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BASF Finance Europe N.V.
Arnhem, The Netherlands

Financial statements 2014

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BASF Finance Europe N.V.
Arnhem

FINANCIAL REPORT

1 REPORT OF THE MANAGING DIRECTORS

The management hereby presents the financial statements for the financial year ending December 31, 2014.

1.1 General information

All amounts are in € x 1,000 unless otherwise stated.

BASF Finance Europe N.V. (hereinafter: the Company) is a 100% subsidiary of BASF SE, a German based and listed company.

The activities of the Company can involve the founding of, financing of, participating in, managing of, supervision of and contribution of services to companies, as well as performing all commercial, industrial and financial operations.

The Company has no employees and receives services through the staff of other BASF group companies. The Board of Managing Directors is comprised of two natural persons. One is based in the Netherlands and the other in Germany, both are male. For future changes of the Board of Managing Directors the Company aims to take into account article 2:166 of the Netherlands Civil Code.

Due to the retirement of Mr. G.A.D. van der Lubbe in 2014, he was succeeded by Mr. Herbert Fisch as Director.

In 2007, BASF Group decided to increase the financing activities through the Company. The Company takes loans from and issues notes to the market for internal financing purposes. Currency risks for these loans/notes, if any, are passed on to other group companies. All non-group loan/note programs are conducted under a guarantee of the parent company BASF SE.

On September 7, 2007 the Company and BASF SE established a so-called Debt Issuance Program (hereinafter: DIP). Under this DIP, the Company or BASF SE may from time to time issue one or more notes to a specific number of banks (so-called: Dealers). In September 2014, the maximum aggregate principal amount of notes which can be issued and outstanding under the Program was increased from € 15,000,000 to € 20,000,000. Notes issued by the Company under the DIP have the benefit of a guarantee provided by BASF SE. Notes will be issued in such denominations as may be agreed between the issuer and the relevant Dealer and as indicated in the applicable final terms.

Notes issued under the DIP can be listed for trading on the regulated market of the Luxembourg Stock Exchange.

The DIP prospectus is updated annually.

In 2014 the Company entered into a € 3,000,000 intercompany loan granted to BASF Antwerpen N.V. At the same time the Company borrowed a € 900,000 intercompany loan from BASF Nederland B.V. and a € 2,100,000 intercompany loan from BASF SE during the financial year.

1.2 Current notes overview DIP at nominal value

Date	Interest rate		€
June 3, 2008	3.625%	CHF 200,000	166,334
February 9, 2009	5.125%		1,500,000
May 29, 2009	5.125%		500,000
Total outstanding notes at year end 2014			2,166,334

1.3 Result

The Company has completed the year with a positive result of € 1,808 (2013: € 2,353).

The result decreased mainly due to the redemption of the € 1,000,000 and € 250,000 bonds, both with a fixed coupon of 5%, this was partly offset by the early redemption of a € 150,000 bond with a fixed coupon of 4.5%.

The development of interest rates had no impact on the result of the Company as all rates of the financing were fixed.

During the reporting period the Company did not use financial derivatives.

1.4 Risk report

The risk management goal of the Company is to identify and evaluate risks as early as possible and limit business losses by taking appropriate measures, thus avoiding risks that pose a threat to the continuity of the Company.

Financial risk

The management of currency and interest rate risks is conducted in the treasury department of BASF Nederland B.V. Detailed BASF guidelines and procedures exist for dealing with financial risks.

Interest risk

Interest rate risks are the result of changes in prevailing market interest rates, which can cause a change in the present value of fixed-rate instruments, and changes in the interest payments of floating rate instruments. To hedge these risks the interest rates of the assets and the liabilities have the same base. This will offset the interest rate risk.

Liquidity risk

Risks from cash flow fluctuations are recognized in a timely manner as part of the liquidity planning. Uncertainties are taken into account by means of additional risk scenarios and the short-term updating of our liquidity planning. This means we can promptly take the necessary measures when required. The liquidity policy is determined by BASF SE.

Credit Risk

The assessment of credit risk for counter parties within BASF Group is primarily done at the time loans are granted to BASF Group companies. The Company so far has only granted loans to 100% group companies, including BASF SE, which are classified as counter parties with low credit risk.

Foreign currency risk

Financial foreign currency risks are the result of the translation of receivables, liabilities and other monetary items. These risks are not hedged using derivative instruments. The fluctuations of the exchange rates for the Euro vs. the Swiss Franc did not have a substantial (+ € 2) influence on the result of the Company.

Current ratio

The current ratio as per December 31, 2014 measured as Current Assets / Current Liabilities amounts to 1.0017 (2013: 1.0052).

Solvency ratio

The solvency ratio as per December 31, 2014 measured as Stockholders' Equity / Total Liabilities amounts to 0.002 (2013: 0.002).

Outlook 2015

The Company plans to repay the loans and notes which are due in 2015. If new applications for financing will be received during the course of 2015, the Company will decide if, how and where to issue new notes or to take or provide new loans.

The Company neither conducts nor plans to conduct, activities regarding research and development.

The Company does not plan to have employees for 2015.

The Company does not intend to make investments in 2015.

Corporate Governance

The Board of Managing Directors is responsible for the establishment and adequate functioning of internal control in the Company. Consequently, the Board of Managing Directors has implemented a range of processes designed to provide control by the Board of Managing Directors over the Company's operations. These processes and procedures include measures regarding the general control environment as well as specific internal control measures.

All these processes and procedures are aimed at ensuring a reasonable level of assurance that the Company has identified and managed its significant risks and that it meets the operational and financial objectives in compliance with applicable laws and regulations.

While the Board of Managing Directors routinely works towards continuous improvement of the processes and procedures regarding financial reporting, the Board of Managing Directors is of the opinion that, regarding financial reporting risks, the internal risk management and control systems:

- provide a reasonable level of assurance that the financial reporting in this Annual Report does not contain any errors of material importance;
- have worked properly in 2014.

1.5 Responsibility statement

In accordance with article 5:25c of the Financial Markets Supervision Act (Wet op het financieel toezicht), the Board of Managing Directors confirms that to the best of its knowledge:

- the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company;
- the annual report gives a true and fair view of the position as per December 31, 2014 and the development during the financial year of the Company;
- the annual report describes the principal risks the Company is facing.

Arnhem, March 13, 2015

H.M. Fisch (Director)

T. Dratt (Director)

FINANCIAL STATEMENTS

1 BALANCE SHEET AS PER DECEMBER 31, 2014
 (before appropriation of the profit)

	December 31, 2014		December 31, 2013	
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
ASSETS				
FIXED ASSETS				
Financial fixed assets	(1)			
Loans to Group companies		-		2,313,865
CURRENT ASSETS				
Other receivables	(2)			
		5,246,389		1,346,231
		<u>5,246,389</u>		<u>3,660,096</u>
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
	(3)			
Issued share capital	2,087		2,087	
Share premium reserve	2,513		2,513	
Other reserves	2,380		27	
Unappropriated result	1,808		2,353	
		<u>8,788</u>		<u>6,980</u>
NON CURRENT LIABILITIES				
	(4)			
Non-current loans		-		2,313,850
CURRENT LIABILITIES				
	(5)			
Repayment obligation long-term debt	2,166,656		1,249,650	
Other current liabilities	3,070,945		89,616	
		<u>5,237,601</u>		<u>1,339,266</u>
		<u>5,246,389</u>		<u>3,660,096</u>

2 PROFIT AND LOSS ACCOUNT FOR 2014

	2014		2013	
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Interest receivable and similar income (6)	176,779		262,810	
Interest payable and similar charges (7)	<u>168,908</u>		<u>251,773</u>	
Net financial income		7,871		11,037
General and administrative expense (8)		5,434		7,924
Result from ordinary activities before tax		<u>2,437</u>		<u>3,113</u>
Tax on result from ordinary activities (9)		-629		-760
Net result		<u><u>1,808</u></u>		<u><u>2,353</u></u>

3 CASH FLOW STATEMENT FOR 2014

(According to the indirect method)

	2014		2013	
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Net cash flow from operating activities				
Result before taxation	2,437		3,113	
Adjustment interest result for accrued interest	2,950-		11,530-	
Adjustment interest result for effective interest rate method	849		450	
Change current account with group companies	6,400-		425	
Change in other current payable	2,803-		3,024-	
Change in other working capital	100		-71	
		8,767-		10,637-
Interest paid	177,701-		255,935-	
Interest received	187,008		267,432	
Corporate income tax paid	540-		860-	
		8,767		10,637
Net cash flow from operating activities		-		-
Issued Financial Assets	-3,000,000		-	
Repayment Financial Assets	1,250,000		1,804,000	
Net cash flow from investing activities		-1,750,000		1,804,000
Repayment Financial Liabilities	1,250,000-		1,804,000-	
Dividend payment	-		3,100-	
Proceeds Financial Liabilities	3,000,000		3,100	
Net cash flow from financing activities		1,750,000		-1,804,000
Changes in cash & cash equivalents		-		-
Cash & cash equivalents January 1		-		-
Cash & cash equivalents December 31		-		-
Changes in cash & cash equivalents		-		-

4 NOTES TO THE FINANCIAL STATEMENTS

General

BASF Finance Europe N.V. (the Company) has been established per April 22, 1976. The first financial year started on April 22 and ended on December 31, 1976.

The financial year is from January 1st 2014 until December 31 2014.

Ownership

The financial statements of the Company are consolidated in the consolidated financial statements of BASF SE in Ludwigshafen, Germany, the ultimate parent company, which can be found on the website:

<http://www.basf.com>.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The financial statements have been prepared in accordance with Title 9 Book 2 of the Netherlands Civil Code. These financial statements have been prepared on the basis of the going concern assumption.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at nominal value.

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

The major estimations management made were regarding the credibility of the counter parties of the loan receivable and the determination of the fair value of the financial instruments.

Financial instruments

The financial instruments only comprises out of issued loans, other receivables and other financial liabilities. Financial instruments are both primary financial instruments, such as receivables and payables, and financial derivatives. For the principles of primary financial instruments, reference is made to the treatment per balance sheet item.

Upon initial recognition, financial instruments are recognized at fair value.

Financial instruments generally include loans and (other) receivables, cash items, bonds/notes and other financing commitments.

After initial recognition, financial instruments are valued in the manner described below.

Loans granted, other receivables and cash and cash equivalents

Loans, receivables and cash and cash equivalents are measured at amortized cost using the effective interest rate method, less impairment losses. The loans and receivables with a remaining time to maturity exceeding 12 months are presented as financial fixed assets. Interest income and expense, based on the effective interest rate method, are accounted for in the interest receivable and similar income and in the interest payable and similar charges within the income statement.

Notes issued, loans received and other payables

Notes, loans and other financial commitments are carried at amortized cost using the effective interest rate method. The notes and loans with a remaining time to maturity exceeding 12 months are presented as non-current liabilities. Interest expense, based on the effective interest rate method, is accounted for under the net financing income from financing activities within the income statement.

Translation of assets, liability and transactions denominated in foreign currency

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency (Euro) at the balance sheet date at the exchange rate applying on that date. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into Euro at the applicable exchange rates on the transaction date. Translation gains and losses are taken to the profit and loss account as income and expenditure.

The Company has issued notes. The financing obtained through one of these notes is denominated in CHF. The Company in its turn has issued loans to group companies, for the same amount and denominated in the same currency as the notes issued. As such, except for the applicable margin, foreign currency risks are passed on to group companies and do not have any impact on the results of the Company.

The balance sheet positions denominated in foreign currency are translated at the exchange rate on the balance sheet date.

In the profit and loss account foreign currency amounts are translated at monthly average rates. Foreign exchange gains and losses are included in interest and similar income.

The fluctuation in exchange rates for the Euro vs. the Swiss Franc (1.2024 at the end of 2014 and 1.2276 at the end of 2013) did not have a substantial influence on the result of the Company.

Determination of Fair Value

A number of accounting principles and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

The fair value of financial fixed assets is estimated on the basis of the expected and/or contractual cash flows. These cash flows are discounted at the market interest rates as at balance sheet date, including a margin representing the relevant risks involved.

If applicable, detailed information concerning the principles for determining the fair value is included in the section that specifically relates to the relevant asset or liability.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Financial fixed assets

Loans and other financial commitments are carried at amortized cost using the effective interest rate method. Interest income, based on the effective interest rate method, is accounted for under the gross income from financing activities within the income statement.

Loans and other financial commitments are carried at amortized cost using the effective interest rate method. Interest income, based on the effective interest rate method, is accounted for under the gross income from financing activities within the income statement.

Other receivables

Other receivables posted from former long term loans are stated at amortized cost using the effective interest rate method, less impairment losses.

Liabilities

Liabilities of the repayment obligation long term debt are valued at amortized cost using the effective interest rate method.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Determination of the result

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Interest receivable and similar income

Interest receivable and similar income are the interest revenues, gains on conversion and gains for the year on a historical cost basis.

Interest payable and similar charges

Interest payable and similar charges are interest expenses, losses on conversion and expenses for the year on a historical cost basis.

Taxes

Corporate income tax expense comprises current and deferred tax. Corporate income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the carrying amounts for tax purposes. A deferred tax asset is recognized for future tax benefits arising from temporary differences and for tax loss carry forwards to the extent that the tax benefits are likely to be realized.

Taxes on income are based on the result in the financial statements, taking into account the permanent differences between determinations of result according to the financial statements on the one hand and according to the fiscal determination of result on the other. Calculation is based on current tax rate.

PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments.

Cash flows in foreign currencies are translated at a calculated average rate.

Transactions that do not result in exchange of cash and cash equivalents are not presented in the cash flow statement.

5 NOTES TO THE BALANCE SHEET AS PER DECEMBER 31, 2014

ASSETS

1. Financial fixed assets

	12/31/2014	12/31/2013
	€ x 1,000	€ x 1,000
Loans to Group companies		
Loan 6, BASF Antwerpen N.V.	-	162,621
Loan 10a, BASF Antwerpen N.V.	-	498,786
Loan 10b, BASF SE	-	997,571
Loan 11, BASF SE	-	149,823
Loan 12, BASF Nederland B.V.	-	505,064
	<u>-</u>	<u>2,313,865</u>

Loan 6, BASF Antwerpen N.V.

	2014	2013
	€ x 1,000	€ x 1,000
Book value as at January 1	162,621	165,156
Exchange rate difference	3,411	-2,744
Amortization of disagio	222	209
Reclassification to short term	-166,254	-
Book value as at December 31	<u>-</u>	<u>162,621</u>

Cumulative amortization of disagio as at December 31, 2014 amounts to € 1,225 (December 31, 2013 € 1,003)

This loan has been issued on June 3, 2008 to BASF Group company BASF Antwerpen N.V. for a total amount of CHF 200,000 less disagio of CHF 1,688 (€ 166,251 less disagio of € 1,403) and a term of 7 years. The interest rate amounts to 3.635% per annum plus the applicable spread of 0.1903% per annum. The effective interest 2014 amounts to 3.9404%. The loan shall be repaid in full on June 3, 2015.

Loan 10a, BASF Antwerpen N.V.

Book value as at January 1	498,786	497,996
Amortization of disagio	833	790
Reclassification to short term	-499,619	-
Book value as at December 31	<u>-</u>	<u>498,786</u>

Cumulative amortization of disagio as at December 31, 2014 amounts to € 4,325 (December 31, 2013 € 3,492)

This loan has been issued on February 9, 2009 to BASF Group company BASF Antwerpen N.V. for a total amount of € 500,000 less disagio of € 4,705 and a term of 6 years and 4 months. The interest rate amounts to 5.125% per annum plus the applicable spread of 0.2503% per annum. The effective interest 2014 amounts to 5.5096%. The loan shall be repaid in full on June 9, 2015.

Loan 10b, BASF SE

	2014	2013
	€ x 1,000	€ x 1,000
Book value as at January 1	997,571	995,992
Amortization of disagio	1,666	1,579
Reclassification to short term	-999,237	-
Book value as at December 31	-	997,571

Cumulative amortization of disagio as at December 31, 2014 amounts to € 8,653 (December 31, 2013 € 6,984)

This loan has been issued on February 9, 2009 to BASF SE for a total amount of € 1,000,000 less disagio of € 9,410 and a term of 6 years and 4 months. The interest rate amounts to 5.125% per annum plus the applicable spread of 0.2503% per annum. The effective interest 2014 amounts to 5.5096% per annum. The loan shall be repaid in full on June 9, 2015.

Loan 11, BASF SE

Book value as at January 1	149,823	149,746
Amortization of disagio	177	77
Early redemption	-150,000	-
Book value as at December 31	-	149,823

This loan has been issued on February 24, 2009 to BASF SE for a total amount of € 150,000 less disagio of € 517 and a term of 7 years. The interest rate amounts to 4.5% per annum plus the applicable spread of 0.2503% per annum. The effective interest 2014 amounts to 4.7947% per annum. The loan was redeemed early on November 25, 2014. The regular amortization of disagio until November 25, 2014 amounts to € 72 and the additional amortization until maturity date is € 105. The early redemption resulted in a gain of € 468 due to the difference between the fair value and the book value. The loan receivable was redeemed simultaneously with loan payable note 11.

Loan 12, BASF Nederland B.V.

Book value as at January 1	505,064	508,413
Amortization of agio	-3,505	-3,349
Reclassification to short term	-501,559	-
Book value as at December 31	-	505,064

Cumulative amortization of agio as at December 31, 2014 amounts to € -17,731 (December 31, 2013 € -14,226)

This loan has been issued on May 29, 2009 to BASF Group company BASF Nederland B.V. for a total amount of € 500,000 plus agio of € 19,290 and a term of 6 years and 12 days. The interest rate amounts to 5.125% per annum plus the applicable spread of 0.2503% per annum. The effective interest 2014 amounts to 4.7904% per annum. The loan shall be repaid in full on June 9, 2015.

CURRENT ASSETS

	12/31/2014	12/31/2013
	€ x 1,000	€ x 1,000
2. Other receivables		
Receivables from group companies	5,246,389	1,346,107
Corporate income tax	-	124
	<u>5,246,389</u>	<u>1,346,231</u>
Receivables from group companies		
Interest receivable from group companies	64,958	87,745
Current account with group companies	14,762	8,362
Short term portion Loan 2	-	1,000,000
Short term portion Loan 3	-	250,000
Short term portion Loan 6	166,254	-
Short term portion Loan 10A	499,619	-
Short term portion Loan 10B	999,237	-
Short term portion Loan 12	501,559	-
Loan 16 BASF Antwerpen N.V.	3,000,000	-
	<u>5,246,389</u>	<u>1,346,107</u>

The accounts receivable from Group companies and other receivables are due within one year.

The company has granted a short term loan of € 3,000,000 to BASF Antwerpen N.V. in Belgium. The interest rate amounts to 0.5% per annum, based on one year Euribor 0.33% plus applicable spread of 0.17% per annum. The loan will mature on December 18, 2015.

The Company has a current account with BASF SE. The interest rate is based on Euro Overnight Index Average (EONIA) - 0.06% or + 0.14% depending on a debit or credit balance, with a minimum of 0%.

EQUITY AND LIABILITIES

3. SHAREHOLDERS' EQUITY

	Common shares	
	€ x 1,000	
Book value as of January 1, 2014		2,087
Book value as of December 31, 2014		<u>2,087</u>
Statutory share capital (x € 1,-)		2,086,875
Shares issued		46,375
Nominal value per share (x € 1,-)		45.00
	2014	2013
	€ x 1,000	€ x 1,000
Share premium reserve		
Book value as at January 1	2,513	2,513
Book value as at December 31	<u>2,513</u>	<u>2,513</u>
Other reserves		
Book value as at January 1	27	682
Allocation of previous financial year net result	2,353	2,445
	2,380	3,127
Paid dividend	-	-3,100
Book value as at December 31	<u>2,380</u>	<u>27</u>
Unappropriated result		
Book value as at January 1	2,353	2,445
Addition to other reserves	-2,353	-2,445
Unappropriated profit	1,808	2,353
Book value as at December 31	<u>1,808</u>	<u>2,353</u>

4. NON CURRENT LIABILITIES

Finance company debt

	12/31/2014	12/31/2013
	€ x 1,000	€ x 1,000
Non-current loans		
Note 6, 3.625% CHF bond 2008-2015	-	162,610
Note 10, 5.125% Euro bond 2009-2015	-	1,496,377
Note 11, 4.5% Euro bond 2009-2016	-	149,824
Note 12, 5.125% Euro bond 2009-2015	-	505,039
	<u>-</u>	<u>2,313,850</u>
	<u>-</u>	<u>2,313,850</u>
	2014	2013
	€ x 1,000	€ x 1,000

Note 6, 3.625% CHF bond 2008-2015

Book value as at January 1	162,610	165,148
Exchange rate differences	3,410	-2,745
Reclassification to short term	-166,239	-
Amortization of disagio	219	207
Long-term part as per December 31	<u>-</u>	<u>162,610</u>

Cumulative amortization of disagio as at December 31, 2014 amounts to € 1,212 (December 31, 2013 € 993)

On June 3, 2008 the Company issued notes for a total amount of CHF 200,000 less a disagio of CHF 1,688 (€ 166,251 less disagio € 1,403) through Royal Bank of Scotland PLC, ABN AMRO BANK N.V. Amsterdam, Zurich Branch, and UBS AG as Joint-Lead-Managers for these notes. The notes will be repaid on June 3, 2015. The interest amounts to 3.625% per annum (effective interest 3.7491% per annum) and is paid annually. BASF SE is the guarantor for these notes.

Note 10, 5.125% Euro bond 2009-2015

Book value as at January 1	1,496,377	1,494,013
Reclassification to short term	-1,498,866	-
Amortization of disagio	2,489	2,364
Long-term part as per December 31	<u>-</u>	<u>1,496,377</u>

Cumulative amortization of disagio as at December 31, 2014 amounts to € 12,981 (December 31, 2013 € 10,492)

On February 9, 2009 the Company issued notes for a total amount of € 1,500,000 less disagio of € 14,115 through Barclays Bank PLC, Deutsche Bank AG, Societe Generale France, BNP PARIBAS and HSBC Bank PLC as Joint-Lead-Managers for these notes. The notes will be repaid on June 9, 2015. The interest amounts to 5.125% per annum (effective interest 5.2600% per annum) and is paid annually. BASF SE is the guarantor for these notes.

	2014	2013
	€ x 1,000	€ x 1,000
<i>Note 11, 4.5% Euro bond 2009-2016</i>		
Book value as at January 1	149,824	149,747
Early redemption	-150,000	-
Amortization of disagio	176	77
Long-term part as per December 31	<u>-</u>	<u>149,824</u>

On February 24, 2009 the Company issued notes for a total amount of € 150,000 less disagio of € 517 through Commerzbank AG. The interest amounts to 4.5% per annum (effective interest 4.5446% per annum) and is paid annually. BASF SE is the guarantor for these notes. The note was redeemed early on November 25, 2014. The regular amortization of disagio until November 25, 2014 amounts to € 72 and the additional amortization until maturity date is € 104. The early redemption resulted in a gain of € 468 due to the difference between the fair value and the book value. The loan receivable loan 11 was redeemed simultaneously with loan payable.

Note 12, 5.125% Euro bond 2009-2015

Book value as at January 1	505,039	508,381
Reclassification to short term	-501,551	-
Amortization of agio	-3,488	-3,342
Long-term part as per December 31	<u>-</u>	<u>505,039</u>

Cumulative amortization of agio as at December 31, 2014 amounts to € -17,739 (December 31, 2013 € -14,251)

On May 29, 2009 the Company issued notes for a total amount of € 500,000 with agio of € 19,290 through Societe Generale France, BNP PARIBAS and Royal Bank of Scotland as Joint-Lead-Managers for these notes. The notes will be repaid on June 9, 2015. The interest amounts to 5.125% per annum (effective interest 4.5374% per annum) and is paid annually. BASF SE is the guarantor for these notes.

5. CURRENT LIABILITIES

	12/31/2014	12/31/2013
	€ x 1,000	€ x 1,000
Repayment obligation long-term debt		
Note 2, 5% Euro bond 2007-2014	-	999,369
Note 3, 5% Euro bond 2007-2014	-	250,281
Note 6, 3.625% Euro bond 2008-2015	166,239	-
Note 10, Interest 5.125% Euro bond 2009-2015	1,498,866	-
Note 12, 5.125% Euro bond 2009-2015	501,551	-
	<u>2,166,656</u>	<u>1,249,650</u>

	12/31/2014	12/31/2013
	€ x 1,000	€ x 1,000
Other current liabilities		
Corporate income tax	71	-
Accruals and deferred income	61,874	83,616
Loan 13 BASF Belgium Coordination Center CV	9,000	6,000
Loan 14 BASF Nederland B.V.	900,000	-
Loan 15 BASF SE	2,100,000	-
	<u>3,070,945</u>	<u>89,616</u>

The € 6,000 inter-company loan was prolonged for one year with an increase of the principal amount to € 9,000. Interest of the € 9,000 loan is fixed at 0.469% until December 20, 2015.

The Company has borrowed two new short term inter-company loans from BASF Nederland B.V. and BASF SE for a total principal amount of € 3,000,000. The interest is 0.47% per annum and the maturity date is on December 18, 2015 for both loans.

The current liabilities are all due within one year.

OFF BALANCE SHEET COMMITMENTS

Off-balance sheet commitments

Related Parties

There were no reportable related party transactions with members of the Board of Managing Directors. All transactions are at arm's length. There are no transactions with related parties, except otherwise disclosed in this report.

Financial instruments

General

During the normal course of business, the company uses various financial instruments that expose the company to market, credit and liquidity risks. The Company is exposed to these risks given the portfolio of interest-bearing receivables (mainly taken up in financial fixed assets and cash and cash equivalents), interest-bearing non-current and current liabilities (including bonds, notes and bank loans).

Credit risk

In 2014, 100.0% (2013: 100.0%) of the receivables of the Company are held with related parties, which are 100.0% (2013: 100.0%) concentrated with BASF Group companies.

In general, the management of the Company tends to assess and review credit risk for counter parties within the BASF Group.

Interest rate risk

The company is currently not exposed to interest rate risk regarding floating interest rates on receivables and liabilities. In general, the Company strives to match interest rate risks of its assets and liabilities. Derivative financial instruments may be used by the entity to hedge interest rate risks if deemed necessary. Interest rate derivative financial instruments may be used to adjust the fixed or floating nature of the external notes or loans obtained to the desired profile. The interest rate policy is determined by BASF SE. In 2014 no derivative financial instruments are outstanding and no derivative instruments have been used during the reporting period.

Cash flow risk

The company is currently not exposed to cash flow risk due to the intercompany financing structure. Any cash payment regarding loans payable are directly offset by a cash flow regarding the loans receivable.

Foreign currency risk

The company is exposed to foreign exchange risk on loans and receivables denominated in a currency other than Euro. The Company strives to match foreign exchange risks of its assets and liabilities. Foreign currency derivative financial instruments, mainly currency forwards and swaps may be used to reduce the foreign currency risk arising on financing and funding transactions in foreign currencies.

The fluctuations in exchange rates for the Euro vs. the Swiss Franc (1.2024 at the end of 2014 and 1.2276 at the end of 2013) did not have a substantial (+ € 2) influence on the result of the Company.

Liquidity risk

Due to a cash-pooling agreement for all bank accounts of the Company with BASF SE, the Company has access to sufficient liquidity reserves so that there is no danger of liquidity risk even if an unexpected event has a negative financial impact on the company's liquidity situation.

Fair Value

The fair value of the financial instruments stated on the balance sheet can be specified as follows:

	Fair value 2014	Book value 2014	Fair value 2013	Book value 2013
Financial fixed assets				
Loans to group companies	0	0	2,463,529	2,313,865
Financial current assets				
Loans to Group companies	5,214,259	5,166,673	1,291,891	1,250,000
Long term liabilities				
Notes/Loans payable	0	0	2,461,820	2,313,850
Current liabilities				
Notes/Loans payable	5,213,774	5,166,656	1,291,100	1,249,650

The fair values represent the clean fair value excluding interest accruals. For the calculations the discount percentages out of Bloomberg for the secondary market yields were used to reflect BASF risk. The fair value of financial instruments other than the ones stated in the above table is close to the carrying amount.

As per December 31, 2013, no derivative financial instruments were outstanding.
As per December 31, 2014, no derivative financial instruments were outstanding.

6 NOTES TO THE PROFIT AND LOSS ACCOUNT 2014

	01/01/2014 12/31/2014	01/01/2013 12/31/2013
	€ x 1,000	€ x 1,000
6. Interest receivable and similar income		
Loan 2, BASF Antwerpen N.V.	38,770	52,803
Loan 3, BASF Antwerpen N.V.	9,223	12,561
Loan 6, BASF Antwerpen N.V.	6,520	6,426
Loan 7, BASF Antwerpen N.V.	-	3,827
Loan 8, BASF Antwerpen N.V.	-	407
Loan 9, BASF Antwerpen N.V.	-	73,055
Loan 10a, BASF Antwerpen N.V.	27,710	27,666
Loan 10b, BASF SE	55,419	55,333
Loan 11, BASF SE	15,175	7,202
Loan 12, BASF Nederland B.V.	23,372	23,527
Loan 16 BASF Antwerpen N.V.	583	-
Others	7	3
	<u>176,779</u>	<u>262,810</u>
7. Interest payable and similar charges		
Note 2, Interest 5% Euro bond 2007-2014	37,343	50,828
Note 3, Interest 5% Euro bond 2007-2014	8,898	12,131
Note 6, Interest 3.625% CHF bond 2008-2015	6,203	6,114
Loan 7, Landesbank Baden-Wuerttemberg 2008-2013	-	3,123
Loan 8, Landesbank Baden-Wuerttemberg 2008-2013	-	332
Note 9, Interest 6% Euro bond 2008-2013	-	70,853
Note 10, Interest 5.125% Euro bond 2009-2015	79,364	79,239
Note 11, Interest 4.5% Euro bond 2009-2016	14,369	6,826
Note 12, Interest 5.125% Euro bond 2009-2015	22,137	22,283
Loan 13 BASF Belgium Coordination Center CV	46	44
Loan 14 BASF Nederland B.V.	165	-
Loan 15 BASF SE	383	-
	<u>168,908</u>	<u>251,773</u>

Emoluments of directors

The Company pays no remuneration and has not issued loans to members of the Board of Managing Directors.

Staff

During 2014 and 2013 the Company had no employees.

8. General and administrative expense

The other general expenses include the auditing fees and the foreign exchange result.

With reference to Section 2:382a (1) and (2) of the Netherlands Civil Code the Company did not disclose the fees for the auditor as these are incorporated in the consolidated financial statements of BASF SE.

9. Tax on result from ordinary activities

Income tax expense consists of current corporate income tax. The effective tax rate of 25.81% (December 31, 2013: 24.4%) is not equal to the prevailing tax rates for 2014 (20% tax rate on the first € 200,000 of taxable profits, 25% tax rate for the rest) in the Netherlands. This is due to non-deductible interest expenses.

Board of Managing Directors signature for approval

Arnhem, March 13, 2015

BASF Finance Europe N.V.

BASF Finance Europe N.V.

H.M. Fisch (Director)

T. Dratt (Director)

OTHER INFORMATION

1 INDEPENDENT AUDITOR'S REPORT

To: the general meeting of shareholders of BASF Finance Europe N.V.

Report on the audit of the financial statements 2014

Our opinion

We have audited the financial statements 2014 of BASF Finance Europe N.V. (the company), based in Arnhem.

In our opinion the financial statements give a true and fair view of the financial position of BASF Finance Europe N.V. as at December 31, 2014 and of its result for 2014 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The financial statements comprise:

- 1 the balance sheet as at December 31, 2014;
- 2 the profit and loss account for 2014;
- 3 the cash flow statement for 2014 and
- 4 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of BASF Finance Europe N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 160,000. The materiality is determined with reference to the result from ordinary activities before tax (6.6%). We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Board of Managing Directors that uncorrected misstatements in excess of EUR 8,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Managing Directors for the financial statements

The Board of Managing Directors is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Board of Managing Directors' report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Board of Managing Directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Board of Managing Directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Managing Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Managing Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Managing Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managing Directors.
- Concluding on the appropriateness of the Board of Managing Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Managing Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Managing Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

Report on the Board of Managing Directors' report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Board of Managing Directors' report and other information),:

- We have no deficiencies to report as a result of our examination whether the Board of Managing Directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Board of Managing Directors' report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the Board of Managing Directors as auditor of BASF Finance Europe N.V. in 2006 and have operated as statutory auditor ever since that date.

Arnhem, March 13, 2015
KPMG Accountants N.V.

J. van Rossen RA

2 Statutory appropriation of profit

In the articles of association it is stated that profits of the company shall be at the disposal of the General Meeting of Shareholders. At the same time, the articles state that the Company may distribute profits only if and to the extent that its shareholders' equity is higher than the aggregate of the paid and called-up part of the issued capital and the reserves, which must be maintained by law.

The Company can only make payments to the shareholders insofar as:

- the Company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and;
- the shareholders' equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test).

If not, management of the Company shall not approve the distribution.

3 Appropriation of the result for 2013

The annual accounts for 2013 were adopted by the General Meeting of Shareholders. The General Meeting of Shareholders has determined the appropriation of the result as it was proposed.

4 Appropriation of the result for 2014

The Board of Managing Directors proposes to add the profit for 2014 of € 1,808 to the other reserves. Awaiting the approval by the General Meeting of Shareholders, this proposal has not been processed in the annual accounts and is, therefore, included in the unappropriated result.