Exactly your chemistry.

Quarterly Report
May 9, 2006

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Clariant Delivers Good Sales Growth in Q1
Moderate Increase in Profitability

- *Organic growth of 6% plus 5% positive currency effect, totalling an 11% increase*
- *Net income rises 31% to CHF 94 million*
- *EBIT margin grows to 7.2% from 7.0%*
- *Performance improvements deliver savings CHF 60 million*
- *Raw material costs up 2% year-on-year*
- *Positive outlook for 2006 maintained, with substantial cost reductions on track*

Key Financial Group Figures

	First Quarter			
	2006		2005	
	CHF mn	% of sales	CHF mn	% of sales
Sales	**2 161**	100.0	**1 992**	100.0
Local currency growth (LC):	3%			
Organic growth[2]	*6%*			
Acquisitions/Divestitures[1]	*- 3%*			
Currencies	5%			
Gross profit	651	30.1	613	30.8
EBITDA before exceptionals*	226	10.5	208	10.4
EBITDA*	220	10.2	183	9.2
Operating income before exceptionals*	156	7.2	139	7.0
Operating income	150	6.9	110	5.5
Net income/loss	94	4.3	72	3.6
Operating cash flow	- 9		22	
	31.03.2006		31.12.2005	
Net debt	1 578		1 508	
Equity (including minorities)	2 733		2 591	
Gearing	58%		58%	
Number of employees	23 176		23 383	

1 Acquisitions/Divestitures in 2005 included Clariant Acetyl Building Blocks, Germany, of the Life Science Chemicals Division, and was sold in July 2005.

2 Throughout this statement the term "organic growth" is being used, meaning volume and price effects excluding the impacts of changes in FX rates and acquisitions/divestitures.

* See Definitions of Terms of Financial Measurment on page 10.

MUTTENZ, Switzerland – May 9, 2006

Clariant posted a solid performance in the first three months of the year, with organic growth increasing 6% in local currency terms and 11% in Swiss Franc terms versus the same period in 2005.

Good demand was seen across most businesses, while sales prices held at last year's level. Net income rose to CHF 94 million, from CHF 72 million, with the operating margin before exceptional items increasing to 7.2%, from 7.0%, aided by cost-cutting measures. Earnings continued to be affected by higher raw material, energy and logistics costs compared to the same period in 2005.

"Clariant has delivered satisfactory results," said Chief Executive Jan Secher. "Strong sales growth together with an increase in the operating margin are very encouraging signs. Nevertheless, raw material costs have shifted to higher levels and accordingly I am placing top priority on increasing our ability to raise prices and further improving our operational efficiency."

Reinforcing Performance Improvements

The Clariant Transformation Program and the associated series of performance improvements made good progress in the period, with approximately CHF 60 million in cost reductions accomplished in the First Quarter. A total of CHF 250 million in savings are on track to be delivered for the Full Year 2006.

Mr. Secher said his focus over the coming months will be to reinforce the Transformation Program, move Clariant into a sustained process of continuous improvement and strengthen its marketing capabilities. Mr. Secher took over the chief executive role from Roland Loesser, who became Clariant's chairman on April 7th. "Clariant is fundamentally in good shape and that is thanks to the excellent work Roland Loesser and his team accomplished in re-establishing a strong financial base, refocusing the portfolio and initiating numerous performance improvements," Mr. Secher said.

As reported last month, Clariant agreed to sell its Pharmaceutical Fine Chemicals business for a transaction value of CHF 110 million to TowerBrook Capital Partners. All assets and personnel will be transferred and the business managed on a stand-alone basis. The deal is expected to close in the second quarter, resulting in net cash proceeds of approximately CHF 40 million and a book loss of approximately CHF 80 million. The Pharmaceutical Fine Chemicals business was expected to contribute approximately CHF 250 million in sales and an operating profit in the range of CHF 13-18 million in 2006.

"Overall our portfolio is steadily shifting to one emphasizing color and surface effects with an increasing focus on value-added services," Mr. Secher said. "I am convinced we have excellent potential in these areas, enabling us to achieve our goal of becoming the world's leading specialty chemical company."

Successful Bond Issue

The company also successfully entered the European Debt Capital Markets for the first time with the launch of a seven-year EUR 600 million Eurobond. The issue met a positive reception with investors and set a benchmark for Clariant, attracting a broad and diverse investor base. This step has allowed the company to improve its debt maturity profile, optimize long-term financing costs and ensure its strong financial position.

Good Growth Across All Divisions

All five divisions experienced good growth across most of their businesses, benefiting from the healthy state of the global economy.

Performance was notably robust in Masterbatches, where sales increased by 10%, boosted by strong demand from the plastics industry and recovery in U.S. markets.

Textile, Leather & Paper posted moderate growth, with mixed developments across its businesses. In the paper area, sales of optical brighteners were excellent.

Pigments & Additives had a strong quarter, with substantial increases in pigments and good sales for additives, including recently launched ranges of waxes and flame retardants.

Functional Chemicals performed positively, with personal care chemicals and oilfield services recording strong growth, while the crop protection area was weaker, in line with the agro industry.

In Life Science Chemicals, good demand was seen in Pharma as well as glyoxal and glyoxalic derivatives.

Looking at the regional picture, the Americas posted the strongest increase, with organic growth of 5% overall and 9% specifically in the United States. Asia grew by 3%, driven by a 13% rise in China, while Europe was up 6%, in which Germany posted organic growth of 6%.

Positive Outlook for Remainder of 2006

"Most signs point to a satisfactory rest of 2006," Mr. Secher said. "We expect strong results coming through from the performance improvements already in place. We should be able to largely offset higher raw material costs by increasing prices, further optimizing our sourcing and improving our operational efficiency."

Taking into account a broadly stable macro-economic environment, the company expects on a comparable basis for the full-year: Good sales growth in local currency terms; a total of CHF 250 million francs in cost base reductions; a higher EBIT margin; an improvement of at least CHF 120 million in operating income before exceptional items, and excellent growth in net income .

Financial Review
Financial Discussion First Quarter

Economic Environment
General macro economic conditions were favorable during the period under review. Improved forecasts for economic growth were issued in Europe and in Asia. Growth in the US remained at high levels despite rising inflationary concerns and a climate of rising interest rates. Industrial production in Europe was higher than a year earlier. Prevailing geopolitical risks led to rising commodity prices and sustained high levels for oil prices.

Compared to the average exchange rates for the first three months of 2005, all major currencies with the exception of the Japanese Yen, appreciated compared to the Swiss Franc (See details on page 18). Also the main Latin American currencies such as the Brazilian Real (+33%) and the Mexican Peso (+16%) gained considerably in value versus the Swiss Franc.

Sales and Operating Results
Sales of the Group in the First Quarter of 2006 were up 8% in Swiss Franc terms and 3% higher in local currency terms. Organic sales growth (excluding the divestiture effect of the CABB business) was 6%. Selective price increases were implemented in most businesses.

The **gross margin** development compared to the same period a year ago was helped by somewhat higher sales prices, which were more than offset mainly by approximately 2% higher raw material costs.

Selling, general and administrative costs were reduced in percentage of sales (20.8% from 21.4%) compared to the same period a year ago. The increase in absolute terms was driven by higher sales volume and by the exchange rate development of major currencies against the Swiss Franc.

Research and development costs remained at the level of the First Quarter 2005, at CHF 54 million.

Restructuring expenses and impairments of CHF 6 million in the First Quarter of 2006 included mainly restructuring activities throughout Europe.

Net financial expenses increased to CHF 32 million from CHF 17 million. This was mainly due to foreign exchange rate losses, which amounted to CHF -11 million in the first three months of 2006 versus CHF +15 million in the previous year period. On the other hand interest expenses have been reduced to CHF 19 million from CHF 32 million in the first three months in 2005. Average financial debt was cut substantially in the first quarter 2006 to CHF 1.8 billion compared to CHF 2.8 billion the year before.

Tax expenses in the First Quarter were positively influenced by a substantial share of profit being generated in low taxed countries. A consistent operating performance throughout the entire group helped further to reduce the tax expenses in the first quarter.

Net income attributable to equity holders for the First Quarter 2006 climbed by 31% to a level of CHF 92 million compared to CHF 70 million a year ago.

Balance Sheet Key Figures
Total assets increased from CHF 7.324 billion in December 2005 to CHF 7.597 billion at the end of March 2006. The main factor was an increase in net working capital, which to a significant extent can be attributed to seasonal fluctuations.

Equity was affected by positive currency trends during the reporting period, as the exchange rate differences recognized in equity amounted to CHF 26 million. This was the result of the Swiss franc weakening against many currencies in the first quarter of 2006. In addition to this and supported by a favorable net result, equity rose to CHF 2.733 billion at the end of March 2006 from CHF 2.591 billion at the end of 2005.

Net debt at March 31 rose to CHF 1.578 billion from CHF 1.508 billion on December 31 2005, mainly due to the financing of acquisitions, capital expenditure and the increase of net working capital.

Gearing, which reflects net financial debt in relation to equity including minorities, remained stable from December 2005 to March 2006 at 58%.

Cash Flow
Cash flow from operating activities before changes in working capital was CHF 129 million for the First Quarter of 2006 compared to CHF 128 million for the same period in 2005.

Working capital increased by CHF 138 million during the First Quarter of 2006, compared to an increase of CHF 106 million for the same period of 2005. This development reflected higher inventories caused by higher raw material prices and the projected build-up of safety stocks to safeguard against the implementation of the new supply chain management system in Europe.

Cash flow from operating activities was CHF -9 million in the First Quarter of 2006, compared with CHF 22 million for the same period a year earlier.

Capital expenditure was lower at CHF 62 million for the First Quarter, compared to CHF 70 million reported for the same period last year, with depreciation of property, plant and equipment at the same level.

Business Discussion First Quarter

In 2005, Clariant Acetyl Building Blocks (CABB), part of the Life Science Chemicals Division, was sold. Under IFRS, the disposal did not qualify for reporting as discontinuing operations.

Textile, Leather & Paper Chemicals

	First Quarter			
	2006		2005	
	CHF mn	% of sales	CHF mn	% of sales
Sales	**564**		**506**	
EBITDA before exceptionals	52	9.2	53	10.5
Operating income before exceptionals	34	6.0	35	6.9
Operating income	33	5.9	31	6.1

See Definitions of Terms of Financial Measurements on page 10

Satisfactory volume growth in the **Textile, Leather & Paper Chemicals Division** led to increased sales compared to the same period a year earlier. Organic growth was 4% and a strong currency effect of 7% was recorded. Operating margins before exceptionals declined, partially due to devaluation of inventories for currency reasons and a competitive pricing environment.

Sales in the **Textile business** remained at last year's level. The good growth in volume was mainly driven by emulsions, dyes and products for pretreatment. A sluggish demand in Asia as well as a declining demand in North America was offset by a stabilization in Europe, and good growth in Latin America.

Increases in volumes with somewhat weaker prices for **Leather products** led to a slight increase in sales with a clear trend of strengthening towards the end of the First Quarter. Compared to the same period last year, wet end dyes and chemicals saw a good demand whereas the market for finishing products was somewhat weaker. Asia continued to see low levels of demand, whereas Europe, especially Italy, and Latin America experienced good business conditions.

Paper Chemicals continued to grow at last year's high rate. Volumes picked up significantly, especially in the area of optical brighteners. Paper markets in the US were increasing the degree of “white” to higher standards. Colorant, process and coating chemicals as well as paper process chemicals experienced good growth.

Pigment & Additives

	First Quarter			
	2006		2005	
	CHF mn	% of sales	CHF mn	% of sales
Sales	**499**		**460**	
EBITDA before exceptionals	87	17.4	60	13.0
Operating income before exceptionals	67	13.4	43	9.3
Operating income	66	13.2	36	7.8

See Definitions of Terms of Financial Measurements on page 10

The **Pigments & Additives Division** showed satisfactory growth in local currency and in Swiss Franc terms compared to the same period a year earlier. Organic growth was 4% while currencies added an additional 4%. The business environment remained challenging, however the overall lower demand for color products from last year reversed to a positive. Demand for additives remained at a high level. The strong improvement of the operating margin before exceptionals was mainly driven by strong volumes in a pricing environment that remained difficult.

An improved business environment for the **Coatings industry** resulted in good demand for pigments, especially for industrial coatings and decorative paints. Initiatives to further promote higher value added pigment preparations were well accepted by the customers. The automotive industry remained difficult, with no shift to more colorful coatings noted.

A strong demand for more colorful products for the **Plastics Industry** led to good growth. The main drivers for the growth were price increases, even as price pressure on pigments from Chinese sources continued in most businesses. In particular, antioxidants for plastics gained additional market share and importance for the business product portfolio.

The business for products in the **Printing Industry** remained difficult due to ongoing consolidation. Price pressure from competitors continued particularly in packaging and special inks. Sales declines were driven by these price decreases, which could not offset higher volumes compared to the same period a year earlier. Markets for Non-Impact Printing were stable.

Growth rates in the **Specialties Business** were above the previous year's level. Further market penetration by the product ranges of waxes and flame retardants launched last year made important contributions to growth.

Masterbatches

	First Quarter			
	2006		2005	
	CHF mn	% of sales	CHF mn	% of sales
Sales	**324**		**280**	
EBITDA before exceptionals	43	13.3	30	10.7
Operating income before exceptionals	35	10.8	22	7.9
Operating income	32	9.9	21	7.5

See Definitions of Terms of Financial Measurements on page 10

The **Masterbatches Division** showed strong growth in the First Quarter resulting in double digit increases. Organic growth of the business was 10% compared to the same period a year earlier and a currency effect of 6% was recorded. Strong volumes at higher price levels were achieved across all business segments and regions. Notably in the US, a strong recovery effect from the very low Fourth Quarter resulted in increased demand. The entire plastics industry saw strong demand throughout the First Quarter, but the value chain continued to be affected by the volatility of petroleum-derived raw materials.

Operating income margin before exceptional items improved strongly as a consequence of the higher volumes and better prices for our products. Europe showed satisfactory growth with particularly good results in the Eastern part of the continent. The Americas saw the strongest growth, driven by the aforementioned development in the US. Asia Pacific showed good results led by robust demand in Greater China.

Functional Chemicals

	First Quarter			
	2006		2005	
	CHF mn	% of sales	CHF mn	% of sales
Sales	**590**		**527**	
EBITDA before exceptionals	68	11.5	67	12.7
Operating income before exceptionals	56	9.5	56	10.6
Operating income	56	9.5	51	9.7

See Definitions of Terms of Financial Measurements on page 10

Good growth in the **Functional Chemicals Division** was driven by solid demand across most of its businesses and at increased prices. The businesses recorded an organic growth of 7% and a positive currency impact of 5%. Raw material costs still increased due to higher feedstock prices and remained volatile. The operating margin declined as the good growth in volumes could not offset the negative impact from higher input costs. The pricing environment remained difficult.

The **Detergents** business slowed. The business environment was characterized by ongoing pressure from raw material costs and lower demand.

Good pricing and solid demand for **Performance Chemicals** resulted in stable sales compared with the same period a year ago. A key driver for the mixed picture across the different businesses was the declining demand for chemicals for crop production, in particular fungicides against Asian Rust. Products for the construction industry and for personal care developed well.

Growth in volume and prices was driven by solid demand across all businesses for **Process Chemicals**. A strong winter in Europe, with good demand for deicing fluids, was a key contributor to the positive sales development. Products for oilfield services noted a positive development as well.

Life Science Chemicals

	First Quarter			
	2006		2005	
	CHF mn	% of sales	CHF mn	% of sales
Sales	**184**		**219**	
EBITDA before exceptionals	8	4.3	16	7.3
Operating income before exceptionals	- 2	- 1.1	6	2.7
Operating income	- 2	- 1.1	5	2.3

See Definitions of Terms of Financial Measurements on page 10

Both businesses in the **Life Science Chemicals Division** performed better compared to previous quarters. The divisional sales and operating result in absolute terms were lower due to the disposal of the CABB business on July 31, 2005 not qualifying as discontinuing operations under IFRS. The disposal effect totalled a negative 24%. The business grew organically by 5% and currencies helped by an additional 3%. Good prices and satisfactory growth in volumes contributed to that developement. Profitability slightly declined mainly due to somewhat higher raw material costs and especially lower demand and capacity utilization for agrochemical industry products.

Strong volumes and higher prices in selected product lines resulted in significant sales increases in the **Pharmaceutical Fine Chemicals** business. In general, business conditions improved with increased growth in generics as well as in innovators. The trend toward outsourcing continued, as the business won several new projects. For example, Roche chose Clariant as supplier of one key raw material in the manufacturing of Tamiflu®. As announced earlier Clariant agreed on the sale of this business to TowerBrook Capital Partners.

Lower demand but better pricing by an improved product portfolio resulted in higher sales for **Specialty Fine Chemicals** compared to the same period a year earlier. The agro business saw a slowdown driven by customers' high inventories mainly caused by less-than-expected demand for agents to combat Asian Rust. Continuous strong demand for glyoxal and glyoxylic acid contributed to the good sales development, with plants running at full capacity. The diversification of products in new application areas continued, for example sales in the thermo paper chemicals business developed well.

Regions

CHF mn	2006	% of sales	2005	% of sales	CHF %	LC %
						First Quarter
Europe	1 084	50.1	1 060	53.2	2	2
of which Germany	*334*		*333*		–	–
of which Switzerland	*43*		*34*		27	25
Americas	626	29.0	521	26.2	20	5
of which USA	*312*		*262*		19	9
Asia / Australia / Africa	451	20.9	411	20.6	10	3
Total Group	**2 161**	100.0	**1 992**	100.0	8	3

See Definitions of Terms of Financial Measurements on page 10

Europe

Sales in Europe totalled 50% of Group Sales in the First Quarter 2006, thanks to strong development in the main markets.

Organic sales growth in Europe was 6%, and also 6% in Swiss Franc terms. Italy recorded the highest growth in the region at 12%. In Germany, sales in local currency remained stable, however organic growth was a solid 6%, as this accounts for the divestiture effect of the CABB business. With the exception of the UK, all major European countries recorded positive sales development in the period.

Americas

Sales of the Group in the Americas amounted to 29% of total sales. Particularly strong growth was recorded in the U.S. with an organic growth in sales of 9% in local currency and 19% in Swiss Francs, following the weak results in the last quarter of 2005. In Brazil organic sales growth was 6%. Among smaller countries within the region, sales developed positively in Mexico, Argentina and Venezuela.

Asia, Africa, Australia

Regional sales contributed 21% to group company sales. Organic sales growth was at 3% and at 10% in Swiss francs, however the developments varied across the region.

Some countries recorded dynamic growth rates, such as India, with a very strong organic growth of 16% and China, with an organic growth of 13%. Indonesia and Pakistan were also above group average. On the other hand, other countries recorded slightly negative sales developments, such as Japan, which continued the trend of the previous quarter and recorded a negative organic growth of 3%.

Definition of Terms of Financial Measurements

The following financial measurements are supplementary financial indicators. They should be considered in addition to, not as a substitute for, operating income, net income, operating cash flow and other measures of financial performance and liquidity reported in accordance with International Financial Reporting Standards (IFRS).

EBITDA – (Earnings Before Interest, Taxes, Depreciation and Amortization) is calculated as operating income plus depreciation of fixed assets and amortization of intangibles and can be reconciled from the Condensed Financial Statements as follows:

EBITDA

	First Quarter	
CHF mn	**2006**	2005
Operating income	150	110
+ Depreciation of PPE	69	67
+ Impairment of PPE	0	4
+ Amortization of intangibles	1	2
EBITDA	**220**	**183**

EBITDA before exceptionals

	First Quarter	
CHF mn	**2006**	2005
EBITDA	220	183
+ Restructuring and Impairment	6	29
- Impairment of PPE (reported under Restructuring and impairment)	–	- 4
+/- Gain/ Loss on Disposals	–	–
EBITDA before exceptionals	**226**	**208**

Operating income before exceptionals

	First Quarter	
CHF mn	**2006**	2005
Operating income	150	110
+ Restructuring and Impairment	6	29
+/- Gain/ Loss on Disposals	–	–
Operating income before exceptionals	**156**	**139**

Condensed Financial Statement of the Clariant Group

at March 31, 2006

Consolidated balance sheets (unaudited)

Assets	31.03.2006 CHF mn	%	31.12.2005 CHF mn	%
Non-current assets				
Property, plant and equipment	2 626		2 605	
Intangible assets	437		418	
Investments in associates	293		282	
Other financial assets	127		124	
Deferred income tax assets	251		250	
Total non-current assets	**3 734**	49.1	**3 679**	50.2
Current assets				
Inventories	1 635		1 535	
Trade receivables	1 523		1 488	
Other current assets[1]	406		344	
Cash and cash equivalents	257		223	
Current income tax receivables	42		55	
Total current assets	**3 863**	50.9	**3 645**	49.8
Total assets	**7 597**	100.0	**7 324**	100.0

Equity and liabilities	31.03.2006 CHF mn	%	31.12.2005 CHF mn	%
Capital and reserves attributable to the company's equity holders				
Share capital	1 093		1 093	
Treasury shares (par value)	- 13		- 18	
Other reserves	693		663	
Retained earnings	902		793	
	2 675		**2 531**	
Minority interests	58		60	
Total equity	**2 733**	36.0	**2 591**	35.4
Liabilities				
Non-current liabilities				
Financial debts	593		599	
Deferred income tax liabilities	387		390	
Provision for non-current liabilities	795		796	
Total non-current liabilities	**1 775**	23.3	**1 785**	24.4
Current liabilities				
Trade payables	1 233		1 205	
Financial debts	1 247		1 137	
Current income tax liabilities	204		175	
Provision for current liabilities	405		431	
Total current liabilities	**3 089**	40.7	**2 948**	40.2
Total liabilities	**4 864**	64.0	**4 733**	64.6
Total equity and liabilities	**7 597**	100.0	**7 324**	100.0

[1] Thereof CHF 5 million in short-term deposits (2005: CHF 5 million)

Consolidated income statements (unaudited)

	First Quarter			
	2006		2005	
	CHF mn	%	CHF mn	%
Sales	2 161	100.0	1 992	100.0
Costs of goods sold	- 1 510	69.9	- 1 379	69.2
Gross profit	**651**	30.1	**613**	30.8
Marketing and distribution	- 336	15.5	- 320	16.1
Administration and general overhead costs	- 114	5.3	- 106	5.3
Research and development	- 54	2.5	- 53	2.7
Income from associates	9	0.4	5	0.3
Restructuring and impairment	- 6	0.3	- 29	1.5
Operating income	**150**	6.9	**110**	5.5
Interest expense	- 19	0.9	- 32	1.6
Other financial income and expenses [1]	- 13	0.6	15	0.8
Income before taxes	**118**	5.4	**93**	4.7
Taxes	- 24	1.1	- 21	1.1
Net income	**94**	4.3	**72**	3.6
Attributable to:				
Equity holders of the company	92		70	
Minority interests	2		2	
Net income	**94**	4.3	**72**	3.6
Earnings per share for profit attributable to the company's equity holders:				
Earnings per share (CHF/share)	0.40		0.32	
Diluted earnings per share (CHF/share)	0.40		0.32	

[1] Currency impact YTD 2006 of CHF -11 mn vs YTD Mar 2005 of CHF +15 mn.

Consolidated statements of cash flows (unaudited)

	First Quarter	
CHF mn	**2006**	2005
Net income	94	72
Depreciation of property, plant and equipment (PPE)	69	67
Impairment and reversal of impairment of PPE	–	4
Depreciation of intangibles	1	2
Changes in provisions and taxes	4	53
Interest paid	- 27	- 27
Income taxes paid	2	- 23
Other non-cash items	- 14	- 20
Cash flow before changes in working capital	**129**	**128**
Changes in inventories	- 104	- 88
Changes in trade receivables	- 28	18
Changes in trade payables	- 89	- 23
Changes in other current assets and liabilities	83	- 13
Cash flow from operating activities	**- 9**	**22**
Investments in PPE	- 62	- 70
Investments in financial assets and associates	- 4	–
Investments in intangible assets	–	- 1
Sale of PPE and intangible assets	1	2
Acquisition of companies, businesses and participations	- 18	–
Dividends received	–	12
Interest received	2	3
Cash flow from investing activities	**- 81**	**- 54**
Treasury share transactions	22	- 2
Changes in financial debts	101	- 146
Cash flow from financing activities	**123**	**- 148**
Currency translation effect on cash and cash equivalents	1	7
Net change in cash and cash equivalents	34	- 173
Cash and cash equivalents at the beginning of the period	223	1 477
Cash and cash equivalents at the end of the period	257	1 304

Consolidated statement of changes in equity (unaudited)

CHF mn	Total share capital	Treasury shares (par value)	Other reserves: Share premium reserves	Hedging reserves	Cumulative translation reserves	Total other reserves	Retained earnings	Total attributable to equity holders	Minority interests	Total equity
Balance 31 December 2004	**1 151**	**- 17**	**767**	**- 5**	**- 233**	**529**	**595**	**2 258**	**56**	**2 314**
Net income recognized directly in equity	–	–	–	–	**39**	**39**	–	**39**	**4**	**43**
Net income						–	70	70	2	72
Total recognized income and expense for the period	–	–	–	–	**39**	**39**	**70**	**109**	**6**	**115**
Balance 31 March 2005	**1 151**	**- 17**	**767**	**- 5**	**- 194**	**568**	**665**	**2 367**	**62**	**2 429**
Balance 31 December 2005	**1 093**	**- 18**	**767**	–	**- 104**	**663**	**793**	**2 531**	**60**	**2 591**
Net income recognized directly in equity	–	–	–	–	**30**	**30**	–	**30**	**- 4**	**26**
Net income						–	92	92	2	94
Total recognized income and expense for the period	–	–	–	–	**30**	**30**	**92**	**122**	**- 2**	**120**
Treasury share transactions and share based payments		5				–	17	22		22
Balance 31 March 2006	**1 093**	**- 13**	**767**	–	**- 74**	**693**	**902**	**2 675**	**58**	**2 733**

Condensed Financial Statements (unaudited).

1. Basis of preparation of financial statements

These financial statements are the interim condensed financial statements of Clariant Ltd (hereafter "the interim financial statements"), a company registered in Switzerland, and its subsidiaries for the three-month period ended on March 31, 2006 (hereafter "the Group"). They are prepared in accordance with the International Accounting Standard 34 (IAS 34 "Interim Financial Reporting") and were approved on May 5, 2006 by the Board of Directors. These interim financial statements should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2005 (hereafter "the annual financial statements") as they provide an update of previously reported information.

The accounting policies used are consistent with those used in the annual financial statements. Where necessary, the comparatives have been reclassified or extended from the previously reported interim results to take into account any presentational changes made in the annual financial statements or in these interim financial statements.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

2. Seasonality of Operations

The Group operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the financial year.

3. Restructuring and Impairment

During the reporting period, the Clariant Group recorded expenses for restructuring and in the amount of CHF 6 million. This concerned small projects mainly in France and Spain where the headcount is being further reduced and fixed assets that were made redundant were written off.

4. Nominal Value Reduction

On April 7, 2006 the ordinary General Meeting of shareholders approved the repayment of CHF 0.25 of the nominal value of each registered share, resulting in the reduction of the nominal value from CHF 4.75 to CHF 4.50 per registered share. The pay-out will reduce the share capital by CHF 57 540 000 and is expected take place by the end of June 2006.

5. Events After the Balance Sheet Date

On April 7, 2006 Clariant announced the launch of a seven-year EUR 600 million Eurobond. The bond pays a coupon of 4.375% and was issued at a price of 99.628%. The main purpose of this bond is to refinance financial liabilities with maturities of a shorter term and less favorable conditions.

On April 28, 2006 Clariant announced the sale of its Pharmaceutical Fine Chemicals unit to TowerBrook Capital Partners, L.P. The transaction is expected to be closed within the second quarter of 2006. In 2005 sales of these activities amounted to about CHF 210 million. Net assets transferred will amount to around CHF 120 million. Immediate cash proceeds are expected to be around CHF 40 million and the book loss resulting from the disposal will amount to approximately CHF 80 million after tax. The sale agreement includes an earn-out participation of CHF 40 million to be paid in two years' time.

9. Divisional Figures: First Quarter

	Sales to 3rd parties				EBITDA before exceptionals				EBITDA			
CHF mn	**2006**	2005	% CHF	% LC	**2006**	2005	% CHF	% LC	**2006**	2005	% CHF	% LC
Textile, Leather, Paper	564	506	11	4	52	53	- 2	- 9	51	49	4	- 2
Pigments & Additives	499	460	8	4	87	60	45	41	86	57	51	46
Masterbatches	324	280	16	10	43	30	43	35	40	29	38	30
Functional Chemicals	590	527	12	7	68	67	1	- 3	68	63	8	3
Life Science Chemicals	184	219	- 16	- 19	8	16	- 50	- 45	8	14	- 43	- 43
Divisions Total	**2 161**	1 992			**258**	226			**253**	212		
Corporate	–	–			- 32	- 18			- 33	- 29		
Total Group	**2 161**	1 992	8	3	**226**	208	9	5	**220**	183	20	16

	Operating income before exceptionals				Operating Income				Systematic Depreciation of PPE	
CHF mn	**2006**	2005	% CHF	% LC	**2006**	2005	% CHF	% LC	**2006**	2005
Textile, Leather, Paper	34	35	- 3	- 13	33	31	6	- 2	18	18
Pigments & Additives	67	43	56	52	66	36	83	75	20	17
Masterbatches	35	22	59	49	32	21	52	44	8	8
Functional Chemicals	56	56	–	- 3	56	51	10	6	12	12
Life Science Chemicals	- 2	6	–	–	- 2	5	–	–	10	10
Divisions Total	**190**	162			**185**	144			**68**	65
Corporate	- 34	- 23			- 35	- 34			1	2
Total Group	**156**	139	12	8	**150**	110	36	32	**69**	67

10. Divisional Margins: First Quarter

	Sales to 3rd parties		EBITDA before exceptionals		EBITDA	
in %	**2006**	2005	**2006**	2005	**2006**	2005
Textile, Leather, Paper	26.1	25.4	9.2	10.5	9.0	9.7
Pigments & Additives	23.1	23.0	17.4	13.0	17.2	12.4
Masterbatches	15.0	14.1	13.3	10.7	12.3	10.4
Functional Chemicals	27.3	26.5	11.5	12.7	11.5	12.0
Life Science Chemicals	8.5	11.0	4.3	7.3	4.3	6.4
Total Group	**100.0**	**100.0**	**10.5**	**10.4**	**10.2**	**9.2**

	Operating income b. exceptionals		Operating Income	
in %	**2006**	2005	**2006**	2005
Textile, Leather, Paper	6.0	6.9	5.9	6.1
Pigments & Additives	13.4	9.3	13.2	7.8
Masterbatches	10.8	7.9	9.9	7.5
Functional Chemicals	9.5	10.6	9.5	9.7
Life Science Chemicals	- 1.1	2.7	- 1.1	2.3
Total Group	**7.2**	**7.0**	**6.9**	**5.5**

11. Regional developments

CHF mn	2006	% of sales	2005	% of sales	CHF %	LC %
						First Quarter
Europe	1 084	50.1	1 060	53.2	2	2
of which Germany	*334*		*333*		–	–
of which Switzerland	*43*		*34*		27	25
Americas	626	29.0	521	26.2	20	5
of which USA	*312*		*262*		19	9
Asia / Australia / Africa	451	20.9	411	20.6	10	3
Total Group	**2 161**	100.0	**1 992**	100.0	8	3

12. Foreign Exchange Rates

Rates used to translate the consolidated balance sheets (closing rate)	**31.03.2006**	31.12.2005	Change %
1 USD	1.31	1.31	–
1 EUR	1.58	1.56	1
1 GBP	2.27	2.27	–
100 JPY	1.11	1.12	- 1

			First quarter
Average sales-weighted rates used to translate the income statements and consolidated statements of cash flow	**2006**	2005	Change %
1 USD	1.30	1.18	10
1 EUR	1.56	1.55	1
1 GBP	2.27	2.23	2
100 JPY	1.11	1.13	- 2

13. Condensed Earnings Per Share Data

		First quarter
CHF mn	**2006**	2005
Number of shares outstanding at 31.03.06 and 31.03.05 respectively	230 160 000	230 160 000
Weighted average, number of shares outstanding	226 678 365	226 922 215
Weighted average, diluted number of shares outstanding	227 999 861	228 082 107
Basic earnings per share (in CHF)	0.40	0.32
Diluted earnings per share (in CHF	0.40	0.32

Clariant – Exactly your chemistry.

Clariant is a global leader in the field of specialty chemicals. Strong business relationships, commitment to outstanding service and wide-ranging application know-how make Clariant a preferred partner for its customers.

Clariant, which is represented on five continents with over 100 group companies, employs about 23,000 people. Headquartered in Muttenz near Basel, it generated sales of around CHF 8.2 billion in 2005.

Clariant's businesses are organized in five divisions: Textile, Leather & Paper Chemicals, Pigments & Additives, Functional Chemicals, Life Science Chemicals and Masterbatches.

Clariant is committed to sustainable growth springing from its own innovative strength. Clariant's innovative products play a key role in its customers' manufacturing and treatment processes or else add value to their end products. The company's success is based on the know-how of its people and their ability to identify new customer needs at an early stage and to work together with customers to develop innovative, efficient solutions.

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Calendar of Corporate Events

August 2, 2006	Half Year 2006 Results
November 7, 2006	Nine Month 2006 Results
February 20, 2007	Full Year 2006 Results

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