Consolidated interim financial statements of Evonik Industries AG, Essen, as of September 30, 2011

Contents

Income statement for the Evonik-Group

in € million	3rd quarter 2011	3rd quarter 2010	1st nine months 2011	1st nine months 2010
Sales	3,633	3,433	11,210	9,910
Cost of sales	–2,555	–2,407	–7,840	–6,969
Gross profit on sales	**1,078**	**1,026**	**3,370**	**2,941**
Selling expenses	–302	–313	–941	–879
Research and development expenses	–85	–86	–269	–241
General administrative expenses	–155	–150	–483	–432
Other operating income	243	181	755	761
Other operating expenses	–287	–235	–866	–985
Income before financial result and income taxes, continuing operations	**492**	**423**	**1,566**	**1,165**
Interest income	19	1	33	15
Interest expense	–115	–121	–320	–341
Result from investments recognized at equity	97	13	63	38
Other financial income	–	–	3	2
Financial result	**1**	**–107**	**–221**	**–286**
Income before income taxes, continuing operations	**493**	**316**	**1,345**	**879**
Income taxes	–153	–84	–384	–210
Income after taxes, continuing operations	**340**	**232**	**961**	**669**
Income after taxes, discontinued operations	–	41	–80	167
Income after taxes	**340**	**273**	**881**	**836**
thereof attributable to				
Non-controlling interests	2	13	18	46
Shareholders of Evonik Industries AG (net income)	338	260	863	790
Earnings per share in € (basic and diluted)	**+0.73**	**+0.56**	**+1.85**	**+1.70**

Prior-year figures restated.

Statement of comprehensive income for the Evonik-Group

	3rd quarter		1st nine months	
in € million	**2011**	2010	**2011**	2010
Income after taxes	**340**	**273**	**881**	**836**
thereof attributable to				
Non-controlling interests	2	13	18	46
Shareholders of Evonik Industries AG (net income)	338	260	863	790
Unrealized gains/losses on available-for-sale-securities	–	1	–	–5
Gains/losses on hedging instruments	–89	108	–24	–56
Currency translation adjustment	91	–269	–89	210
Deferred taxes	26	–27	7	17
Other comprehensive income after taxes	**28**	**–187**	**–106**	**166**
thereof attributable to				
Non-controlling interests	2	–49	–24	7
Shareholders of Evonik Industries AG	26	–138	–82	159
Total comprehensive income	**368**	**86**	**775**	**1,002**
thereof attributable to				
Non-controlling interests	4	–36	–6	53
Shareholders of Evonik Industries AG	364	122	781	949

Balance sheet for the Evonik-Group

in € million	Sep. 30, 2011	Dec. 31, 2010
Intangible assets	3,256	3,486
Property, plant and equipment	4,159	4,455
Investment property	1,520	1,528
Investments recognized at equity	1,040	562
Financial assets	235	108
Deferred tax assets	440	518
Other income tax assets	23	23
Other receivables	38	59
Non-current assets	**10,711**	**10,739**
Inventories	1,711	1,585
Other income tax assets	89	47
Trade accounts receivable	1,860	1,826
Other receivables	394	257
Financial assets	513	484
Cash and cash equivalents	2,026	1,103
	6,593	**5,302**
Assets held for sale	37	4,502
Current assets	**6,630**	**9,804**
Total assets	**17,341**	**20,543**
Issued capital	466	466
Reserves	5,325	4,910
Equity attributable to shareholders of Evonik Industries AG	**5,791**	**5,376**
Equity attributable to non-controlling interests	103	593
Total equity	**5,894**	**5,969**
Provisions for pensions and other post-employment benefits	3,228	3,279
Other provisions	1,025	956
Deferred tax liabilities	471	502
Other income tax liabilities	7	70
Financial liabilities	2,926	2,915
Other payables	389	405
Non-current liabilities	**8,046**	**8,127**
Other provisions	1,169	1,467
Other income tax liabilities	507	345
Financial liabilities	427	307
Trade accounts payable	984	1,088
Other payables	300	273
	3,387	**3,480**
Liabilities associated with assets held for sale	14	2,967
Current liabilities	**3,401**	**6,447**
Total equity and liabilities	**17,341**	**20,543**

Statement of changes in equity for the Evonik-Group

in € million	Issued capital	Reserves: Capital reserve	Reserves: Accumulated income/loss	Reserves: Accumulated other comprehensive income	Attributable to shareholders of Evonik Industries AG	Attributable to non-controlling interests	Total equity
As of January 1, 2010	466	1,165	3,525	–428	4,728	486	5,214
Capital increases/decreases	–	–	–	–	–	6	6
Dividend distribution	–	–	–320	–	–320	–24	–344
Income after taxes	–	–	790	–	790	46	836
Other comprehensive income after taxes	–	–	–	159	159	7	166
Total comprehensive income	–	–	790	159	949	53	1,002
Other changes	–	–	2	–4	–2	19	17
As of September 30, 2010	466	1,165	3,997	–273	5,355	540	5,895
As of January 1, 2011	466	1,165	3,948	–203	5,376	593	5,969
Capital increases/decreases	–	–	–	–	–	15	15
Dividend distribution	–	–	–400	–	–400	–13	–413
Changes in ownership interests in subsidiaries without loss of control	–	–	–1	–	–1	–1	–2
Income after taxes	–	–	863	–	863	18	881
Other comprehensive income after taxes	–	–	–	–82	–82	–24	–106
Total comprehensive income	–	–	863	–82	781	–6	775
Other changes	–	–	20	15	35	–485	–450
As of September 30, 2011	466	1,165	4,430	–270	5,791	103	5,894

Cash flow statement for the Evonik-Group

in € million	3rd quarter 2011	3rd quarter 2010	1st nine months 2011	1st nine months 2010
Income before financial result and income taxes, continuing operations	492	423	1,566	1,165
Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets	172	191	538	547
Gains/losses on disposal of non-current assets	22	-7	12	-17
Change in inventories	-75	-138	-351	-211
Change in trade accounts receivable	35	64	-294	-295
Change in trade accounts payable and current advance payments received from customers	-61	28	-23	80
Change in provisions for pensions and other post-employment benefits	-83	-100	-166	-127
Change in other provisions	33	132	-87	133
Change in miscellaneous assets/liabilities	31	-128	-49	-96
Cash outflows for interest	-15	-17	-51	-61
Cash inflows from interest	9	4	19	29
Cash inflows from dividends	6	1	54	43
Cash inflows/outflows for income taxes	-47	-43	-249	-92
Cash flow from operating activities, continuing operations	**519**	**410**	**919**	**1,098**
Cash flow from operating activities, discontinued operations	-33	40	-126	262
Cash flow from operating activities	**486**	**450**	**793**	**1,360**
Cash outflows for investments in intangible assets, property, plant and equipment, investment property	-217	-185	-552	-468
Cash outflows for investments in shareholdings	-1	–	-78	-34
Cash inflows from divestments of intangible assets, property, plant and equipment, investment property	24	10	46	36
Cash inflows from divestments of shareholdings	839	–	1,045	22
Cash inflows/outflows relating to securities, deposits and loans	-460	-195	-83	-196
Cash flow from investing activities	**185**	**-370**	**378**	**-640**
(thereof discontinued operations)	–	(-28)	(14)	(-120)
Cash inflows/outflows relating to capital contributions	9	–	15	6
Cash outflows for dividends to shareholders of Evonik Industries AG	–	–	-400	-320
Cash outflows for dividends to non-controlling interests	-1	-3	-13	-24
Cash inflows/outflows from changes in ownership interests in subsidiaries without loss of control	–	–	-1	–
Cash inflows from the addition of financial liabilities	19	86	192	318
Cash outflows for repayment of financial liabilities	-140	-157	-263	-292
Cash flow from financing activities	**-113**	**-74**	**-470**	**-312**
(thereof discontinued operations)	–	(-56)	(-8)	(-92)
Change in cash and cash equivalents	**558**	**6**	**701**	**408**

Cash and cash equivalents as of July 1/January 1	**1,469**	**1,359**	**1,351**	**885**
Change in cash and cash equivalents	558	6	701	408
Changes in exchange rates and other changes in cash and cash equivalents	2	-41	-23	31
Cash and cash equivalents as of September 30	**2,029**	**1,324**	**2,029**	**1,324**
Cash and cash equivalents included in assets held for sale	-3	–	-3	–
Cash and cash equivalents as on the balance sheet as of September 30	**2,026**	**1,324**	**2,026**	**1,324**

Prior-year figures restated.

(1) Segment report for the Evonik-Group

Operating segments – 1st nine months

	Reporting segments										Corporate, other operations, consolidation		Total Group (continuing operations)	
	Consumer, Health & Nutrition		Resource Efficiency		Specialty Materials		Services		Real Estate					
in € million	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
External sales	3,021	2,703	3,304	3,149	3,755	3,095	711	592	309	295	110	76	**11,210**	9,910
Internal sales	56	49	43	39	80	69	1,122	998	1	1	-1,302	-1,156	**–**	–
Total sales	3,077	2,752	3,347	3,188	3,835	3,164	1,833	1,590	310	296	-1,192	-1,080	**11,210**	9,910
EBITDA (before non-operating result)	808	748	649	605	739	503	124	91	165	139	-239	-199	**2,246**	1,887
EBITDA margin in %	26.7	27.7	19.6	19.2	19.7	16.3	17.4	15.4	53.4	47.1			**20.0**	19.0
EBIT (before non-operating result)	715	656	535	473	621	391	63	33	129	102	-311	-292	**1,752**	1,363
Capital expenditures	104	67	116	132	114	76	46	48	36	25	78	15	**494**	363
Additions to financial assets	64	1	10	–	–	6	–	–	3	–	5	9	**82**	16
Employees as of September 30	6,336	6,281	6,386	7,824	6,865	6,780	10,945	10,759	1,135	1,095	1,875	1,710	**33,542**	34,449

Regions – 1st nine months

		Germany		Rest of Europe		Asia		North America		Central and South America		Other		Total Group (continuing operations)	
in € million		**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
External sales		2,894	2,649	3,263	2,680	2,239	2,002	2,092	1,870	489	491	233	218	**11,210**	9,910
Goodwill as of September 30	1)	1,630	1,717	540	540	253	242	271	302	26	26	21	21	**2,741**	2,848
Other intangible assets, property, plant and equipment, investment property as of September 30	1)	4,286	4,496	511	554	825	772	514	571	38	103	20	29	**6,194**	6,525
Capital expenditures		290	176	49	57	88	84	64	37	3	5	–	4	**494**	363
Additions to financial assets		79	9	–	6	2	–	1	1	–	–	–	–	**82**	16
Employees as of September 30		21,927	21,981	2,752	3,015	4,544	4,825	3,853	4,052	302	340	164	236	**33,542**	34,449

Prior-year figures restated.

1) Non-current assets according to IFRS 8.33 b.

(2) General information

Evonik Industries AG is an international specialty chemicals company headquartered in Germany.

A new corporate structure with a strategic focus on specialty chemicals was introduced on April 1, 2011, and Mr. Patrik Wohlhauser, Dr. Thomas Haeberle and Dr. Dahai Yu were appointed as additional members of the Executive Board of Evonik Industries AG. For the current reporting period, the operating activities have been divided retroactively among five reporting segments—Consumer, Health & Nutrition, Resource Efficiency, Specialty Materials, Services and Real Estate (2010: divided into the three business areas: Chemicals, Energy and Real Estate), see Notes (1) and (7). The former Energy Business Area was deconsolidated in the present reporting period as a result of divestment of the majority shareholding, see Note (5.2). Effective September 1, 2011, Mr. Thomas Wessel was appointed to the Executive Board as Chief Human Resources Officer. The previous Chief Human Resources Officer, Mr. Ralf Blauth, retired from the Executive Board on August 31, 2011.

Evonik Industries AG is a subsidiary of RAG-Stiftung, Essen (Germany), which holds 74.99 percent of its shares. As a subsidiary of RAG-Stiftung, Evonik Industries AG and its subsidiaries are included at equity in the annual consolidated financial statements prepared by RAG-Stiftung in accordance with the German Commercial Code (HGB). The remaining 25.01 percent of the shares in Evonik Industries AG are held by Gabriel Acquisitions GmbH (Gabriel Acquisitions), Gadebusch (Germany). Gabriel Acquisitions is an indirect subsidiary of funds established and advised by CVC Capital Partners (Luxembourg) S.à r.l., Luxembourg (Luxembourg).

The present condensed and consolidated interim financial statements (consolidated interim financial statements) of Evonik Industries AG and its subsidiaries (referred to jointly as Evonik or the Group) have been prepared in accordance with the provisions of IAS 34 Interim Financial Reporting, and in application of Section 315 a Paragraph 3 of the German Commercial Code (HGB) using the International Financial Reporting Standards (IFRS) and comply with these standards. The IFRS comprise the standards (IFRS, IAS) issued by the International Accounting Standards Board (IASB), London (UK), and the interpretations (IFRIC, SIC) of the IFRS Interpretations Committee (IFRSIC), as adopted by the European Union.

The consolidated interim financial statements cover the period from January 1 to September 30, 2011 and are presented in euros. All amounts are stated in millions of euros (€ million) except where otherwise indicated. The basis for the consolidated interim financial statements comprises the consolidated financial statements for the Evonik Group as of December 31, 2010, which should be referred to for further information.

(3) Accounting policies

The accounting and consolidation principles applied in these consolidated interim financial statements are the same as those used for the consolidated financial statements as of December 31, 2010. Exceptions are set out below.

The IASB has amended or issued a number of standards and interpretations. These have to be officially adopted into European law by the European Union before they can be applied. With the exception of the newly issued standard IAS 24 Related Party Disclosures, see Note (8), the accounting standards that had to be applied for the first time in fiscal 2011 do not significantly impact the consolidated financial statements or are not relevant for the consolidated financial statements:

- The amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards: Limited Exemption from Comparative IFRS 7 Disclosures
- The amendment to IAS 32 Financial Instruments: Presentation: Classification of Rights Issues
- The standards amended as part of the third annual improvements project (2010)
- The amendment to IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- The new interpretation IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

(4) Restatement of prior-year figures

An enterprise may only change its recognition and valuation principles or the items stated in prior years if this is required due to a standard or interpretation or results in the disclosure of more relevant information in the financial statements. Such changes must generally also be presented retroactively for the prior period. For the present consolidated financial statements, the following prior-year figures have been restated:

Restatement due to the classification of the Energy Business Area as a discontinued operation

The Energy Business Area was classified for the first time as held for sale as of December 31, 2010, in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. In view of its importance for Evonik, this business area also met the criteria for classification as a discontinued operation. The prior-year figures have therefore been restated in the income statement and cash flow statement. Finally, the business area was deconsolidated in the present period following divestment of a majority of the shares, see Note (5.2).

Further changes

In the segment report, changes in the reporting structure resulted in the restatement of prior-year figures, see Note (7).

(5) Changes in the Group

(5.1) Scope of consolidation

The scope of consolidation changed as follows:

Number of companies	Germany	Other countries	Total
Evonik Industries AG and consolidated subsidiaries			
As of December 31, 2010	**98**	**139**	**237**
Acquisitions	2	1	3
Other companies consolidated for the first time	2	6	8
Divestments	-31	-26	-57
Intragroup mergers	–	-1	-1
Other companies deconsolidated	-2	-3	-5
As of September 30, 2011	**69**	**116**	**185**
Investments recognized at equity			
As of December 31, 2010	**9**	**7**	**16**
Acquisitions	–	–	–
Other investments recognized at equity for the first time	3	–	3
Divestments	-1	–	-1
Other companies deconsolidated	–	-2	-2
As of September 30, 2011	**11**	**5**	**16**
	80	**121**	**201**

(5.2) Acquisitions and divestments

This section provides a more detailed overview of the changes in the scope of consolidation in the reporting period, divided into acquisitions and divestments.

Acquisitions

Evonik acquired the RESOMER® business from the Boehringer Ingelheim Group, Ingelheim (Germany) on February 28, 2011 through an asset deal. This business comprises standard and custom-tailored polymer products for use in medical applications and the production of pharmaceutical formulations, and has been integrated into the Consumer, Health & Nutrition segment.

With legal effect from May 12, 2011 Evonik acquired the hanse chemie Group from a group of sellers. hanse chemie supplies silicone chemicals for special applications. Most of the business has been integrated into the Consumer, Health & Nutrition segment. As a result of this acquisition, three subsidiaries have been consolidated for the first time.

The total purchase price for both of these comparatively small acquisitions was around €72 million. First-time consolidation of these activities comprised the recognition of assets amounting to around €46 million, liabilities of €14 million, and goodwill of €40 million. The purchase price allocation for the hanse chemie Group has not yet been completed.

Divestments

45 subsidiaries divested in the present fiscal year relate to the divestment of STEAG GmbH (STEAG; formerly Evonik Steag GmbH), Essen (Germany), and its subsidiaries.
The purchase and sale agreement concluded on December 17/18, 2010 between Evonik Industries AG, Essen (Germany) and RBV Verwaltungs-GmbH (RBV), Essen (Germany) as the sellers and KSBG Kommunale Beteiligungsgesellschaft GmbH & Co. KG (KSBG), Essen (Germany) as the buyer on the sale of 51 percent of the shares in STEAG took effect on March 2, 2011 when the terms agreed in the purchase and sale agreement were fulfilled. A provisional purchase price of €651 million was paid. Evonik's energy business, bundled in STEAG, which was classified as a discontinued operation at year-end 2010, was deconsolidated as of this date.
The remaining 49 percent of the shares in STEAG were remeasured at fair value as of this date and included in the consolidated financial statements at equity.
An option agreement was also concluded in connection with the sale of the 51 percent stake. Under this agreement KSBG has an option to purchase the remaining 49 percent of shares (call option) between January 1, 2014 and December 31, 2017 while RBV has an option to sell the remaining 49 percent of the shares (put option) between January 1, 2016 and December 31, 2016.

On April 16, 2011, Evonik signed an agreement to sell its carbon black business to Kinove German Bidco GmbH, Frankfurt am Main (Germany). The purchaser is an investment company owned by investment funds managed and advised by Rhône Capital (New York, USA) and Triton Partners (Jersey, Channel Islands). The sale of the carbon black business, which was previously part of the Resources Efficiency segment, was closed on July 29, 2011. Including obligations to be assumed, the value of this transaction is more than €900 million. The agreed transaction comprises the assets and liabilities of carbon black companies in Europe, North America, Asia, Brazil, and South Africa. A small part of this business still has to be carved out and is to be transferred at a later date. This transaction resulted in the deconsolidation of 10 subsidiaries and one company included at equity.

On May 30, 2011, Evonik and Dalian Kionge Group Co. Ltd., Dalian (China) signed an agreement on the divestment of the shares in the subsidiary Evonik Lynchem Co., Ltd., Dalian (China). The shares were transferred on August 30, 2011. Until then, this company formed part of the Consumer, Health & Nutrition segment.

On June 23, 2011, Evonik and Kaneka Belgium N.V., Westerloo (Belgium) signed an asset deal comprising divestment of the plastic additives and plastisols business. The assets were transferred on July 29, 2011. This business was previously reported as part of the Resource Efficiency segment.

Following divestment of a major part of the energy business, two smaller companies (parent and subsidiary) remained in the Evonik Group. On July 12, 2011, an agreement was signed with RAG Beteiligungs-GmbH, Herne (Germany), to sell a 2 percent stake in the parent company, RAG Verkauf GmbH, Herne (formerly RVG GmbH, Essen), in which Evonik held 51 percent of the shares. As a result of this transaction, Evonik lost its controlling majority of the capital and voting rights of these two companies as of July 31, 2011. The 49 percent stake in RAG Verkauf GmbH still held by Evonik was remeasured at fair value as of this date and is now included in the consolidated financial statements at equity. At the same time it was agreed that the remaining 49 percent stake would be transferred to RAG Beteiligungs-GmbH for a fixed price as of January 1, 2013. At year-end 2010, these companies were classified as discontinued operations.

(5.3) Assets held for sale and the related liabilities

In addition to the divestments outlined in Note (5.2), the Executive Board of Evonik Industries AG has decided to divest further business operations. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations sets out the valuation and accounting principles to be used for such operations and their presentation in the consolidated financial statements.

As of September 30, 2011, assets held for sale and the related liabilities comprised the carbon black company that still had to be separated off. At year-end 2010, they included the former Energy Business Area.

(6) Notes on business performance

(6.1) Earnings position

Evonik posted a very successful operating performance in the first nine months of 2011. Group sales grew 13 percent to €11,210 million as a result of a rise in global demand and an increase in selling prices, principally because higher raw material prices could be passed on to customers. Volumes accounted for 4 percentage points of the rise in sales, while 11 percentage points came from higher prices. Currency effects trimmed sales by 2 percent. The previously positive impact of other effects, which include changes in the scope of consolidation, was negated by the deconsolidation of the carbon black business as of end-July 2011.

Earnings before interest, taxes, depreciation, amortization and the non-operating result (EBITDA) rose 19 percent to €2,246 million, driven by the good volume trend and improved margins. The EBITDA margin rose to 20 percent, up from 19 percent in the first nine months of 2010. Earnings before interest, taxes and the non-operating result (EBIT) climbed 29 percent to €1,752 million.

The table shows the reconciliation from EBITDA to the income attributable to the shareholders of Evonik Industries AG:

in € million	1st nine months 2011	2010
EBITDA (before non-operating result)	**2,246**	**1,887**
Depreciation, amortization, impairment losses/reversals of impairment losses	-494	-524
EBIT (before non-operating result)	**1,752**	**1,363**
Non-operating result, continuing operations	-120	-158
Net interest expense	-287	-326
Income before income taxes, continuing operations	**1,345**	**879**
Income before income taxes, discontinued operations	-44	237
Income before income taxes (total)	**1,301**	**1,116**
Income taxes, continuing operations	-384	-210
Income taxes, discontinued operations	-36	-70
Income after taxes	**881**	**836**
Non-controlling interests	-18	-46
Shareholders of Evonik Industries AG (net income)	**863**	**790**

The non-operating loss of €120 million mainly comprised expenses and impairment losses in connection with divestments and restructuring expenses. The line item other includes, among others, expenses for the recognition of the call and put option for the remaining 49 percent stake in STEAG.

in € million	1st nine months 2011	2010
Restructuring	-15	-58
Impariment losses/reversal of impairment losses	-52	-14
Acquisition/divestment of shareholdings	-29	-3
Other	-24	-83
Non-operating result, continuing operations	**-120**	**-158**

Net interest expense declined to €287 million due to lower interest on financial debt and for pensions. Income before income taxes from the continuing operations increased 53 percent to €1,345 million. Income before income taxes from the discontinued operations was minus €44 million and mainly related to the former Energy Business Area, and in particular, expenses in connection with the divestment of the 51 percent stake in STEAG. The previous year's figure of €237 million mainly comprised operating income from the former Energy Business Area. Thanks to the good operating performance, income before income taxes rose 17 percent to €1,301million. The income tax rate was 32 percent. That was above the expected Group tax rate of 30 percent due to the taxation of hidden reserves and non-deductible expenses relating to divestments, although this was offset to some extent by tax income relating to other periods. Net income was €863 million, up from the prior-year figure of €790 million, which still contained a substantial earnings contribution from the Energy Business Area.

(6.2) Financial condition

Since January 1, 2011 net financial debt has been calculated without taking account of liabilities and receivables from derivatives. The prior-year figures have been restated accordingly.

Compared with December 31, 2010, net financial debt declined by €1,017 million to €660 million, principally as a result of the proceeds received from divestments.

Net financial debt is calculated as follows:

in € million	Sept. 30, 2011	Dec. 31, 2010
Non-current financial liabilities	–2,831	–2,913
Current financial liabilities	–333	–260
Financial debt	**–3,164**	**–3,173**
Cash and cash equivalents	2,026	1,103
Current securities	472	388
Other financial assets	6	5
Financial assets	**2,504**	**1,496**
Net financial debt	**–660**	**–1,677**

The cash flow from operating activities in the continuing operations amounted to €919 million, which was below the prior-year figure of €1,098 million. This was mainly due to an increase in net working capital resulting from the positive business trend and to higher income tax payments. The cash flow from operating activities in the discontinued operations comprised an outflow of €126 million, compared with an inflow of €262 million in the first nine months of the previous year. Overall, the cash flow from operating activities declined by €567 million to €793 million.

The cash flow from investing activities comprised an inflow of €378 million, compared with an outflow of €640 million in the prior-year period. This was chiefly due to inflows totaling €1,045 million from divestments, especially the carbon black business and the 51 percent stake in STEAG. By contrast, cash outflows for investing activities mainly comprised property, plant and equipment amounting to €522 million (9M 2010: €468 million) and investments of €78 million (9M 2010: €34 million). Net cash outflows of €83 million were registered for securities, monetary investments and loans in the first nine months, and included an outflow of €460 million in the third quarter, mainly for current securities.

(6.3) Asset structure

Total assets decreased by €3.2 billion to €17.3 billion. The principal influence here was the deconsolidation of the STEAG companies which had been classified as assets held for sale at year-end 2010. Non-current assets were unchanged at €10.7 billion. The deconsolidation of the non-current assets relating to the carbon black business was countered by the addition of the 49 percent stake in STEAG, which is included at equity. Current assets contracted by €3.2 billion to €6.6 billion. The principal influence here was the deconsolidation of the STEAG companies from assets held for sale and of the current assets of the carbon black companies. This was countered by an increase in cash and cash equivalents, mainly due to the proceeds from the divestment of the carbon black business and the business-related increase in inventories and trade accounts receivable.

Equity decreased by €0.1 billion to €5.9 billion. This was attributable to non-controlling interests, which declined by €0.5 billion to €0.1 billion as a result of the deconsolidation of the STEAG companies, while reserves increased by €0.4 billion thanks to the good earnings trend. The equity ratio improved from 29.1 percent to 34.0 percent.

(7) Notes on the segment report

The reporting based on operating segments reflects the Group's internal organizational and reporting structure (management approach). In accordance with its strategic focus on specialty chemicals, Evonik has restructured its reporting segments retroactively as of January 1, 2011. The prior-year figures have been restated accordingly. The operating activities are divided into business units within the reporting segments.

In future, the operating activities of Evonik's chemicals business will be bundled in three segments (2010: the Chemicals Business Area):

- Consumer, Health & Nutrition
- Resource Efficiency
- Specialty Materials.

The Consumer, Health & Nutrition segment serves customers in the consumer goods, animal nutrition and pharmaceutical industry and produces specialty chemicals for selected industrial markets. This segment comprises the Consumer Specialties and Health & Nutrition Business Units.

The Resource Efficiency segment provides solutions for efficient utilization of natural resources. It comprises the Inorganic Materials and Coatings & Additives Business Units.

The Specialty Materials segment brings together Evonik's product-based activities centering on polymer materials and their preproducts, and additives. The business units in this segment are Performance Polymers and Advanced Intermediates (2010: Industrial Chemicals).

Evonik's specialty chemicals operations are grouped in this new segment structure on the basis of similar themes and long-term success factors. That improves their market muscle and the efficiency of internal management.

As further operating activities, Evonik has the newly formed Services segment and the Real Estate segment (2010: the Real Estate Business Area). The Services segment provides central services for the three chemicals segments and the Corporate Center and a smaller amount of services for third parties.

The former Energy Business Area was deconsolidated in the present reporting period following the divestment of the majority shareholding, see Note (5.2).

The table shows a reconciliation from EBIT for the continuing reporting segments to income before income taxes for the Group's continuing operations:

in € million	1st nine months 2011	2010
EBIT, continuing reporting segments	**2,063**	**1,655**
EBIT, other operations	-18	-4
EBIT, Corporate Center and corporate activities	-257	-213
Consolidation	-36	-75
EBIT Corporate, other operations, consolidation	-311	-292
Group EBIT	1,752	1,363
Non-operating result	-120	-158
Net interest expense	-287	-326
Income before income taxes, continuing operations	1,345	879

(8) Related parties

In addition to the subsidiaries included in the consolidated financial statements, the Group maintains relationships with related parties. Related parties include, among others, RAG-Stiftung and Gabriel Acquisitions, as owners of Evonik Industries AG. Under the newly issued standard IAS 24 Related Party Disclosures, for fiscal 2011 for the first time the following are classified as related parties: the Federal Republic of Germany and the federal states of North-Rhine Westphalia and the Saarland. They are able to exercise a significant influence on RAG-Stiftung through their membership of the Board of Trustees of RAG-Stiftung (see also www.rag-stiftung.de). Transactions effected between Evonik and these federal and state governments and their subsidiaries or joint ventures in the reporting period comprised generally available government grants and subsidies, loans from public-sector banks to finance subsidized housing, and investments in their securities.

Essen, October 31, 2011
Evonik Industries AG
The Executive Board

Dr. Engel	Dr. Colberg	Dr. Haeberle
Wessel	Wohlhauser	Dr. Yu

Credits

Published by

Evonik Industries AG
Rellinghauser Straße 1 – 11
45128 Essen
Germany
www.evonik.com

Contact

Communications/Board Office
Phone +49 201 177-3899
Fax +49 201 177-2911
info@evonik.com

Investor Relations
Phone +49 201 177-3145
Fax +49 201 177-3148
investor-relations@evonik.com

Creditor Relations
Phone +49 201 177-2222
Fax +49 201 177-3205
creditor-relations@evonik.com