2021	650.000.000	BBB+/Baa1	99,771	651.170.000	08.03.2021	0,000	-	-	651.829.117
Fixed interest bond 2016/2024	750.000.000	BBB+/Baa1	99,490	758.437.500	07.09.2024	0,375	07.09.2019	2.288.527	746.331.963
Fixed interest bond 2016/2028	500.000.000	BBB+/Baa1	98,830	503.950.000	07.09.2028	0,750	07.09.2019	3.051.370	494.381.649
Total	**1.900.000.000**			**1.913.557.500**				**5.339.897**	**1.892.542.729**

The total fair value of the bonds approximates €1.913.557.500 on 30 June 2019.

The movement schedule for the bonds is as follows:

	€
Balance as at 1 January 2019	**1.890.086.128**
Disagio	944.296
Fair value hedge	1.512.305
Balance as at 30 June 2019	**1.892.542.729**

CURRENT LIABILITIES

All liabilities mentioned below fall due in less than one year. Due to the short term nature the fair value approximates the carrying value.

8.11 Loans from group companies

	30/06/2019	31/12/2018
	€	€
Loans from Evonik Industries AG (Shanghai) (1)	28.138.390	89.522.673
Loan from Evonik Industries AG (Mexico)*(2)	1.757.469	30.393.013
Loan from Evonik Industries AG (Neolyse)*(3)	18.625.000	23.625.000
	48.520.859	**143.540.686**

*The loans underlying the credit facility agreement have a maturity of 1 year. On the maturity date of the loan it is decided whether the loan will be prolonged for another year. These loans were previously presented as long term.

The loans granted by Evonik Industries AG partly serve as back to back financing for the loans granted to Evonik Specialty Chemicals (Shanghai) Co., Cyplus Idesa S.A.P.I. de C.V. and Neolyse Ibbenbüren GmbH.

The remaining financing by Evonik Industries AG is done through capital injections in the equity of Evonik Finance B.V. The currency risk is mitigated by the contracting of cross currency swap agreements.

The loans from Evonik Industries AG consist at 30 June 2019 of the following loans:

1. A Credit Facility Agreement for the facility amount of 220.000.000 CNY. The availability period started on 15 November 2013. The final maturity date is 15 November 2019. Interest is paid annually on each 15 November. The average interest rate in in the 1st half of 2019 was 4,70%. On 30 June 2019 the EUR equivalent of this loan was €28.138.390.
2. A Revolving Line of Credit for the facility amount of 34.800.000 USD. The availability period started on 17 March 2015. The final maturity date is 31 December 2021. Interest is paid in various periods. The remaining outstanding amount is 2.000.000 USD. On 30 June 2019 the EUR equivalent of this loan was €1.757.469.
3. A Revolving Line of Credit for the facility amount of 26.250.000 EUR. The availability period started on 16 February 2016. The final maturity date is 31 December 2027. The interest is paid in various periods. The average interest rate in the 1st half of 2019 was 0,90%. On 30 June 2019 only €18.625.00 has been drawn as a loan.

The movement schedule for the loans from group companies is as follows:

	€
Balance as at 1 January 2019	**143.540.686**
Repayment loan - EVI-Neolyse	-5.000.000
Terminated loans	-92.862.128
Currency translation effect	2.842.301
Balance as at 30 June 2019	**48.520.859**

8.12 Creditors

	30/06/2019	**31/12/2018**
	€	**€**
Creditors – group companies	42.203	5.700.820
Creditors – external	24.672	29.217
	66.875	**5.730.037**

The creditors mentioned above fall due in less than one year.

8.13 Interest payable to group companies

	30/06/2019	**31/12/2018**
	€	**€**
Interest loan Evonik Industries AG (Shanghai)	841.426	2.348.269
Interest loan Evonik Industries AG (Mexico)	19.920	118.560
Interest loan Evonik Industries AG (Neolyse)	93.697	131.094
	955.043	**2.597.923**

8.14 Interest payable on bonds

	30/06/2019	**31/12/2018**
	€	**€**
Interest on bonds	5.339.897	2.085.616
	5.339.897	**2.085.616**

The interest on bonds can be broken down as follows:

	Nominal value in € million	Rating (S&P/Moody)	Issue price in percent	Maturity	Coupon in percent	interest payment date	Interest
Fixed interest bond 2016/2021	650.000.000	BBB+/Baa1	99,771	08.03.2021	0,000	-	-
Fixed interest bond 2016/2024	750.000.000	BBB+/Baa1	99,490	07.09.2024	0,375	07.09.2019	2.288.527
Fixed interest bond 2016/2028	500.000.000	BBB+/Baa1	98,830	07.09.2028	0,750	07.09.2019	3.051.370
Total	**1.900.000.000**						**5.339.897**

8.15 Contingent liabilities

As per 30 June 2019 there are two outstanding guarantees that should be considered as a contingent liability totaling € 2,9 million (2018: €1,3 million). The first guarantee of €1,3 million was granted to the German European School Singapore (GESS) to secure the facility agreement between GESS and Deutsche Bank AG. The second guarantee of maximum €1,6 million was granted to Raiffeisenbank Leoben-Bruck eGen in June 2019 securing 49% of the loan obligations under certain credit agreements granted by the beneficiary towards Litecon GmbH which is a 49% joint venture of the Evonik group.

9 Notes to the income statement for the 1st half year 2019

9.1 Financial income and expense

Financial income	30/06/2019	30/06/2018
	€	€
Interest loan Cyplus Idesa S.A.P.I. de C.V.	1.498.381	1.098.041
Interest loan Evonik Specialty Chemicals (Shanghai)	2.747.957	4.374.580
Interest loan Evonik Degussa China Co., Ltd.	1.660.408	1.578.101
Interest loan Evonik Degussa GmbH	5.818.347	5.816.924
Interest loan Neolyse Ibbenbüren GmbH	136.598	132.889
Interest loan Evonik Corporation	11.521.133	12.579.776
Interest financial derivatives	2.793.520	3.300.987
Interest on cash pool	941	2.057
Exchange rate gain	-	281.263
Gain valuation derivatives	31.987.573	-
	58.164.858	**29.164.618**

Financial expenses	30/06/2019	30/06/2018
	€	€
Interest loan Cyplus Idesa S.A.P.I. de C.V.	407.799	289.332
Interest loan Evonik Industries AG (Shanghai)	1.327.503	2.208.668
Interest loan Evonik Industries AG (Neolyse)	99.678	104.000
Interest bonds	4.198.577	4.194.414
Interest financial derivatives	14.166.330	15.707.727
Interest cash pool	484	1.665
Guarantee fees	2.834.167	-
Bank charges	2.227	2.135
Loss valuation derivatives	-	317.503
Exchange rate loss	33.453.227	-
	56.489.992	**22.825.444**

9.2 *General and administrative expenses*

General and administrative expenses	30/06/2019	30/06/2018
	€	€
Office expenses	9.270	9.044
Financial services	35.876	34.998
Financial audit fees	16.500	16.500
Management fees	19.218	18.750
Management assistant fees	3.998	3.900
Other services	15.066	11.073
Other taxes	268.586	362.520
IT and Communication expenses	172	276
Travel expenses	2.000	3.136
Salaries and wages	6.660	6.383
	377.346	**466.580**

The other services can be broken down as follows:

Other services	30/06/2019	30/06/2018
	€	€
Fee Luxembourg stock exchange	500	500
Fee CSSF	3.000	3.000
Fee EQS	1.700	1.700
Fee HR services	1.866	1.847
Fee audit committee	8.000	-
Fees relating to the debt issuance program	-	3.750
Postal charges	-	276
	15.066	**11.073**

9.3 *Audit fees*

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

30/06/2019	PwC Accountants	Total
	€	€
Audit of the financial statements	12.500	12.500
Other audit services	4.000	4.000
Other non-audit services	-	-
	16.500	**16.500**

30/06/2018	PwC Accountants	Total
	€	€
Audit of the financial statements	12.500	12.500
Other audit services	4.000	4.000
Other non-audit services	-	-
	16.500	**16.500**

The fees listed above relate to the procedures applied to Evonik Finance B.V. only by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act (‘Wet toezicht accountantsorganisaties - Wta’) as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. These fees relate to the audit of the 2019 financial statements, regardless of whether the work was performed during the financial year.

9.4 *Income tax expense/income*

The negative income tax result of €373.002 can be broken down as follows:

	30/06/2019	30/06/2018
	€	€
Income deferred taxes*	192.719	-
Expense deferred taxes	-	-325.131
Withholding taxes**	-565.721	-671.378
Income tax	**-373.002**	**-996.509**

*Income deferred taxes consists of an increase in deferred tax asset created for tax credits of €227.438 and a decrease in deferred tax asset on the unrealized losses on foreign exchange revaluations of €34.719.

**The withholding taxes relate to the interest income on the issued loans to Evonik Specialty Chemicals (Shanghai) Ltd., Evonik Degussa (China) Co. Ltd. and Cyplus Idesa S.A.P.I. de C.V. The gross interest income is subject to withholding tax.

Tax calculation	**30/06/2019**	**30/06/2018**
	€	**€**
Profit before taxes	1.297.520	5.872.594
Theoretical taxes to be paid**	-312.380	-1.383.148
Income tax expense (withholding taxes)	-565.721	-671.378
Income deferred taxes	192.719	-
Expense deferred taxes		-325.131
Commercial tax rate***	29%	17%

*Applicable tax rate: 19,0% over the taxable income until:	€ 200.000
*Applicable tax rate: 25,0% over all further income above:	€ 200.000

** As there were enough withholding taxes to offset against the profit before taxes, no corporate income tax expense has been created.

*** The commercial tax rate deviates from the applicable tax rate due to the fact that the profit before taxes includes exempt profit components such as unrealized FX results. Therefore there is a difference between the profit before taxes and the taxable profit. The taxable profit was fully offset against tax credits (withholding taxes) which include tax credits from prior years.

9.5 *Related parties*

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. The ultimate shareholder of the company is Evonik Industries AG, Essen (Germany). All companies in which Evonik Industries AG ultimately has a majority interest are considered to be a related party. Significant transactions in 2018 with related parties of Evonik Finance B.V. are disclosed in the notes 8.1, 8.4, 8.3, 8.6, 8.7, 8.8, 8.11, 8.13, 8.14, 8.15, 8.16 and 9.1.

Evonik International Holding B.V. provides management services to Evonik Finance B.V. in the 1st half year 2019, the cost of these management services amounted to €19.218 (2018: €37.500).

9.6 Average number of employees

Until 30 June 2019, 0 employees were employed on a full-time basis (2018: 0). In the 1st half year 2019 there was 1 employee employed for 0,1 FTE (2018: 0,1 FTE). Of these employees, 0 were employed outside the Netherlands (2018: 0). The average number of employees of proportionally consolidated companies was 0 in 2018 (2018: 0).

9.7 Director´s remuneration

	30/06/2019	30/06/2018
	€	€
Current directors	6.660	6.383
	6.660	**6.383**

The total directors' remuneration is partly paid by Evonik Finance B.V. as salary and partly expenses by Evonik International Holding B.V. through the management fee as disclosed in note 9.5 Related parties.

9.8 Events after balance sheet date

No significant event has taken place after ending of the financial year, which would have substantial impact on these annual accounts, as per 30 June 2019.

Amsterdam, August 1, 2019

Laila Aoulad Si Kaddour
Director

Alexander van der Weiden
Director

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