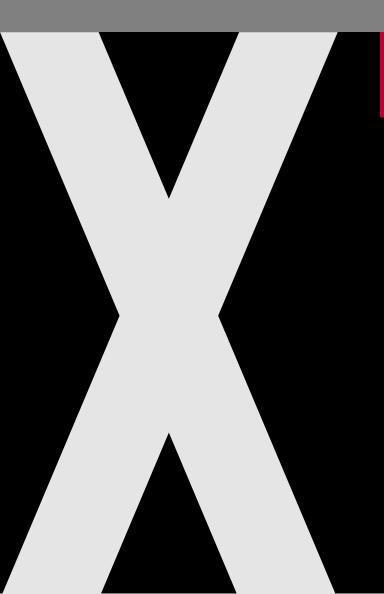
INTERIMREPORT Q1 2005

JANUARY 1 - MARCH 31, 2005

OVERVIEW

- 1 BUSINESS DEVELOPMENT
- 6 FINANCIAL STATEMENTS
- 12 NOTES
- 13 FURTHER INFORMATION





1) closing date December 31, 2004 2) after reconciliation for agency-business staff

LANXESS Stock	



Impacted mainly by the downward trend in Fine Chemicals, EBITDA pre exceptionals in the Chemical Intermediates segment showed a year-on-year decline. The EBITDA margin fell from 22.1% to 16.7%.

The growth in EBIT pre exceptionals was due in part to the higher capacity utilization at production facilities, especially in the Basic Chemicals business unit Impairment charges in the Fine Chemicals business unit diminished EBIT by \leqslant 3 million. In this business unit, too, further restructuring is urgently needed in order to increase the profitability of the segment and not hamper the development of the LANXESS Group as a whole.

Effective cost management was the main factor behind a 5.5% increase in EBITDA pre exceptionals for the Performance Chemicals segment. Other reasons for the gain included a better product mix and higher capacity utilization in several of the segment's business units. The EBITDA margin rose slightly, up 0.6 points to 12.1%.

Corporate Center, Services, Non-Core Business,

Reconciliation Departing from the method used in the 2004 Annual Report for reconciling segment figures to Group figures, corporate costs are no longer allocated among the operating segments. Effective from the first quarter of 2005, these costs are reported collectively under "Corporate Center, Services, Non-Core Business, Reconciliation," resulting in a more comparable portrayal of operating performance in the individual segments. The figures given for the first quarter of 2004 also take this change into account The figures already published for subsequent periods of 2004 have been adjusted accordingly. The amount of corporate costs reclassified for the first quarter of 2004 was €16 million.

Financial Condition

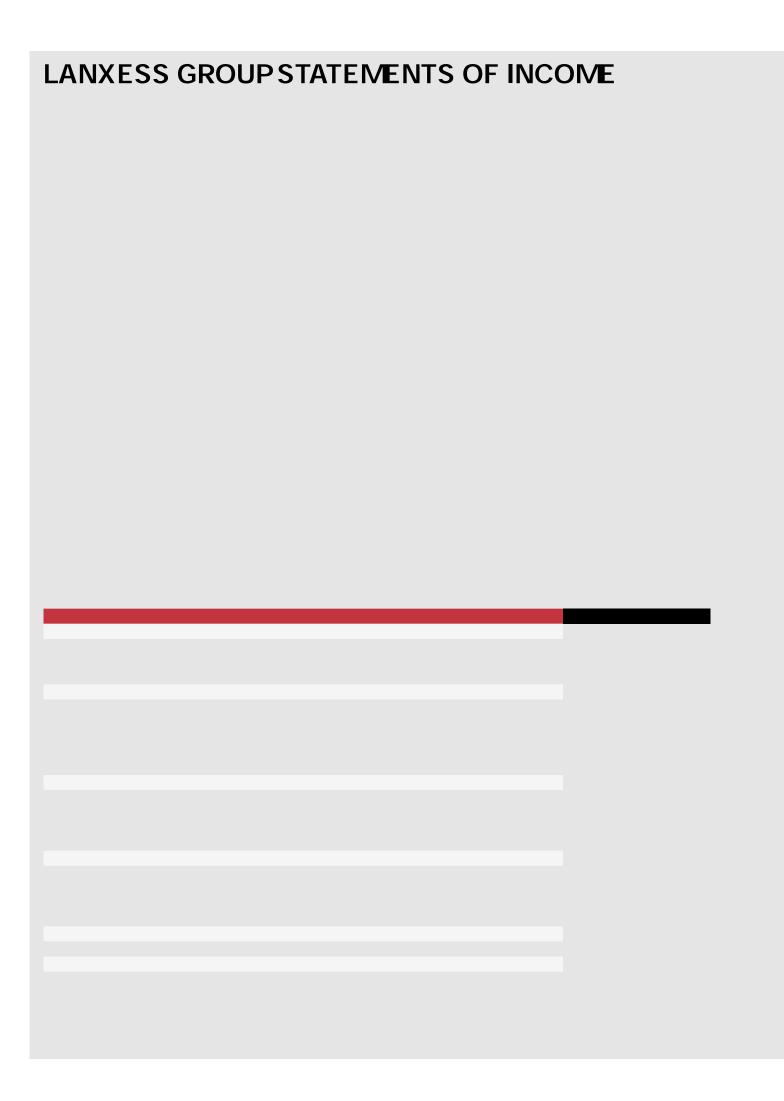
Balance Sheet Structure

As of March 31, 2005 the

LANXESS Group had total assets of €4,717 million, an increase
of 3.1% compared to December 31, 2004. With noncurrent assets almost unchanged, balance sheet growth was mainly attributable to current assets, which increased by 10.3% to €3,004 million. Inventories were up 11.1% to €1,279 million, while trade receivables rose 4.7% to €1,191 million due to business expansion in the first quarter of 2005. Both the decline in deferred tax assets and the increase in deferred tax liabilities result from an adjustment of these items – not recognized in income – necessitated by the transition from the Combined Financial Statements as of December 31, 2004 to the consolidated interim financial statements of the LANXESS Group as of March 31, 2005. Further details are given in the notes.

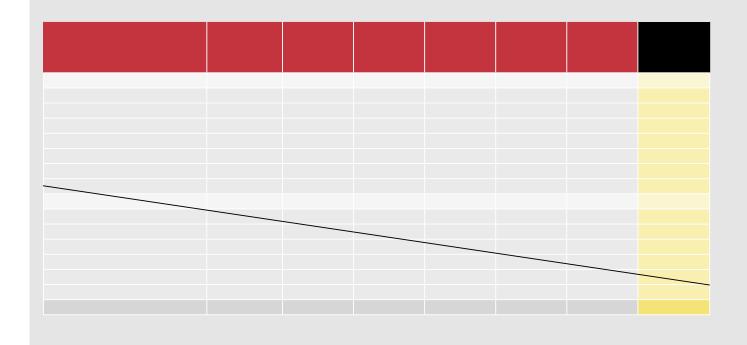
Outlook EBITDA pre exceptionals of the LANXESS Group met our expectations for the first quarter, which is traditionally a high-sales, high-earnings period.

We anticipate a continuing upward trend in the world economy for the rest of fiscal 2005. In the second quarter, we again expect to see a year-on-year increase in EBITDA pre exceptionals.

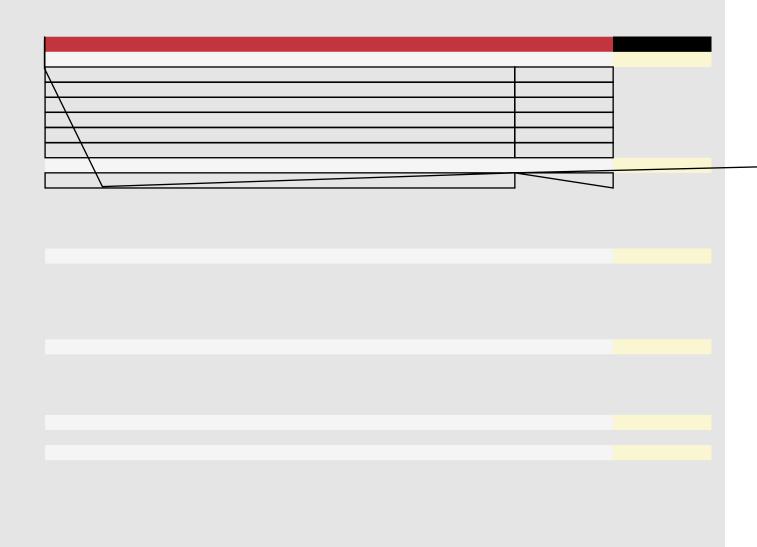


LANXESS GROUPBALANCE SHEETS

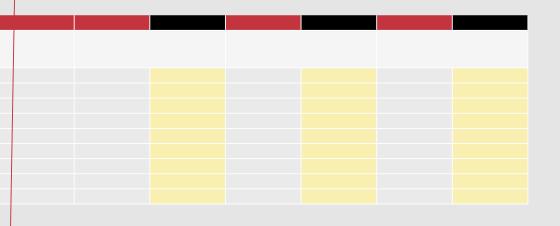
LANXESS GROUP STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY



LANXESS GROUP STATEMENTS OF CASH FLOWS







	Q1 2004	Q1 2005	Q1 2004	Q1 2005
1	Asia-Pacific		LAN	KESS
	229	250	1,610	1,729
	14.2%	14.5%		
	1,924 1)	1,759	19,659 1)	18,799

Recognition and Valuation Principles
Like the Combined
Financial Statements for fiscal 2004, the unaudited consolidated
financial statements as of March 31, 2005 were prepared in
accordance with the standards of the International Accounting
Standards Board (IASB). The recognition and valuation principles
applied were the same as those used for the 2004 Combined
Financial Statements, with the exception that effective January 1,
2005, goodwill resulting from business combinations agreed
upon prior to March 31, 2004 is also no longer amortized but
instead tested annually for possible impairment IAS 34 (Interim
Financial Reporting) was also applied.

The classification of assets and liabilities according to maturity as required by IAS 1 (Presentation of Financial Statements) will be undertaken in the annual financial statements for 2005.

Transition from Combined Financial Statements to Consolidated Financial Statements of the

LANXESS Group The Combined Financial Statements as of December 31, 2004 were derived from the consolidated financial statements of the Bayer Group in order to provide a historical record of LANXESS financial data ahead of the spin-off.

The interim financial statements as of March 31, 2005 are the first statements prepared independently by the LANXESS Group following its spin-off from Bayer.

As a result of the transition from the Combined Financial State

The need for these adjustments arose partly because the opening balance sheet had to reflect the amount of loss carryforwards actually transferred to LANXESS in the course of the spin-off pursuant to tax regulations, and this amount differed from that previously allocated to LANXESS on an accountability basis for the purpose of the Combined Financial Statements.

There were also some changes in deferred taxes as a result of timing differences.

The minority interest component of stockholders' equity reported as of March 31, 2005 also reflects for the first time the currency translation adjustments attributable to minority interest. This had the effect of reducing minority interest compared to the amount reported in the Combined Financial Statements as of December 31, 2003 by \in 20 million and increasing the total stockholders' equity item – excluding minority interest – by the same amount

Employees The LANXESS Group had a total of 18,799 employees on March 31, 2005, compared to 19,659 on December 31, 2004. In the Combined Financial Statements as of December 31, 2004, some 600 employees of Bayer companies were allocated to the LANXESS Group for statistical purposes because they worked in agency business for LANXESS. As of the date of the spin-off, these individuals are no longer assigned to LANXESS.

Earnings per Share Basic earnings per share were determined by dividing Group net income by the number of shares in issue during the reporting period, namely the 73,034,192 shares admitted for trading on the Frankfurt Stock Exchange in January 2005 following the spin-off. Computation of diluted earnings per share is based on this number of shares plus the maximum number of additional shares that could be issued upon the exercise of the conversion rights attaching to the convertible bond issued by LANXESS AG on September 15, 2004.

