



The Chemical Company

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

**Semi-annual report 2012**

## CONTENTS

Page

### FINANCIAL REPORT

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

### FINANCIAL STATEMENTS

1	Balance as per June 30, 2012	7
2	Profit & loss account for the first half year of 2012	8
3	Cash flow statement for the first half year of 2012	9
4	Notes to the Statements	10
5	Notes to the balance sheet as per June 30, 2012	14
6	Notes to the profit & loss account for the first half year of 2012.	24

### OTHER INFORMATION

1	Statutory appropriation of profit	26
2	Appropriation of the result for the 2011 financial year	26

## 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 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.

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

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) with up to a total size of € 10,000,000. 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. 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 is updated annually.

### 1.1 Notes overview DIP

Date	Interest rate		€
September 26, 2007	5.000%		1,000,000
October 31, 2007	5.000%		250,000
June 3, 2008	3.625%	CHF 200,000	166,251
December 4, 2008	6.000%		1,250,000
February 9, 2009	5.125%		1,500,000
February 24, 2009	4.500%		150,000
May 29, 2009	5.125%		500,000
Issued bonds			4,816,251

### 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
September 24, 2008	3-Month Euribor + 0.600%	54,000
Issued prom.notes		554,000

### 1.3 Result

The Company has completed the half year with a positive result of € 1,212 (2011: € 1.331). Due to the redemption of loan 5 during the first half year of 2012, the result decreased.

The fluctuations in exchange rates for the Euro vs. the Swiss Franc (1.2156 at the end of 2011 and 1.203 at the end of June 2012) did add € 3 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. during the reporting period 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 a substantial (€ 3) influence on the result of the Company.

#### Current ratio

The current ratio as per June 30, 2012 measured as Current Assets / Current Liabilities amounts to 1.110 (2011: 1.1083). The increase in the ratio is due to the effect of the growth of the balance on the in-house bank account with BASF SE.

#### Solvency ratio

The solvency ratio as per June 30, 2012 measured as Stockholders' Equity / Total of Liabilities amounts to 0.002 (2011: 0.002).

#### Outlook 2013

In 2013, the Company plans to redeem the bond of EUR 1,250,000 and the issued notes of EUR 554,000. 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 companies 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 it has identified and managed the significant risks of the Company and that it meets the operational and financial objectives in compliance with applicable laws and regulations.

While the Board of Management routinely work towards continuous improvement of the 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:

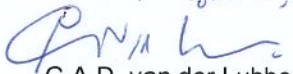
- provide a reasonable level of assurance that the financial reporting in this 2012 Semi-Annual Report does not contain any errors of material importance;
- have worked properly in first half year of 2012.

**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 semi-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 semi-annual report gives a true and fair view of the position as per June 30, 2012 and the development during the financial year of BASF Finance Europe N.V.;
- the semi-annual report describes the principal risks BASF Finance Europe N.V. is facing.

Arnhem, August 13, 2012



G.A.D. van der Lubbe  
Director



T. Dratt  
Director

27.8.2012

**1 BALANCE AS PER JUNE 30, 2012**  
(before appropriation of result)

	June 30, 2012		December 31, 2011	
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
Financial fixed assets		5,369,513		5,367,184
<b>CURRENT ASSETS</b>				
<b>Other receivables</b>	<b>(1)</b>			
Receivable group companies	118,240		102,588	
Prepayments to group companies	-		65	
Other receivables, prepayments and accrued income	1		1	
		118,241		102,654
		5,487,754		5,469,838
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' EQUITY</b>				
	<b>(2)</b>			
Issued capital	2,087		2,087	
Share premium reserve	2,513		2,513	
Other reserves	6,682		4,039	
Unappropriated result	1,212		2,643	
		12,494		11,282
<b>NON-CURRENT LIABILITIES</b>	<b>(3)</b>			
		5,368,475		5,365,938
<b>CURRENT LIABILITIES</b>	<b>(4)</b>			
		106,785		92,618
		5,487,754		5,469,838

2 PROFIT & LOSS ACCOUNT FOR THE FIRST HALF YEAR OF 2012

		01/01/2012 - 06/30/2012		01/01/2011 - 06/30/2011	
		€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
<b>Interest and similar income</b>	(5)	136,695		140,125	
Interest and similar expense	(6)	130,966		134,156	
<b>Gross income from financing activities</b>			5,729		5,969
Other operating expenses	(7)		4,114		4,187
<b>Result before taxation</b>			1,615		1,782
Corporate income tax expense	(8)		-403		-451
<b>Net result</b>			1,212		1,331



### 3 CASH FLOW STATEMENT FOR THE FIRST HALF YEAR OF 2012

(According to the indirect method)

	June 30, 2012		December 31, 2011	
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
<b>Net cash flow from operating activities</b>				
Result before taxation	2,023		3,532	
Adjustment interest result for acc.interest	-1,967		-12,176	
Adjustment interest result for amortization of borrowing costs	-124		311	
Change current account with group companies	-5,966		-2,880	
Change in other working capital	46		32	
		-5,988		-11,181
Interest paid	-120,072		-271,517	
Interest received	126,463		283,990	
Corporate income tax paid	-403		-1,292	
		5,988		11,181
<b>Net cash flow from operating activities</b>		-		-
<b>Net cash flow from investing activities</b>				
Repayment Financial Assets		-	245,962	
<b>Net cash flow from investing activities</b>		-		245,962
<b>Net cash flow from financing activities</b>				
Repayment Financial Liabilities		-	-245,962	
Dividend payment		-	-3,000	
Proceeds Financial Liabilities		-	3,000	
<b>Net cash flow from financing activities</b>		-		-245,962
<b>Changes in cash &amp; cash equivalents</b>		-		-
Cash & cash equivalents January 1		-		-
Cash & cash equivalents June 30		-		-
Changes in cash & cash equivalents		-		-

## 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.

### 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 income and 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 interest and similar income.

The fluctuation in exchange rates for the Euro vs. the Swiss Franc (1.2048 average of first half year of 2012 and 1.203 at the end of June 2012) did not have a substantial influence on the result of the Company.

**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

### General

The result is defined as the difference between the revenue from goods delivered and services performed on one hand and on the other hand the costs and expenses for that year, valued at historical costs.

### 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

Interest 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 calculated average rate.

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 JUNE 30, 2012

	6/30/2012	12/31/2011
	€ 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.	165,627	163,810
Loan 7, BASF Antwerpen N.V.	499,737	499,633
Loan 8, BASF Antwerpen N.V.	53,982	53,975
Loan 9, BASF Antwerpen N.V.	1,247,552	1,246,738
Loan 10a, BASF Antwerpen N.V.	497,616	497,247
Loan 10b, BASF SE	995,233	994,494
Loan 11, BASF SE	149,710	149,673
Loan 12, BASF Nederland B.V.	510,056	511,614
	<u>5,369,513</u>	<u>5,367,184</u>

*Loan 2, BASF Antwerpen N.V.*

	01/01/2012	01/01/2011
	06/30/2012	06/30/2011
	€ x 1,000	€ x 1,000
Book value as per beginning of period	1,000,000	1,000,000
Book value as per end of period	<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 beginning of period	250,000	250,000
Book value as per end of period	<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.*

	01/01/2012 06/30/2012	01/01/2011 06/30/2011
	€ x 1,000	€ x 1,000
Book value as per beginning of period	163,810	159,060
Exchange rate difference	1,716	4,556
Amortization of disagio	101	194
Book value as per end of period	<u>165,627</u>	<u>163,810</u>

Cumulative amortization of disagio as at June 30, 2012 € 688 (December 31, 2011 € 587)

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 € 1,403) 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 beginning of period	499,633	499,426
Amortization of disagio	104	207
Book value as per end of period	<u>499,737</u>	<u>499,633</u>

Cumulative amortization of disagio as at June 30, 2012 € 762 (December 31, 2011 € 658)

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 2012 to 1.9219%. The loan shall be repaid in full on September 24, 2013.

*Loan 8, BASF Antwerpen N.V.*

Book value as per beginning of period	53,975	53,960
Amortization of disagio	7	15
Book value as per end of period	<u>53,982</u>	<u>53,975</u>

Cumulative amortization of disagio as at June 30, 2012 € 52 (December 31, 2011 € 45)

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 1.9066%. The loan shall be repaid in full on September 24, 2013.

*Loan 9, BASF Antwerpen N.V.*

	01/01/2012 06/30/2012	01/01/2011 06/30/2011
	€ x 1,000	€ x 1,000
Book value as per beginning of period	1,246,738	1,245,186
Amortization of disagio	814	1,552
Book value as per end of period	<u>1,247,552</u>	<u>1,246,738</u>

Cumulative amortization of disagio as at June 30, 2012 € 5,354 (December 31, 2011 € 4,488)

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 beginning of period	497,247	496,538
Amortization of disagio	369	709
Book value as per end of period	<u>497,616</u>	<u>497,247</u>

Cumulative amortization of disagio as at June 30, 2012 € 2,323 (December 31, 2011 € 1,952)

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 beginning of period	994,494	993,076
Amortization of disagio	739	1,418
Book value as per end of period	<u>995,233</u>	<u>994,494</u>

Cumulative amortization of disagio as at June 30, 2012 € 4,647 (December 31, 2011 € 3,904)

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



*Loan 11, BASF SE*

	01/01/2012 06/30/2012	01/01/2011 06/30/2011
	€ x 1,000	€ x 1,000
Book value as per beginning of period	149,673	149,604
Amortization of disagio	37	69
Book value as per end of period	<u>149,710</u>	<u>149,673</u>

Cumulative amortization of disagio as at June 30, 2012 € 227 (December 31, 2011 € 190)

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.*

Book value as per beginning of period	511,614	514,674
Amortization of agio	-1,558	-3,060
Book value as per end of period	<u>510,056</u>	<u>511,614</u>

Cumulative amortization of disagio as at June 30, 2012 € -9,238 (December 31, 2011 € 7,676)

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

### 1. Other receivables

	6/30/2012	12/31/2011
	€ x 1,000	€ x 1,000
<b>Receivable group companies</b>		
Receivable from group companies	103,528	93,841
Current account with group companies	14,712	8,747
	<u>118,240</u>	<u>102,588</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.

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

### 2. SHAREHOLDERS' EQUITY

#### Issued capital

	Common shares
	€ x 1,000
Book value as per January 1, 2012	2,087
Book value as per June 30, 2012	2,087
Statutory share capital	2,087
Shares issued	46,375
Nominal value	45.00

	01/01/2012 06/30/2012	01/01/2011 06/30/2011
	€ x 1,000	€ x 1,000

#### Share premium reserve

Book value as per beginning of period	2,513	2,513
Book value as per end of period	2,513	2,513

#### Other reserves

Book value as per beginning of period	4,039	4,359
Appropriation of prior year result	2,643	2,680
Paid dividend	6,682	7,039
	-	-3,000
Book value as per end of period	6,682	4,039

#### Unappropriated result

Book value as per beginning of period	2,643	2,680
Unappropriated profit	1,212	2,643
Addition to other reserves	-2,643	-2,680
Book value as per end of period	1,212	2,643

### 3. NON-CURRENT LIABILITIES

	6/30/2012	12/31/2011
	€ x 1,000	€ x 1,000
<b>Non-current loans</b>		
Loan 2, 5% Euro bond 2007-2014	998,139	997,753
Loan 3, 5% Euro bond 2007-2014	250,829	251,003
Loan 6, 3.625% CHF bond 2008-2015	165,620	163,804
Loan 7, Landesbank Baden-Wurtemberg (Sole-Lead-Manager) 2008-2013	499,738	499,634
Loan 8, Landesbank Baden-Wurtemberg (Sole-Lead-Manager) 2008-2013	53,982	53,974
Loan 9, 6% Euro bond 2008-2013	1,247,559	1,246,746
Loan 10, 5.125% Euro bond 2009-2015	1,492,875	1,491,768
Loan 11, 4.5% Euro bond 2009-2016	149,710	149,674
Loan 12, 5.125% Euro bond 2009-2015	510,023	511,582
	<u>5,368,475</u>	<u>5,365,938</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 expire during the course of 2012.

	01/01/2012	01/01/2011
	06/30/2012	06/30/2011
	€ x 1,000	€ x 1,000
<i>Loan 2, 5% Euro bond 2007-2014</i>		
Book value as per beginning of period	997,753	997,003
Amortization of disagio	386	750
Long-term part as per end of period	<u>998,139</u>	<u>997,753</u>

Cumulative amortization of disagio as at June 30, 2012 € 3,339 (December 31, 2011 € 2,953)

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%) and is paid annually. BASF SE is the guarantor for these bonds.

*Loan 3, 5% Euro bond 2007-2014*

Book value as per beginning of period	251,002	251,338
Amortization of agio	-173	-335
Long-term part as per end of period	<u>250,829</u>	<u>251,003</u>

Cumulative amortization of agio as at June 30, 2012 € -1,534 (December 31, 2011 € -1,361)

On October 31, 2007 BASF Finance Europe N.V. issued bonds for a total amount of € 250,000 with agio of € 2,725, 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 4.8715%) and is paid annually. BASF SE is the guarantor for these bonds.

	01/01/2012 06/30/2012	01/01/2011 06/30/2011
	€ x 1,000	€ x 1,000
<i>Loan 6, 3.625% CHF bond 2008-2015</i>		
Book value as per beginning of period	163,804	159,056
Withdrawals	1,716	4,556
Amortization of disagio	100	192
Long-term part as per end of period	<u>165,620</u>	<u>163,804</u>

Cumulative amortization of disagio as at June 30, 2012 € 681 (December 31, 2011 € 581)

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 (€ 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 bonds. The bonds will be repaid on June 3, 2015. The interest amounts to 3.625% (effective interest 3.7491%) and 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 beginning of period	499,634	499,428
Amortization of disagio	104	206
Long-term part as per end of period	<u>499,738</u>	<u>499,634</u>

Cumulative amortization of disagio as at June 30, 2012 € 763 (December 31, 2011 € 659)

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 1.7314%.

*Loan 8, Landesbank Baden-Wuerttemberg (Sole-Lead-Manager)  
2008-2013*

Book value as per beginning of period	53,974	53,960
Amortization of disagio	8	14
Long-term part as per end of period	<u>53,982</u>	<u>53,974</u>

Cumulative amortization of disagio as at June 30, 2012 € 53 (December 31, 2011 € 45)

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 1.7164%.

	01/01/2012 06/30/2012	01/01/2011 06/30/2011
	€ x 1,000	€ x 1,000
<i>Loan 9, 6% Euro bond 2008-2013</i>		
Book value as per beginning of period	1,246,746	1,245,194
Amortization of disagio	813	1,552
Long-term part as per end of period	<u>1,247,559</u>	<u>1,246,746</u>

Cumulative amortization of disagio as at June 30, 2012 € 5,309 (December 31, 2011 € 4,496)

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%) and is paid annually. BASF SE is the guarantor for these bonds.

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

Book value as per beginning of period	1,491,768	1,489,636
Amortization of disagio	1,107	2,132
Long-term part as per end of period	<u>1,492,875</u>	<u>1,491,768</u>

Cumulative amortization of disagio as at June 30, 2012 € 6,990 (December 31, 2011 € 5,883)

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%) and is paid annually. BASF SE is the guarantor for these bonds.

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

Book value as per beginning of period	149,674	149,605
Amortization of disagio	36	69
Long-term part as per end of period	<u>149,710</u>	<u>149,674</u>

Cumulative amortization of disagio as at June 30, 2012 € 228 (December 31, 2011 € 192)

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%) and is paid annually. BASF SE is the guarantor for these bonds.

*Loan 12, 5.125% Euro bond 2009-2015*

Book value as per beginning of period	511,582	514,649
Amortization of agio	-1,559	-3,067
Long-term part as per end of period	<u>510,023</u>	<u>511,582</u>

Cumulative amortization of agio as at June 30, 2012 € -9,267 (December 31, 2011 € -7,708)

On May 29, 2009 BASF Finance Europe N.V. issued bonds 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 bonds. The bonds will be repaid on June 9, 2015. The interest amounts to 5.125% (effective interest 4.5374%) and is paid annually. BASF SE is the guarantor for these bonds.

#### 4. CURRENT LIABILITIES

	6/30/2012	12/31/2011
	€ x 1,000	€ x 1,000
<b>Corporate income tax</b>		
Corporate income tax	71	54
<b>Accrued liabilities</b>		
Payable interest	103,712	89,557
Others	2	7
Loan to group companies	3,000	3,000
	<u>106,714</u>	<u>92,564</u>

#### OFF BALANCE SHEET COMMITMENTS

##### Off-balance sheet commitments

###### *Related Parties*

There were no reportable related party transactions with members of the Board of Management. The Company pays no remuneration and has not issued loans to members of the Board of Management. All transactions are at arm's length. There are no transactions with related parties, except or 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 at bank and in hand), interest-bearing long term and current liabilities (including bonds, notes and bank loans).

###### *Credit risk*

In 2012 100.0% (2011: 100.0%) of the receivables of the company are held with related parties, which are 100.0% (2011: 100.0%) concentrated with companies of BASF Group.

###### *Interest rate risk*

The company is exposed to interest rate cash flow risk regarding floating interest rates on receivables and liabilities. 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 SE. Per June 30, 2012 no derivative financial instruments are outstanding and no derivative instruments have been used during the reporting period.

*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 (1.2156 at the end of 2011 and 1.203 at the end of June 2012) did add € 3 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.

**6 NOTES TO THE PROFIT & LOSS ACCOUNT FOR THE FIRST HALF YEAR OF 2012.**

	01/01/2012 06/30/2012	01/01/2011 06/30/2011
	€ x 1,000	€ x 1,000
<b>5. Interest and similar income</b>		
Loan 2, BASF Antwerpen N.V.	26,185	26,185
Loan 3, BASF Antwerpen N.V.	6,229	6,229
Loan 5, BASF Antwerpen N.V.	-	3,564
Loan 6, BASF Antwerpen N.V.	3,277	3,106
Loan 7, BASF Antwerpen N.V.	4,854	4,913
Loan 8, BASF Antwerpen N.V.	520	527
Loan 9, BASF Antwerpen N.V.	39,186	39,137
Loan 10a, BASF Antwerpen N.V.	13,697	13,677
Loan 10b, BASF SE	27,394	27,355
Loan 11, BASF SE	3,569	3,568
Loan 12, BASF Nederland B.V.	11,770	11,839
Interest income others	14	25
	<u>136,695</u>	<u>140,125</u>

**6. Interest and similar expense**

Loan 2, Interest 5% Euro bond 2007-2014	25,180	25,161
Loan 3, Interest 5% Euro bond 2007-2014	6,026	6,034
Loan 5, Interest 3.25% CHF bond 2008-2011	-	3,395
Loan 6, Interest 3.625% CHF bond 2008-2015	3,118	2,955
Loan 7, Landesbank Baden-Württemberg 2008-2013	4,373	4,435
Loan 8, Landesbank Baden-Württemberg 2008-2013	468	475
Loan 9, Interest 6% Euro bond 2008-2013	38,005	37,958
Loan 10, Interest 5.125% Euro bond 2009-2015	39,229	39,173
Loan 11, Interest 4.5% Euro bond 2009-2016	3,383	3,382
Loan 12, Interest 5.125% Euro bond 2009-2015	11,148	11,213
Others	36	-25
	<u>130,966</u>	<u>134,156</u>

**Staff**

During the first half of 2012 the Company had no employees.

**7. Other operating expenses**

**General and administrative expenses**

Guarantee fees	4,068	4,115
Other general expenses	46	72
	<u>4,114</u>	<u>4,187</u>

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




**8. Corporate income tax expense**

Income tax expense consists of current corporate income tax. The effective tax rate of 25.2% (2011: 25.2%) is not equal to the prevailing tax rates for 2012 (20% tax rate on the first € 200,000 of taxable profits, 25% tax rate for the rest) in the Netherlands. This is due to a repayment over previous years.

**Board of Management signature for approval**Arnhem, *August 13, 2012*

BASF Finance Europe N.V.

  
G.A.D. van der Lubbe

BASF Finance Europe N.V.

  
T. Dratt*27.8.2012*

## OTHER INFORMATION

### 1 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.

### 2 Appropriation of the result for the 2011 financial year

The annual accounts for 2011 were adopted by the General Shareholders Meeting. The General Shareholders Meeting has determined the appropriation of the result as it was proposed.