



The Chemical Company

**BASF Finance Europe N.V.**  
**Arnhem**

**Financial statements 2011**

**CONTENTS****Page****FINANCIAL REPORT**

1	Report of the Managing Directors	3
---	----------------------------------	---

**FINANCIAL STATEMENTS**

1	Balance as per December 31, 2011	6
2	Profit & loss account for the year 2011	7
3	Cash flow statement for the year ended December 31, 2011	8
4	Notes to the Statements	9
5	Notes to the balance sheet as per December 31, 2011	13
6	Notes to the profit & loss account over the year 2011	24

**OTHER INFORMATION**

1	Independent auditor's report	26
2	Statutory appropriation of profit	28
3	Appropriation of the result for the 2010 financial year	28
4	Appropriation of the profit for 2011	28

## 1 REPORT OF THE MANAGING DIRECTORS

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

The activities of BASF Finance Europe N.V. 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 on the payroll and receives services through other BASF group companies.

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 external loan/note programs are conducted under a guarantee of the parent company BASF SE.

On 7 September 2007 the Company 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) with a size of € 10,000,000,000. On 4 September 2009, the maximum aggregate principal amount of the notes outstanding at any time under the DIP was increased to € 15,000,000,000. Notes issued by the Company under the DIP will 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 and other European stock exchanges.

The DIP prospectus will be updated annually. On September 7, 2011 the DIP prospectus was updated. No major changes have been made.

### 1.1 Notes overview DIP

Date	Interest rate	€
September 26, 2007	5.000%	1,000,000,000
Oktober 31, 2007	5.000%	250,000,000
June 3, 2008	3.625% CHF 200,000,000	164,527,805
December 4, 2008	6.000%	1,250,000,000
February 9, 2009	5.125%	1,500,000,000
February 24, 2009	4.500%	150,000,000
May 29, 2009	5.125%	500,000,000
Issued bonds		4,814,527,805

### 1.2 Outside DIP

Outside the DIP, the following loans were taken / notes were issued in 2008 which are also guaranteed by BASF SE.

Date	Interest rate	€
September 24, 2008	3-Month Euribor + 0.600%	500,000,000
September 24, 2008	3-Month Euribor + 0.600%	54,000,000
Issued prom. notes		554,000,000

### 1.3 Result

Due to the fluctuation in the exchange rate for the Swiss Franc and decrease in the floating interest rate the result of the Company has declined. The Company has completed the year with a result of € 2,643,000 (2010: € 2,680,000).

The fluctuations in exchange rates for the EURO vs. the Swiss Franc (1.2504 at the end of 2010 and 1.2156 at the end of 2011) did subtract € 36,624 on the result of the Company.

The development of interest rates had no impact on the result of the Company as the rates on the major part of the financing were fixed. Interest rate risks from financing with floating interest rates were passed on to other BASF group companies with loans having a fixed margin.

In the financial year the Company did not use financial derivatives.

### 1.4 Risk Report

The risk management goal of BASF Finance Europe N.V. is to identify and evaluate risk 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 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 variable-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 Group.

#### Credit Risk

The assessment of credit risk for counterparties within BASF Group is primarily done at the time loans are granted to BASF Group companies. BASF Finance Europe N.V. so far has only granted loans to three 100% group companies, including BASF SE, which are classified as counterparties 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 any substantial influence on the result of the Company.

#### Current ratio

The current ratio as per December 31, 2011 measured as Current Assets / Current Liabilities amounts to 1.1083 (2010: 1.0299). The increase in the ratio is due to the effect of the growth IHB balance

#### Solvency ratio

The solvency ratio as per December 31, 2011 measured as Stockholders' Equity / Total of Liabilities amounts to 0.002 (2010: 0.002).

#### Outlook 2012

In 2012, we plan to keep the current loans and bonds. No changes in the existing loan portfolio are expected for 2012. If new applications for financing will be received during the course of 2012, BASF Finance Europe N.V. will decide if, how and where to issue new bonds or to take or provide new loans.

#### Internal control

The Board of Management is responsible for the establishment and adequate functioning of internal control in the Company. Consequently, the Board of Management has implemented a range of processes designed to provide control by the Board of Management 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 we have identified and managed the significant risks of the Company and that we meet our operational and financial objectives in compliance with applicable laws and regulations.

While we routinely work towards continuous improvement of our processes and procedures regarding financial reporting, the Board of Management is of the opinion that, as regards financial reporting risks, the internal risk management and control systems:

- provide a reasonable level of assurance that the financial reporting in this 2011 Annual Report does not contain any errors of material importance;
- have worked properly in 2011.

#### 1.5 Responsibility statement

In accordance with article 5:25c of the Financial Markets Supervision Act (Wet op het financieel toezicht), the Board of Management 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 BASF Finance Europe N.V.
- The annual report gives a true and fair view of the position as per December 31, 2011 and the development during the financial year of BASF Finance Europe N.V.
- The annual report describes the principal risks BASF Finance Europe N.V. is facing.

Arnhem, April 19, 2012

G.A.D. van der Lubbe

T. Dratt

**1 BALANCE AS PER DECEMBER 31, 2011**  
 (before appropriation of result)

	December 31, 2011		December 31, 2010	
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
<b>Financial fixed assets</b>	<b>(1)</b>			
Loans to group companies		5,367,184		5,361,524
<b>CURRENT ASSETS</b>				
<b>Other receivables</b>	<b>(2)</b>			
		102,654		344,160
		5,469,838		5,705,684
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' EQUITY</b>				
	<b>(3)</b>			
Issued capital	2,087		2,087	
Share premium reserve	2,513		2,513	
Other reserves	4,039		4,359	
Unappropriated result	2,643		2,680	
		11,282		11,639
<b>NON-CURRENT LIABILITIES</b>				
	<b>(4)</b>			
Non-current loans		5,365,938		5,359,869
<b>CURRENT LIABILITIES</b>				
	<b>(5)</b>			
Current portion long term loan	-		239,794	
Corporate income tax	54		472	
Accrued liabilities	92,564		93,910	
		92,618		334,176
		5,469,838		5,705,684

**2 PROFIT & LOSS ACCOUNT FOR THE YEAR 2011**

		2011		2010	
		€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Interest and similar income	(6)	280,220		280,376	
Interest and similar expense	(7)	268,355		268,469	
<b>Gross income from financing activities</b>			11,865		11,907
General and administrative expenses	(8)		8,333		8,372
<b>Result before taxation</b>			3,532		3,535
Corporate income tax expense	(9)		-889		-855
<b>Net result</b>			2,643		2,680

**3 CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31,2011**

(According to the indirect method)

	<b>2011</b>		<b>2010</b>	
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
<b>Net cash flow from operating activities</b>				
Result before taxation	3.532		3.535	
Adjustment interest result for acc.interest	(12.176)		(12.385)	
Adjustment interest result for amortization of borrowing costs	311		478	
Change current account with group companies	(2.880)		(2.987)	
Change in other working capital	32		(80)	
		<b>(11.181)</b>		<b>(11.439)</b>
Interest paid	(271.517)		(266.325)	
Interest received	283.990		278.721	
Corporate income tax paid	(1.292)		(957)	
		<b>11.181</b>		<b>11.439</b>
<b>Net cash flow from operating activities</b>		<b>-</b>		<b>-</b>
<b>Net cash flow from investing activities</b>				
Repayment Financial Assets	245.962		3.114	
<b>Net cash flow from investing activities</b>		<b>245.962</b>		<b>3.114</b>
<b>Net cash flow from financing activities</b>				
Repayment Financial Liabilities	(245.962)		(3.114)	
Dividend payment	(3.000)		-	
Proceeds Financial Liabilities	3.000		-	
<b>Net cash flow from financing activities</b>		<b>(245.962)</b>		<b>(3.114)</b>
<b>Changes in cash &amp; cash equivalents</b>		<b>-</b>		<b>-</b>
Cash & cash equivalents January 1	-		-	
Cash & cash equivalents December 31	-		-	
<b>Changes in cash &amp; cash equivalents</b>		<b>-</b>		<b>-</b>



## 4 NOTES TO THE 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.

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

### Company relations

The Company is part of a group of companies lead by BASF SE in Ludwigshafen, Germany.

### 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 FINANCIAL STATEMENTS

The financial statement have been prepared in accordance with Title 9 Book 2 of the Netherlands Civil Code.

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.

### Financial instruments

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 first recognition, financial derivatives are recognised at fair value and then revalued at fair value as at balance sheet date.

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

Financial instruments also include derivative financial instruments (derivatives) embedded in contracts. These derivatives will be separated from the host contract and accounted for as a separate financial instrument if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value with changes in fair value recognized in profit or loss.

If derivatives embedded in contracts are not separated from the host contract they are recognized in accordance with the host contract.

Financial instruments, including stand alone derivatives as well as derivatives separated from the host contracts, are initially recognized at fair value. After initial recognition, financial instruments are valued in the manner described below.

#### Loans granted, other receivables and cash and cash equivalents

Loans, receivables are measured at amortized cost using the effective interest method, less impairment losses. The loans and receivables with a remaining time to maturity that exceeds 12 months are presented as financial fixed assets. Interest income and expense, based on the effective interest method are accounted for in the gross interest margin within the income statement.

#### Bonds issued, loans received and other payables

Bonds/notes, loans and other financial commitments are carried at amortized cost using the effective interest rate method. The bonds/notes and loans with a remaining time to maturity that exceeds 12 months are presented as long term liabilities. Interest income/expense, based on the effective interest method, is accounted for under the gross 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 (€) 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 Euros at the applicable exchange rates on the transaction date. Translation gains and losses are taken to the profit and loss account as expenditure. BASF Finance Europe N.V. has issued bonds and notes. The financing obtained through some of those bonds is denominated in CHF. BASF Finance Europe N.V. in its turn has issued loans to group companies, for the same amount and denominated in the same currency as the bonds issued on the aforementioned stock exchanges. 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 BASF Finance Europe N.V.

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 General and administrative expenses.

The fluctuation in exchange rates for the EURO vs. the Swiss Franc (1.2326 average of 2011 and 1.2156 at year-end of 2011) 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 method, is accounted for under the gross income from financing activities within the income statement.

**Other receivables**

Other receivables are stated at nominal value.

**Liabilities**

Liabilities are valued at nominal value, unless disclosed otherwise.

**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 and similar income**

Income is the difference between interest revenues and expenses, gains or losses on conversion and expenses for the year on a historical cost basis.

**Taxation**

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 provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Taxes on income are based on the result in the financial statements, taking into account the permanent differences between the 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 an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Transactions that do not result in exchange of cash and cash equivalents, such as finance lease, are not presented in the cash flow statement.

**5 NOTES TO THE BALANCE SHEET AS PER DECEMBER 31, 2011**
**ASSETS**
**1. Financial fixed assets**

	12/31/2011	12/31/2010
	€ x 1,000	€ x 1,000
<b>Loans to group companies</b>		
Loan 2, BASF Antwerpen N.V.	1,000,000	1,000,000
Loan 3, BASF Antwerpen N.V.	250,000	250,000
Loan 6, BASF Antwerpen N.V.	163,810	159,060
Loan 7, BASF Antwerpen N.V.	499,633	499,426
Loan 8, BASF Antwerpen N.V.	53,975	53,960
Loan 9, BASF Antwerpen N.V.	1,246,738	1,245,186
Loan 10a, BASF Antwerpen N.V.	497,247	496,538
Loan 10b, BASF SE	994,494	993,076
Loan 11, BASF SE	149,673	149,604
Loan 12, BASF Nederland B.V.	511,614	514,674
	<u>5,367,184</u>	<u>5,361,524</u>

*Loan 2, BASF Antwerpen N.V.*

	2011	2010
	€ x 1,000	€ x 1,000
Book value as per January 1	1,000,000	1,000,000
Book value as per December 31	<u>1,000,000</u>	<u>1,000,000</u>

This loan has been issued on September 26, 2007 to BASF group company BASF Antwerpen N.V. for a total amount of € 1,000,000 and a term of 7 years. The interest rate amounts to 5.09% per annum plus the applicable spread of 0.1903% . The effective interest amounts to 5.2803 % . The loan shall be repaid in full on September 26, 2014.

*Loan 3, BASF Antwerpen N.V.*

Book value as per January 1	250,000	250,000
Book value as per December 31	<u>250,000</u>	<u>250,000</u>

This loan has been issued on October 31, 2007 to BASF group company BASF Antwerpen N.V. for a total amount of € 250,000 and a term of 6 years and 11 months. The interest rate amounts to 4.834% per annum plus the applicable spread of 0.1903% . The effective interest amounts to 5.0243 % . The loan shall be repaid in full on September 26,2014.

*Loan 6, BASF Antwerpen N.V.*

	2011	2010
	€ x 1,000	€ x 1,000
Book value as per January 1	159,060	133,903
Exchange rate difference	4,556	24,990
Amortization of disagio	194	167
Book value as per December 31	<u>163,810</u>	<u>159,060</u>

Cumulative amortization of disagio as at 2011 € 587 (2010 € 393)

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 (€ 124,146 less disagio € 1,051) and a term of 7 years. The interest rate amounts to 3.635% per annum plus the applicable spread of 0.1903%. The effective interest amounts to 3.9404%. The loan shall be repaid in full on June 3, 2015.

*Loan 7, BASF Antwerpen N.V.*

Book value as per January 1	499,426	499,223
Amortization of disagio	207	203
Book value as per December 31	<u>499,633</u>	<u>499,426</u>

Cumulative amortization of disagio as at 2011 € 658 (2010 € 452)

This loan has been issued on September 24, 2008 to BASF group Company BASF Antwerpen N.V. for a total amount of € 500,000 less disagio of € 1,025 and a term of 5 years. The interest rate will be determined as the sum of 3-Month EURIBOR with a mark-up of 0.6% and the applicable spread of 0.1903%. The effective interest amounts 2011 to 2.1595%. The loan shall be repaid in full on September 24, 2013.

*Loan 8, BASF Antwerpen N.V.*

Book value as per January 1	53,960	53,946
Amortization of disagio	15	14
Book value as per December 31	<u>53,975</u>	<u>53,960</u>

Cumulative amortization of disagio as at 2011 € 45 (2010 € 31)

This loan has been issued on September 24, 2008 to BASF group company BASF Antwerpen N.V. for a total amount of € 54,000 less disagio of € 71 and a term of 5 years. The interest rate will be determined as the sum of 3-Month EURIBOR with a mark-up of 0.6% and the applicable spread of 0.1903%. The effective interest amounts 2011 to 2.1441%. The loan shall be repaid in full on September 24, 2013.

*Loan 9, BASF Antwerpen N.V.*

	2011	2010
	€ x 1,000	€ x 1,000
Book value as per January 1	1,245,186	1,243,727
Amortization of disagio	1,552	1,459
Book value as per December 31	<u>1,246,738</u>	<u>1,245,186</u>

Cumulative amortization of disagio as at 2011 € 4,488 (2010 € 2,936)

This loan has been issued on December 4, 2008 to BASF group Company BASF Antwerpen N.V. for a total amount of € 1,250,000 less disagio of € 7,750 and a term of 5 years. The interest rate amounts to 6.0% per annum plus the applicable spread of 0.1903% . The effective interest amounts to 6.3070 % . The loan shall be repaid in full on December 4, 2013.

*Loan 10a, BASF Antwerpen N.V.*

Book value as per January 1	496,538	495,866
Amortization of disagio	709	672
Book value as per December 31	<u>497,247</u>	<u>496,538</u>

Cumulative amortization of disagio as at 2011 € 1,952 (2010 € 1,243)

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% . The effective interest amounts to 5.5096%. The loan shall be repaid in full on June 9, 2015.

*Loan 10b, BASF SE*

Book value as per January 1	993,076	991,733
Amortization of disagio	1,418	1,343
Book value as per December 31	<u>994,494</u>	<u>993,076</u>

Cumulative amortization of disagio as at 2011 € 3,904 (2010 € 2,486)

This loan relates 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% . The effective interest amounts to 5.5096%. The loan shall be repaid in full on June 9, 2015.

*Loan 11, BASF SE*

Book value as per January 1	149,604	149,537
Amortization of disagio	69	67
Book value as per December 31	<u>149,673</u>	<u>149,604</u>

Cumulative amortization of disagio as at 2011 € 190 (2010 € 121)

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% . The effective interest amounts to 4.7947%. The loan shall be repaid in full on February 24, 2016.

*Loan 12, BASF Nederland B.V.*

	2011	2010
	€ x 1,000	€ x 1,000
Book value as per January 1	514,674	517,598
Amortization of disagio	-3,060	-2,924
Book value as per December 31	<u>511,614</u>	<u>514,674</u>

Cumulative amortization of disagio as at 2011 € -7,676 (2010 € -4,616)

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% . The effective interest amounts to 4.7904%. The loan shall be repaid in full on June 9, 2015.

**CURRENT ASSETS**

	12/31/2011	12/31/2010
	€ x 1,000	€ x 1,000
<b>2. Other receivables</b>		
Receivable group companies	102,588	344,152
Prepayments to group companies	65	-
Prepayments and accrued income	1	8
	<u>102,654</u>	<u>344,160</u>

**Receivable group companies**

Receivable from group companies	93,841	98,470
Loans from group companies	-	239,815
Current account with group companies	8,747	5,867
	<u>102,588</u>	<u>344,152</u>

The accounts receivable from group companies and other receivables are due within one year. The accounts receivable from group companies contain interest receivables relating to the loans granted to group companies as well as the repayment of loans granted during the period of 12 months following the balance sheet date.

The Company has a current account with BASF SE. The interest rate is based on Euro Overnight Index Average (EONIA) +/- 0.06% or +/- 0.185% depending on a debit or credit balance.



**EQUITY AND LIABILITIES**

**3. SHAREHOLDERS' EQUITY**

**Issued capital**

	Common shares
	<u>€ x 1,000</u>
Book value as per January 1, 2011	2,087
Book value as per December 31, 2011	<u>2,087</u>
Statutory share capital	2,087,000
Shares issued	46,375
Nominal value	45.00

	2011	2010
	<u>€ x 1,000</u>	<u>€ x 1,000</u>

**Share premium reserve**

Book value as per January 1	2,513	2,513
Book value as per December 31	<u>2,513</u>	<u>2,513</u>

**Other reserves**

Book value as per January 1	4,359	1,864
Appropriation of prior year result	2,680	2,495
	<u>7,039</u>	<u>4,359</u>
Paid dividend	-3,000	-
Book value as per December 31	<u>4,039</u>	<u>4,359</u>

	2011	2010
	€ x 1,000	€ x 1,000
<b>Unappropriated result</b>		
Book value as per January 1	2,680	2,495
Unappropriated profit	2,643	2,680
Addition to other reserves	-2,680	-2,495
Book value as per December 31	<u>2,643</u>	<u>2,680</u>

#### 4. NON-CURRENT LIABILITIES

##### Interest-bearing loans

	12/31/2011	12/31/2010
	€ x 1,000	€ x 1,000
<b>Non-current loans</b>		
Loan 2, 5% Euro bond 2007-2014	997,753	997,003
Loan 3, 5% Euro bond 2007-2014	251,003	251,338
Loan 6, 3.625% CHF bond 2008-2015	163,804	159,056
Loan 7, Landesbank Baden-Wurtemberg (Sole-Lead-Manager) 2008-2013	499,634	499,428
Loan 8, Landesbank Baden-Wurtemberg (Sole-Lead-Manager) 2008-2013	53,974	53,960
Loan 9, 6% Euro bond 2008-2013	1,246,746	1,245,194
Loan 10, 5.125% Euro bond 2009-2015	1,491,768	1,489,636
Loan 11, 4.5% Euro bond 2009-2016	149,674	149,605
Loan 12, 5.125% Euro bond 2009-2015	511,582	514,649
	<u>5,365,938</u>	<u>5,359,869</u>

The total amount of the long term liabilities is payable in the period 2013 up to and including 2016. No amount is payable after 2016 and no amount will be expired in 2012.

	2011	2010
	€ x 1,000	€ x 1,000
<i>Loan 2, 5% Euro bond 2007-2014</i>		
Book value as per January 1	997,003	996,290
Amortization of disagio	750	713
Long-term part as per December 31	<u>997,753</u>	<u>997,003</u>

Cumulative amortization of disagio as at 2011 € 2,953 (2010 € 2,203)

On September 26, 2007 BASF Finance Europe N.V. issued bonds for a total amount of € 1,000,000 less disagio of € 5,200 through Barclays Bank PLC and Deutsche Bank AG as Joint-Lead-Managers for these bonds. The bonds will be repaid on September 26, 2014. The interest amounts to 5% (effective interest 5.0713%) is paid annually. BASF SE is the guarantor for these bonds.

	2011	2010
	€ x 1,000	€ x 1,000
<i>Loan 3, 5% Euro bond 2007-2014</i>		
Book value as per January 1	251,338	251,659
Amortization of agio	-335	-321
Long-term part as per December 31	<u>251,003</u>	<u>251,338</u>

Cumulative amortization of agio as at 2011 € -1,361 (2010 € -1,025)

On October 31, 2007 BASF Finance Europe N.V. issued bonds for a total amount of € 250,000 with agio of € 2,725, from Barclays Bank PLC and Deutsche Bank AG as Joint-Lead-Managers for these bonds. The bonds will be repaid on September 26, 2014. The interest amounts to 5% (effective interest 4.8715%) is paid annually. BASF SE is the guarantor for these bonds.

*Loan 6, 3.625% CHF bond 2008-2015*

Book value as per January 1	159,056	133,901
Withdrawals	4,556	24,990
Amortization of disagio	192	165
Long-term part as per December 31	<u>163,804</u>	<u>159,056</u>

Cumulative amortization of disagio as at 2011 € 581 (2010 € 389)

On June 3, 2008 BASF Finance Europe N.V. issued bonds for a total amount of CHF 200,000,000 less a disagio of CHF 1,688,000 (€ 164,528 less disagio € 1,389) through Royal Bank of Scotland PLC, ABN AMRO BANK N.V. Amsterdam, Zurich Branch, and UBS AG as Joint-Lead-Managers for these bonds. The bonds will be repaid on June 3, 2015. The interest amounts to 3.625% (effective interest 3.7491%) is paid annually. BASF SE is the guarantor for these bonds.

*Loan 7, Landesbank Baden-Wuerttemberg (Sole-Lead-Manager) 2008-2013*

Book value as per January 1	499,428	499,223
Amortization of disagio	206	205
Long-term part as per December 31	<u>499,634</u>	<u>499,428</u>

Cumulative amortization of disagio as at 2011 € 659 (2010 € 452)

On September 24, 2008 BASF Finance Europe N.V. received a loan for a total amount of € 500,000 less disagio for an amount of € 1,025 from several participating banks with Landesbank Baden-Wuerttemberg as Sole-Lead-Manager for this loan. The loan will be repaid on September 24, 2013. The interest is based on 3-month Euribor with a mark-up of 0.6% and is paid quarterly. BASF SE is the guarantor for this loan. The effective interest amounts to 1.9689%.

	2011	2010
	€ x 1,000	€ x 1,000
<i>Loan 8, Landesbank Baden-Wuerttemberg (Sole-Lead-Manager) 2008-2013</i>		
Book value as per January 1	53,960	53,946
Amortization of disagio	14	14
Long-term part as per December 31	<u>53,974</u>	<u>53,960</u>

Cumulative amortization of disagio as at 2011 € 45 (2010 € 31)

On September 24, 2008 BASF Finance Europe N.V. received a loan for a total amount of € 54,000 less disagio of € 71 from several participating banks with Landesbank Baden-Wuerttemberg as Sole-Lead-Manager for this loan. The loan will be repaid on September 24, 2013. The interest is based on 3-month Euribor with a mark-up of 0.6% and is paid quarterly. BASF SE is the guarantor for this loan. The effective interest amounts to 1.9539%.

*Loan 9, 6% Euro bond 2008-2013*

Book value as per January 1	1,245,194	1,243,732
Amortization of disagio	1,552	1,462
Long-term part as per December 31	<u>1,246,746</u>	<u>1,245,194</u>

Cumulative amortization of disagio as at 2011 € 4,496 (2010 € 2,944)

On December 4, 2008 BASF Finance Europe N.V. issued bonds for a total amount of € 1,250,000 less disagio of € 7,750 through Barclays Bank PLC, Deutsche Bank AG, Societe Generale France, BNP PARIBAS and HSBC Bank plc as Joint-Lead-Managers for these bonds. The bonds will be repaid on December 4, 2013. The interest amounts to 6% (effective interest 6.1170%) is paid annually. BASF SE is the guarantor for these bonds.

*Loan 10, 5.125% Euro bond 2009-2015*

Book value as per January 1	1,489,636	1,487,611
Amortization of disagio	2,132	2,025
Long-term part as per December 31	<u>1,491,768</u>	<u>1,489,636</u>

Cumulative amortization of disagio as at 2011 € 5,883 (2010 € 3,751)

On February 9, 2009 BASF Finance Europe N.V. issued bonds 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 bonds. The bonds will be repaid on June 9, 2015. The interest amounts to 5.125% (effective interest 5.2600%) is paid annually. BASF SE is the guarantor for these bonds.

*Loan 11, 4.5% Euro bond 2009-2016*

Book value as per January 1	149,605	149,537
Amortization of disagio	69	68
Long-term part as per December 31	<u>149,674</u>	<u>149,605</u>

Cumulative amortization of disagio as at 2011 € 192 (2010 € 121)

On February 24, 2009 BASF Finance Europe N.V. issued bonds for a total amount of € 150,000 less disagio of € 517 through Commerzbank AG. The bonds will be repaid on February 24, 2016. The interest amounts to 4.5% (effective interest 4.5446%) is paid annually. BASF SE is the guarantor for these bonds.

	2011	2010
	€ x 1,000	€ x 1,000
<i>Loan 12, 5.125% Euro bond 2009-2015</i>		
Book value as per January 1	514,649	517,588
Amortization of agio	-3,067	-2,939
Long-term part as per December 31	<u>511,582</u>	<u>514,649</u>

Cumulative amortization of agio as at 2011 € -7,708 (2010 € -4,641)

On May 29, 2009 BASF Finance Europe N.V. issued bonds for a total amount of € 1,500,000 with agio of € 19,290 through Societe Generale France, BNP PARIBAS and Royal Bank of Scotland as Joint-Lead-Managers for these bonds. The bonds will be repaid on June 9, 2015. The interest amounts to 5.125% (effective interest 4.5374%) is paid annually. BASF SE is the guarantor for these bonds.

## 5. CURRENT LIABILITIES

	12/31/2011	12/31/2010
	€ x 1,000	€ x 1,000
<b>Current portion long term loan</b>		
Loan 5, 3.25% CHF bond 2008-2011	-	<u>239,794</u>
<b>Corporate income tax</b>		
Corporate income tax	<u>54</u>	<u>472</u>
<b>Accrued liabilities</b>		
Payable interest	89,557	93,910
Others	7	-
Loan to group companies	3,000	-
	<u>92,564</u>	<u>93,910</u>

## OFF BALANCE SHEET COMMITMENTS

### Off-balance sheet commitments

#### *Related Parties*

There were no reportable related party transactions with members of the Board of Executive Directors or the Supervisory Board.

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

All transactions are at arm's length. There are no other transactions with related parties.

## 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 at bank and in hand), interest-bearing long term and current liabilities (including bonds, notes and bank loans).

#### *Credit risk*

In 2011 100.0% (2010: 100.0%) of the receivables of the company are held with related parties, which are 100.0% (2010: 100.0%) concentrated with group companies.

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

#### *Interest rate risk*

The company is exposed to interest rate cash flow risk regarding floating interest rates on receivables and liabilities. For fixed rate interest bearing receivables and liabilities the company is exposed to fair value interest rate risk. 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 loans obtained to the desired profile. The interest rate policy is determined by BASF Group. Derivative financial instruments are not used for speculative purposes. Per year end no derivative financial instruments are outstanding.

#### *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 (1.2504 at the end of 2010 and 1.2156 at the end of 2011) did subtract € 37 on the result of the Company.

#### *Liquidity risk*

Due to a cash-pooling agreement for all bank accounts of the Company with BASF SE, BASF Finance Europe N.V. 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 2011	Book value 2011	Fair value 2010	Book value 2010
<b>Financial fixed assets</b>				
Loans to group companies	5,833,086	5,367,184	5,988,739	5,361,524
<b>Loans and receivables</b>				
Loans to group companies	0	0	247,931	239,815
<b>Long term liabilities</b>				
Notes/loans payable	5,826,805	5,365,937	5,836,606	5,359,867
<b>Current liabilities</b>				
Loans to group companies	0	0	241,170	239,794

The fair values represent the clean fair value excluding interest accruals. For the calculations we used the discount percentages out of Bloomberg for the secondary market yields that 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, 2010, no derivative financial instruments were outstanding.

As per December 31, 2011, no derivative financial instruments were outstanding.

## 6 NOTES TO THE PROFIT & LOSS ACCOUNT OVER THE YEAR 2011

	2011	2010
	€ x 1,000	€ x 1,000
<b>6. Interest and similar income</b>		
Loan 1, BASF Antwerpen N.V.	-	9
Loan 2, BASF Antwerpen N.V.	52,803	52,803
Loan 3, BASF Antwerpen N.V.	12,561	12,561
Loan 5, BASF Antwerpen N.V.	3,564	7,782
Loan 6, BASF Antwerpen N.V.	6,405	5,713
Loan 7, BASF Antwerpen N.V.	10,935	7,993
Loan 8, BASF Antwerpen N.V.	1,173	855
Loan 9, BASF Antwerpen N.V.	78,930	78,838
Loan 10a, BASF Antwerpen N.V.	27,585	27,548
Loan 10b, BASF SE	55,171	55,097
Loan 11, BASF SE	7,195	7,192
Loan 12, BASF Nederland B.V.	23,817	23,952
Interest income others	81	33
	<u>280,220</u>	<u>280,376</u>

### 7. Interest and similar expense

Loan 1, Bank of America Securities LLC and Morgan Stanley & Co. Inc.	-	5
Loan 2, Interest 5% Euro bond 2007-2014	50,750	50,713
Loan 3, Interest 5% Euro bond 2007-2014	12,164	12,178
Loan 5, Interest 3.25% CHF bond 2008-2011	3,395	7,361
Loan 6, Interest 3.625% CHF bond 2008-2015	6,094	5,436
Loan 7, Landesbank Baden-Württemberg 2008-2013	9,970	7,029
Loan 8, Landesbank Baden-Württemberg 2008-2013	1,069	751
Loan 9, Interest 6% Euro bond 2008-2013	76,552	76,462
Loan 10, Interest 5.125% Euro bond 2009-2015	79,007	78,900
Loan 11, Interest 4.5% Euro bond 2009-2016	6,820	6,817
Loan 12, Interest 5.125% Euro bond 2009-2015	22,558	22,687
Others	-24	130
	<u>268,355</u>	<u>268,469</u>

### Staff

During the 2011 financial year the company had no employees.

### Other operating expenses

#### 8. General and administrative expenses

Guarantee fees	8,241	8,393
Other general expenses	92	-21
	<u>8,333</u>	<u>8,372</u>

The Other general and administrative expenses include the auditing fees and the exchange rate differences.

#### 9. Corporate income tax expense

Income tax expense consists of current income tax. The effective tax rate of 25.2% (2010: 24.1%) is not equal to the prevailing tax rates for 2011 (20% first € 200,000, 25% over the rest) in The Netherlands. This is due to a repayment over previous years..



**Board of directors signature for approval**

Arnhem, April 19, 2012

BASF Finance Europe N.V.

BASF Finance Europe N.V.

G.A.D. van der Lubbe

T. Dratt

## OTHER INFORMATION

To: the General Shareholders Meeting of BASF Finance Europe N.V.

### 1 INDEPENDENT AUDITOR'S REPORT

#### Report on the financial statements

We have audited the accompanying financial statements 2011 of BASF Finance Europe N.V., Arnhem, which comprise the balance sheet as at December 31, 2011, the profit and loss account and the statement of cash flow for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

#### Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the report of the managing directors, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore management 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 fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

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, 2011, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report of the managing directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the managing directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Arnhem, April 19, 2012

KPMG ACCOUNTANTS N.V.

E. Verheijden RA

**2 Statutory appropriation of profit**

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

**3 Appropriation of the result for the 2010 financial year**

The annual accounts for 2010 was adopted by the General Shareholders Meeting. The General Shareholders Meeting has determined the appropriation of the result as it was proposed.

**4 Appropriation of the profit for 2011**

The board of directors proposes to add the profit for 2011 of € 2,643 to the other reserves. Awaiting the approval by the General Shareholders Meeting, this proposal has not been processed in the annual accounts and is, therefore, included in the unappropriated result.