

Condensed Consolidated Interim Financial Statements of the Bayer Group as of March 31, 2009

Bayer Group Consolidated Statements of Financial Position

	March 31, 2008	March 31, 2009	Dec. 31, 2008
	€ million	€ million	€ million
Noncurrent assets			
Goodwill	8,190	8,649	8,647
Other intangible assets	14,221	13,520	13,951
Property, plant and equipment	8,561	9,596	9,492
Investments in associates	457	456	450
Other financial assets	995	1,374	1,197
Other receivables	996	425	458
Deferred taxes	611	1,212	1,156
	34,031	35,232	35,351
Current assets			
Inventories	6,218	6,630	6,681
Trade accounts receivable	6,689	6,719	5,953
Other financial assets	570	423	634
Other receivables	1,494	1,110	1,284
Claims for income tax refunds	195	310	506
Cash and cash equivalents	2,717	4,365	2,094
Assets held for sale and discontinued operations	82	302	8
	17,965	19,859	17,160
Total assets	51,996	55,091	52,511
Equity			
Capital stock of Bayer AG	1,957	1,957	1,957
Capital reserves of Bayer AG	4,028	4,028	4,028
Other reserves	11,543	11,034	10,278
	17,528	17,019	16,263
Equity attributable to non-controlling interest	77	75	77
	17,605	17,094	16,340
Noncurrent liabilities			
Provisions for pensions and other post-employment benefits	4,970	6,094	6,347
Other provisions	1,273	1,250	1,351
Financial liabilities	12,686	12,736	10,614
Other liabilities	477	332	432
Deferred taxes	3,893	3,576	3,592
	23,299	23,988	22,336
Current liabilities			
Other provisions	3,995	3,538	3,163
Financial liabilities	1,946	6,287	6,256
Trade accounts payable	2,220	1,986	2,377
Income tax liabilities	99	113	65
Other liabilities	2,703	2,085	1,961
Liabilities directly related to assets held for sale and discontinued operations	129	0	13
	11,092	14,009	13,835
Total equity and liabilities	51,996	55,091	52,511

2008 figures reclassified

Bayer Group Consolidated Income Statements

	1st Quarter 2008	1st Quarter 2009
	€ million	€ million
Net sales	8,536	7,895
Cost of goods sold	(4,103)	(3,786)
Gross profit	4,433	4,109
Selling expenses	(1,902)	(1,960)
Research and development expenses	(633)	(657)
General administration expenses	(419)	(402)
Other operating income	287	134
Other operating expenses	(423)	(251)
Operating result (EBIT)	1,343	973
Equity-method loss	(10)	(13)
Non-operating income	135	283
Non-operating expenses	(400)	(604)
Non-operating result	(275)	(334)
Income before income taxes	1,068	639
Income taxes	(306)	(215)
Income from continuing operations after taxes	762	424
Income from discontinued operations after taxes	0	0
Income after taxes	762	424
of which attributable to non-controlling interest	0	(1)
of which attributable to Bayer AG stockholders (net income)	762	425
Earnings per share (€)		
From continuing operations		
Basic *	0.96	0.55
Diluted *	0.96	0.55
From discontinued operations		
Basic *	0.00	0.00
Diluted *	0.00	0.00
From continuing and discontinued operations		
Basic *	0.96	0.55
Diluted *	0.96	0.55

* The ordinary shares to be issued upon conversion of the mandatory convertible bond are treated as already issued shares.

Bayer Group Consolidated Statements of Comprehensive Income

	1st Quarter 2008	1st Quarter 2009
	€ million	€ million
Income after taxes	762	424
<i>of which attributable to non-controlling interest</i>	0	(1)
<i>of which attributable to Bayer AG stockholders</i>	762	425
Changes in fair values of derivatives designated as cash flow hedges	73	(108)
Recognized in profit or loss	(8)	27
Income taxes	(20)	24
Changes recognized outside profit or loss (cash flow hedges)	45	(57)
Changes in fair values of available-for-sale financial assets	(23)	(3)
Recognized in profit or loss	0	0
Income taxes	8	2
Changes recognized outside profit or loss (available-for-sale financial assets)	(15)	(1)
Changes in actuarial gains/losses on defined benefit obligations for pensions and other post-employment benefits and effects of the limitation on pension plan assets	817	244
Income taxes	(249)	(93)
Changes recognized outside profit or loss (actuarial gains/losses on defined benefit obligations for pensions and other post-employment benefits and effects of the limitation on pension plan assets)	568	151
Exchange differences on translation of operations outside the euro zone	(552)	241
Recognized in profit or loss	0	0
Changes recognized outside profit or loss (exchange differences)	(552)	241
Changes in revaluation surplus (IFRS 3)	4	(1)
Effects of changes in liabilities from non-controlling interests in partnerships on other comprehensive income	(20)	0
Changes due to changes in the scope of consolidation	1	0
Other comprehensive income (changes recognized outside profit or loss)	31	333
<i>of which attributable to non-controlling interest</i>	(1)	2
<i>of which attributable to Bayer AG stockholders</i>	32	331
Total comprehensive income	793	757
<i>of which attributable to non-controlling interest</i>	(1)	1
<i>of which attributable to Bayer AG stockholders</i>	794	756

Bayer Group Consolidated Statements of Changes in Equity

	Capital stock of Bayer AG	Capital reserves of Bayer AG	Other reserves incl. OCI	Equity attributable to Bayer AG stock- holders	Equity attributable to non- controlling interest incl. OCI	Equity
	€ million	€ million	€ million	€ million	€ million	€ million
Dec. 31, 2007	1,957	4,028	10,749	16,734	87	16,821
Equity transactions with owners						
Capital contributions						
Dividend payments					(9)	(9)
Other changes						
Total comprehensive income			794	794	(1)	793
March 31, 2008	1,957	4,028	11,543	17,528	77	17,605
Dec. 31, 2008	1,957	4,028	10,278	16,263	77	16,340
Equity transactions with owners						
Capital contributions						
Dividend payments					(3)	(3)
Other changes						
Total comprehensive income			756	756	1	757
March 31, 2009	1,957	4,028	11,034	17,019	75	17,094

OCI = other comprehensive income

Bayer Group Consolidated Statements of Cash Flows

	1st Quarter 2008	1st Quarter 2009
	€ million	€ million
Income from continuing operations after taxes	762	424
Income taxes	306	215
Non-operating result	275	334
Income taxes paid or accrued	(364)	(332)
Depreciation and amortization	712	688
Change in pension provisions	(94)	(117)
(Gains) losses on retirements of noncurrent assets	3	(3)
Non-cash effects of the remeasurement of acquired assets (inventory work-down)	51	0
Gross cash flow	1,651	1,209
Decrease (increase) in inventories	(251)	118
Decrease (increase) in trade accounts receivable	(1,038)	(672)
(Decrease) increase in trade accounts payable	(196)	(432)
Changes in other working capital, other non-cash items	362	470
Net cash provided by (used in) operating activities (net cash flow), continuing operations	528	693
Net cash provided by (used in) operating activities (net cash flow), discontinued operations	0	0
Net cash provided by (used in) operating activities (net cash flow) (total)	528	693
Cash outflows for additions to property, plant, equipment and intangible assets	(288)	(290)
Cash inflows from sales of property, plant, equipment and other assets	16	15
Cash inflows from (outflows for) divestitures	(40)	0
Cash inflows from (outflows for) noncurrent financial assets	27	137
Cash outflows for acquisitions less acquired cash	(246)	0
Interest and dividends received	74	64
Cash inflows from (outflows for) current financial assets	(7)	(4)
Net cash provided by (used in) investing activities (total)	(464)	(78)
Capital contributions	0	0
Dividend payments and withholding tax on dividends	(9)	(4)
Issuances of debt	397	2,361
Retirements of debt	(120)	(536)
Interest paid	(137)	(169)
Net cash provided by (used in) financing activities (total)	131	1,652
Change in cash and cash equivalents due to business activities (total)	195	2,267
Cash and cash equivalents at beginning of period	2,531	2,094
Change in cash and cash equivalents due to changes in scope of consolidation	0	2
Change in cash and cash equivalents due to exchange rate movements	(9)	2
Cash and cash equivalents at end of period	2,717	4,365

Notes to the Condensed Consolidated Interim Financial Statements of the Bayer Group as of March 31, 2009

Key Data by Segment

Segments	HealthCare			
	Pharmaceuticals		Consumer Health	
	1st Quarter 2008	1st Quarter 2009	1st Quarter 2008	1st Quarter 2009
	€ million	€ million	€ million	€ million
Net sales (external)	2,469	2,587	1,262	1,256
Change	+5.1%	+4.8%	+0.2%	-0.5%
Currency-adjusted change	+3.8%	+1.7%	+19.9%	-1.6%
Intersegment sales	19	20	12	3
Operating result [EBIT]	330	505	233	170
Gross cash flow*	518	565	219	180
Net cash flow*	397	512	180	187
Depreciation, amortization and write-downs	351	304	56	64
Number of employees (as of March 31)**	36,400	36,700	15,600	17,000

2008 figures restated

* for definition see chapter "Liquidity and Capital Resources," page 22

** number of employees in full-time equivalents

Key Data by Region

Regions	Europe		North America	
	1st Quarter 2008	1st Quarter 2009	1st Quarter 2008	1st Quarter 2009
	€ million	€ million	€ million	€ million
Net sales (external) – by market	4,072	3,563	2,026	2,057
Change	+5.8%	-12.5%	-9.0%	+1.5%
Currency-adjusted change	+6.5%	-10.1%	+1.5%	-7.8%
Net sales (external) – by point of origin	4,393	3,833	2,033	2,046
Change	+5.8%	-12.7%	-8.4%	+0.6%
Currency-adjusted change	+6.4%	-10.6%	+2.3%	-8.8%
Interregional sales	1,601	1,765	504	567
Operating result [EBIT]	880	687	341	264
Number of employees (as of March 31) *	55,300	54,700	17,000	16,800

* number of employees in full-time equivalents

	CropScience				MaterialScience		Reconciliation				Continuing Operations		
	Crop Protection		Environmental Science, BioScience		MaterialScience		All Other Segments		Corporate Center and Consolidation				
	1st Quarter 2008	1st Quarter 2009	1st Quarter 2008	1st Quarter 2009	1st Quarter 2008	1st Quarter 2009	1st Quarter 2008	1st Quarter 2009	1st Quarter 2008	1st Quarter 2009	1st Quarter 2008	1st Quarter 2009	
€ million		€ million		€ million		€ million		€ million		€ million		€ million	
	1,622	1,734	356	386	2,512	1,636	311	292	4	4	8,536	7,895	
	+13.1%	+6.9%	+1.1%	+8.4%	-3.7%	-34.9%	-4.9%	-6.1%			+2.4%	-7.5%	
	+17.8%	+7.0%	+4.1%	+9.0%	+1.1%	-37.9%	-4.2%	-6.2%			+7.2%	-9.4%	
	14	8	5	2	4	5	385	393	(439)	(431)			
	446	500	78	109	281	(281)	29	18	(54)	(48)	1,343	973	
	416	458	73	92	310	(60)	136	(3)	(21)	(23)	1,651	1,209	
	(266)	(359)	(46)	(62)	146	207	27	(87)	90	295	528	693	
	118	107	21	17	126	153	27	29	13	14	712	688	
	14,700	15,100	3,200	3,300	15,000	14,800	20,500	21,200	600	600	106,000	108,700	

	Asia/Pacific		Latin America/Africa/Middle East		Reconciliation		Continuing Operations	
	1st Quarter 2008	1st Quarter 2009	1st Quarter 2008	1st Quarter 2009	1st Quarter 2008	1st Quarter 2009	1st Quarter 2008	1st Quarter 2009
	€ million		€ million		€ million		€ million	
	1,276	1,256	1,162	1,019			8,536	7,895
	+6.3%	-1.6%	+9.5%	-12.3%			+2.4%	-7.5%
	+12.9%	-10.6%	+13.9%	-8.3%			+7.2%	-9.4%
	1,207	1,179	903	837			8,536	7,895
	+6.2%	-2.3%	+9.5%	-7.3%			+2.4%	-7.5%
	+13.1%	-11.8%	+17.0%	-1.8%			+7.2%	-9.4%
	53	73	32	62	(2,190)	(2,467)		
	85	(12)	92	82	(55)	(48)	1,343	973
	19,200	21,300	14,500	15,900			106,000	108,700

Explanatory Notes

ACCOUNTING POLICIES

Pursuant to Section 315a of the German Commercial Code, the consolidated interim financial statements as of March 31, 2009 have been prepared in condensed form according to the International Financial Reporting Standards (IFRS) – including IAS 34 – of the International Accounting Standards Board (IASB), London, which are endorsed by the European Union, and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) in effect at the closing date.

Reference should be made as appropriate to the Notes to the Consolidated Financial Statements for the 2008 fiscal year, particularly with regard to the main recognition and valuation principles. Changes in the underlying parameters relate primarily to currency exchange rates and the interest rates used to calculate pension obligations.

The exchange rates for major currencies against the euro varied as follows:

		Closing rate			Average rate	
		Dec. 31, 2008	March 31, 2008	March 31, 2009	1st Quarter 2008	1st Quarter 2009
ARS	Argentina	4.80	5.00	4.94	4.72	4.62
BRL	Brazil	3.25	2.76	3.10	2.60	3.02
CAD	Canada	1.70	1.62	1.67	1.50	1.62
CHF	Switzerland	1.49	1.57	1.52	1.60	1.50
CNY	China	9.50	11.09	9.09	10.73	8.92
GBP	U.K.	0.95	0.80	0.93	0.76	0.91
JPY	Japan	126.14	157.37	131.17	157.78	122.08
MXN	Mexico	19.23	16.90	18.76	16.19	18.73
USD	United States	1.39	1.58	1.33	1.50	1.30

The most important interest rates applied in the calculation of actuarial gains and losses from pension obligations are given below:

	Dec. 31, 2008	March 31, 2008	March 31, 2009
Germany	6.0	6.1	6.2
U.K.	6.4	6.8	6.7
United States	6.2	7.0	7.3

SEGMENT REPORTING

The accounting standard IFRS 8 (Operating Segments) was applied for the first time in the first quarter of 2009. In addition, the following changes were implemented compared with the Consolidated Financial Statements for 2008:

- The integration of the thermoplastic polyurethanes businesses into the Polyurethanes and the Coatings, Adhesives, Specialties business units completes an important phase in the reorganization of the MaterialScience portfolio. It has led to an adjustment in the segment presentation for that subgroup. The previously separate Materials and Systems segments have been combined to form a single MaterialScience segment in light of their similar long-term economic performance and the comparability of their products, production processes, customer industries, distribution channels and regulatory environment.
- We have transferred our dermatology business (Intendis) and the medical equipment business Medrad from the Pharmaceuticals to the Consumer Health segment and restated the prior-year figures accordingly.
- Business activities that cannot be allocated to any other segment are reported under "All other segments." These include primarily the services of Bayer Business Services (BBS), Bayer Technology Services (BTS) and Currenta.
- The Bayer holding company and the elimination of intersegment sales are presented in our segment reporting as "Corporate Center and Consolidation."

The following table contains the reconciliation of the operating result (EBIT) of the operating segments to income before income taxes of the Group.

Segment Result Reconciliation	1st Quarter 2008	1st Quarter 2009
	€ million	€ million
Operating result of reporting segments	1,397	1,021
Operating result of Corporate Center	(54)	(48)
Operating result [EBIT]	1,343	973
Non-operating result	(275)	(334)
Income before income taxes	1,068	639

CHANGES IN THE BAYER GROUP

SCOPE OF CONSOLIDATION

As of March 31, 2009, the Bayer Group comprised 311 fully or proportionately consolidated companies (December 31, 2008: 316 companies). Four joint ventures were included by proportionate consolidation according to IAS 31 (Interests in Joint Ventures). In addition, five associated companies were included in the consolidated financial statements by the equity method according to IAS 28 (Investments in Associates).

ACQUISITIONS AND DIVESTITURES

No acquisitions were made in the first quarter of 2009. The expenses for acquisitions totaling €247 million in the first quarter of 2008 were related primarily to the purchase of Possis Medical, Inc.

On the basis of the agreement signed with Genzyme Corp., United States, on March 31, 2009, the relevant assets in the form of goodwill, other intangible assets and inventories are reflected in the item "Assets held for sale and discontinued operations." Following licensure by the U.S. Food and Drug Administration, we will also transfer the new Leukine production plant in Seattle, Washington, to Genzyme. Bayer's production site in Berlin, Germany, will continue to produce Fludara as a contract manufacturer for Genzyme.

EARNINGS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS

	1st Quarter 2008	1st Quarter 2009
	€ million	€ million
Income after taxes	762	424
of which attributable to non-controlling interest	0	(1)
of which attributable to Bayer AG stockholders (net income)	762	425
Income from discontinued operations after taxes	0	0
Financing expenses for the mandatory convertible bond, net of tax effects	28	28
Adjusted net income from continuing operations	790	453
Adjusted net income from continuing and discontinued operations	790	453
Weighted average number of issued ordinary shares	764,341,920	764,343,660
Potential shares to be issued upon conversion of the mandatory convertible bond	59,582,699	60,039,083
Adjusted weighted average total number of issued and potential ordinary shares	823,924,619	824,382,743
Basic earnings per share	€	€
from continuing operations	0.96	0.55
from discontinued operations	0.00	0.00
from continuing and discontinued operations	0.96	0.55
Diluted earnings per share	€	€
from continuing operations	0.96	0.55
from discontinued operations	0.00	0.00
from continuing and discontinued operations	0.96	0.55

The ordinary shares to be issued upon conversion of the mandatory convertible bond, which matures on June 1, 2009, are treated as already issued shares. Diluted earnings per share are therefore equal to basic earnings per share.

LEGAL RISKS

Information on the Bayer Group's legal risks is provided in the Bayer Annual Report 2008 on pages 231 – 237. The Bayer Annual Report 2008 can be downloaded free of charge at www.bayer.com. There have been no material changes in the legal risks since then.

RELATED PARTIES

Our business partners include companies in which an interest is held, and companies with which members of the Supervisory Board of Bayer AG are associated. Transactions with these companies are carried out on an arm's-length basis. Business with such companies was not material from the viewpoint of the Bayer Group. The Bayer Group was not a party to any transaction of an unusual nature or structure that was material to it or to companies or persons closely associated with it. Business transactions with companies included in the consolidated financial statements at equity, or at cost less impairment charges, mainly comprised trade in goods and services. The value of these transactions was, however, immaterial from the point of view of the Bayer Group. The same applies to financial receivables and payables vis-à-vis related parties.

Leverkusen, April 27, 2009
Bayer Aktiengesellschaft

The Board of Management

Werner Wenning

Klaus Kühn

Dr. Wolfgang Plischke

Dr. Richard Pott