

Interim Report

1st Quarter 2014



Good start to the year in chemicals business, oil and gas business considerably down

- Slight decrease in sales and EBIT before special items
- Robust volumes growth; negative currency effects
- Outlook for 2014 confirmed: slight increase in EBIT before special items expected in still challenging environment

 **BASF**
The Chemical Company

BASF Group

1st Quarter 2014

		1st Quarter		
		2014	2013	Change in %
Sales	million €	19,512	19,738	(1.1)
Income from operations before depreciation and amortization (EBITDA)	million €	2,950	2,854	3.4
Income from operations (EBIT) before special items	million €	2,140	2,214	(3.3)
Income from operations (EBIT)	million €	2,249	2,169	3.7
Financial result	million €	(183)	(126)	(45.2)
Income before taxes and minority interests	million €	2,066	2,043	1.1
Net income	million €	1,477	1,446	2.1
Earnings per share	€	1.61	1.57	2.5
Adjusted earnings per share ¹	€	1.64	1.67	(1.8)
Cash provided by operating activities	million €	1,704	2,041	(16.5)
Additions to long-term assets ²	million €	909	1,566	(42.0)
Research expenses	million €	442	429	3.0
Amortization and depreciation ²	million €	701	685	2.3
Segment assets (as of March 31) ³	million €	57,429	56,447	1.7
Personnel costs	million €	2,324	2,279	2.0
Number of employees (as of March 31)		112,305	111,687	0.6

¹ For further information, see page 33

² Intangible assets and property, plant and equipment (including acquisitions)

³ Intangible assets, property, plant and equipment, inventories and business-related receivables

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⁴ This section is not part of the Interim Management's Report.

⁵ This section is not part of the Interim Financial Statements.

1st Quarter 2014

Sales

Change compared with 1st quarter 2013

-1%

EBIT before special items

(Change compared with 1st quarter 2013)

Million €

2,140 (-74)

BASF's Segments



Chemicals [Page 5](#)

The Chemicals segment comprises our business with basic chemicals and intermediates. Its portfolio ranges from solvents, plasticizers and high-volume monomers to glues and electronic chemicals as well as raw materials for detergents, plastics, textile fibers, paints and coatings, plant protection and pharmaceuticals. In addition to supplying customers in the chemical industry and numerous other sectors, we also ensure that other BASF segments are supplied with chemicals for producing downstream products.



Performance Products [Page 6](#)

Our Performance Products lend stability, color or improved application properties to many everyday items. Our product portfolio includes vitamins and other food additives as well as ingredients for pharmaceuticals and for hygiene, household, cosmetic and personal care items. Other products from this segment improve processes in the paper industry, oil and gas production, mining and water treatment. They can also enhance the efficiency of fuels and lubricants, the effectiveness of adhesives and coatings, and the stability of plastics.



Functional Materials & Solutions [Page 8](#)

In the Functional Materials & Solutions segment, we bundle system solutions, services and innovative products for specific sectors and customers, in particular for the automotive, electrical, chemical and construction industries as well as for household applications and for sports and leisure. Our portfolio comprises catalysts, battery materials, engineering plastics, polyurethane systems, automotive and industrial coatings and concrete admixtures as well as construction systems such as tile adhesives and decorative paints.



Agricultural Solutions [Page 10](#)

The Agricultural Solutions segment provides innovative solutions in chemical and biological crop protection, as well as seed treatment and solutions to manage water, nutrients and plant stress. Our research in plant biotechnology concentrates on plants for greater efficiency in agriculture, better nutrition, and use as renewable raw materials.

Research expenses, sales, earnings and all other data of BASF Plant Science are not included in the Agricultural Solutions segment; these are reported in Other.



Oil & Gas [Page 11](#)

We focus our exploration and production on oil and gas-rich regions in Europe, North Africa, South America, Russia and the Middle East. Together with our Russian partner Gazprom, we are active in the transport, storage and trading of natural gas in Europe.

BASF Innovations

Protective layers for noodles, cereal and the like

→ Innovative BASF materials provide safe barriers against mineral oil residues in food packaging

Shelves filled with colorful items as far as the eye can see: row upon row of cereal, rice and noodle boxes. This sturdy packaging is essential for the food production sector, as it is lightweight and saves space when stacked. Yet recycled cardboard can contain mineral oil residues. BASF's coating solutions protect food from these substances.

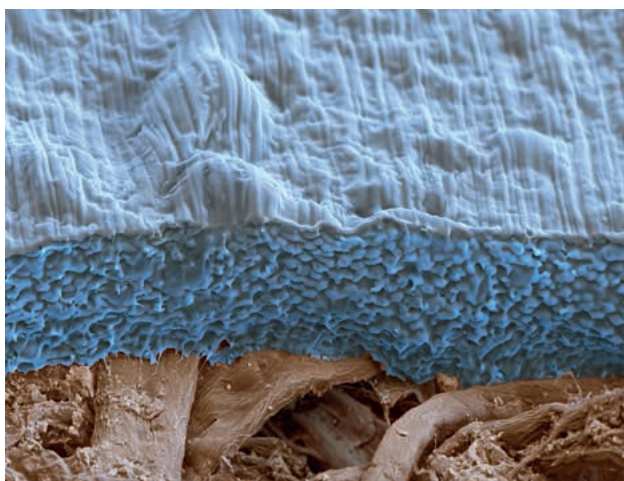
Cardboard food packaging is commonly produced from recycled waste paper, in which residues of substances like newspaper printing inks can be found. The problem: These often contain mineral oils not approved for contact with food. The hydrocarbon compounds in the mineral oils can travel from the cardboard and accumulate in the foodstuffs, where they can no longer be removed or made safe through washing or boiling.

BASF has developed various barrier solutions that are applied to the internal surface of the cardboard box. These whisper-thin coatings are made up of polymers. Even at thicknesses of only 10 to 15 micrometers – a hair, by comparison, is 120 micrometers thick – the barrier coatings protect food from these contaminants for up to three years.

The barrier coatings work like a close meshwork that only lets very small molecules through, such as water vapor. Mineral oil residues cannot pass. After it has fulfilled its task, the polymer film can then be easily removed for further recycling. The recycled paper is now ready to be reprocessed back into cardboard packaging that will protect the next batch of noodles, cereal and the like.



BASF's barrier coatings protect food from the mineral oil residues that can be contained in recycled paper packaging.



This scanning electron microscope image shows the whisper-thin coating on cardboard packaging.

BASF Innovations – Barrier Coatings

- BASF materials protect food from mineral oil residues in cardboard packaging
 - The whisper-thin barrier coatings, made up of polymers, offer protection for up to three years
 - Working like a close meshwork, they allow only very small molecules through, keeping mineral oil residues out
-

BASF Group Business Review 1st Quarter 2014

We had a good start to the year in our chemicals business¹ and in the Agricultural Solutions segment: We increased sales volumes, which more than compensated for negative currency effects. Sales declined considerably in the Oil & Gas segment, however. At €19.5 billion, BASF Group sales were down by 1% overall.

Income from operations before special items amounted to €2.1 billion, 3% below the level of the first quarter of 2013. While we were able to considerably improve earnings in the Performance Products and Functional Materials & Solutions segments, the contribution from the Oil & Gas segment fell considerably.

Sales volumes grew compared with the first quarter of 2013. We were able to boost volumes in the chemicals business and in the Agricultural Solutions segment, while they declined in the Oil & Gas segment. Sales prices were lower overall than in the same quarter of the previous year. Currency effects also had a negative impact on sales. Portfolio measures contributed 1% to sales.

Factors influencing sales (% of sales)

	1st Quarter
Volumes	4
Prices	(3)
Portfolio	1
Currencies	(3)
	(1)

In the **Chemicals** segment, sales matched the level of the previous first quarter. Lower prices and negative currency effects were offset by increased volumes. Sales volumes grew, particularly as a result of stronger demand in the Intermediates division as well as higher volumes in the Petrochemicals division, especially in North America. Earnings decreased slightly, mainly due to margin pressure.

Sales in the **Performance Products** segment were at the level of the previous first quarter despite negative currency effects and slightly lower sales prices. This was attributable to higher sales volumes. Our strict fixed cost management contributed to a considerable rise in earnings.

First-quarter sales (million €, relative change)

Chemicals	2014	4,398	0%	
	2013	4,396		
Performance Products	2014	3,872	0%	
	2013	3,880		
Functional Materials & Solutions	2014	4,236	1%	
	2013	4,181		
Agricultural Solutions	2014	1,653	6%	
	2013	1,556		
Oil & Gas	2014	4,276	(8%)	
	2013	4,660		
Other	2014	1,077	1%	
	2013	1,065		

In the **Functional Materials & Solutions** segment, we posted slightly higher sales on account of increased volumes, thanks primarily to strong demand from the automotive industry. Negative currency effects reduced sales growth. In the Construction Chemicals division, sales declined slightly as a result of portfolio effects, as well. Earnings considerably surpassed the level of the first quarter of 2013. All divisions contributed to this.

Sales grew considerably in the **Agricultural Solutions** segment. This was mainly because of the considerable sales increase in the Northern Hemisphere. We were able to more than compensate for negative currency effects by raising our volumes and prices. Earnings rose slightly thanks to these higher volumes and prices.

BASF Group 1st Quarter 2014

- Year begins well for chemicals business¹ and Agricultural Solutions segment: Higher sales volumes more than compensate for negative currency effects
- BASF Group sales decline by 1% to €19.5 billion due to considerably lower contribution from Oil & Gas segment
- Earnings down in Oil & Gas segment owing to volumes decline and margin pressure in natural gas trading as well as to lower earnings in Libya
- At €2.1 billion, BASF Group income from operations before special items 3% below prior first-quarter level

¹ Our chemicals business includes the Chemicals, Performance Products and Functional Materials & Solutions segments.

Sales in the **Oil & Gas** segment were considerably below the level of the previous first quarter. In the Natural Gas Trading business sector, sales volumes were significantly down year-on-year as a result of the mild winter in Europe. Despite lower prices for crude oil and missing volumes from offshore production in Libya, sales levels remained stable in the Exploration & Production business sector. This was largely due to additional volumes from Norway. Margin pressure and lower volumes in natural gas trading as well as the smaller contribution from Libya led to a considerable earnings decline in the segment.

Sales in **Other** rose slightly compared with the first quarter of 2013. This was mainly the result of higher volumes in raw materials trading. Income from operations before special items declined considerably, however. Currency losses and valuation effects for the long-term incentive program played a significant role here. Whereas provisions had been reversed in the first quarter of 2013, the positive development of the BASF share led to expenses for increasing provisions in the first quarter of 2014.

EBIT included a total of €109 million in **special items** in the first quarter of 2014. This was largely attributable to special income from the divestiture of our shares in non-BASF-operated oil and gas fields in the British North Sea. The previous first quarter had included special items in EBIT of minus €45 million. These were related to the integration of Becker Underwood and Pronova BioPharma in addition to various restructuring measures.

EBIT therefore grew year-on-year by €80 million to reach €2,249 million. EBITDA rose by €96 million to €2,950 million.

First-quarter EBIT before special items (Million €, absolute change)


	2014	2013	Change
Chemicals	601	650	(49)
Performance Products	427	379	48
Functional Materials & Solutions	311	239	72
Agricultural Solutions	510	498	12
Oil & Gas	494	630	(136)
Other	(203)	(182)	(21)

The **financial result** decreased by €57 million to minus €183 million. This decline was attributable to the negative value of the line item other financial result, which amounted to minus €64 million (first quarter of 2013: €11 million). The market valuation of options for the disposal of our share in the Styrolution joint venture was mainly responsible for this. Income from shareholdings and the interest result both rose slightly, however.

Income before taxes and minority interests improved year-on-year by €23 million to €2,066 million. The tax rate rose to 25.4% (first quarter of 2013: 24.4%).

Net income grew by €31 million to €1,477 million.

Earnings per share were €1.61 in the first quarter of 2014, compared with €1.57 in the same period of 2013. Adjusted for special items and amortization of intangible assets, earnings per share declined to €1.64 (first quarter of 2013: €1.67).

 **Information on the calculation of adjusted earnings per share can be found on page 33**

Special items reported in earnings before taxes (million €)

	2014	2013
1st quarter	67	10
2nd quarter		(46)
3rd quarter		(21)
4th quarter		259
Full year		202

Adjusted earnings per share (€)

	2014	2013
1st quarter	1.64	1.67
2nd quarter		1.40
3rd quarter		1.28
4th quarter		1.02
Full year		5.37

BASF on the Capital Market

Overview of BASF shares

		1st Quarter 2014	Full Year 2013
Performance (with dividends reinvested)			
BASF	%	4.1	12.9
DAX 30	%	0.0	25.5
DJ EURO STOXX 50	%	2.3	21.6
DJ Chemicals	%	0.8	18.2
MSCI World Chemicals	%	2.6	20.5
Share prices and trading (XETRA)			
Average	€	79.34	71.96
High	€	83.81	78.97
Low	€	75.86	64.79
Close (end of period)	€	80.68	77.49
Average daily trade	million shares	2.9	2.8
Outstanding shares (end of period)	million shares	918.5	918.5
Market capitalization (end of period)	billion €	74.1	71.2

Market trend

At the end of the first quarter of 2014, BASF shares traded at €80.68, an increase of 4.1% compared with the closing price at the end of 2013. The BASF stock thus outperformed both the German stock index DAX 30 and the European benchmark index DJ EURO STOXX 50: During the same period, the former remained stable and the latter rose slightly, by 2.3%. In the first three months of the year, the global industry indexes DJ Chemicals and MSCI World Chemicals rose by 0.8% and 2.6%, respectively.

For up-to-date information on BASF shares, visit basf.com/share

Dividend increase to €2.70 per share

The Board of Executive Directors and the Supervisory Board proposed to the Annual Shareholders' Meeting that a dividend of €2.70 per share be paid for the 2013 business year. We stand by our ambitious dividend policy and plan to pay out just under €2.5 billion to our shareholders. Based on the year-end share price for 2013, BASF shares therefore offer a high dividend yield

of 3.48%. BASF is part of the DivDAX share index, which contains the 15 companies with the highest dividend yield in the DAX 30. We aim to increase our dividend each year, or at least maintain it at the previous year's level.

Good credit ratings and solid financing

With "A+/A-1 outlook stable" from rating agency Standard & Poor's and "A1/P-1 outlook stable" from Moody's, BASF has good credit ratings, especially compared with its competitors in the chemical industry. We continue to have solid financing. Since the beginning of the year, we have reduced our net debt by €647 million to around €11.9 billion.

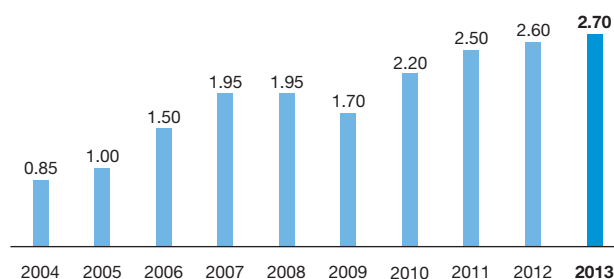
In the first quarter of 2014, we issued a total volume of €1.55 billion in bonds: A three-year €300 million variable-rate bond, a five-year €750 million bond with a coupon of 1.375%, and a ten-year €500 million bond with a coupon of 2.5%.

BASF on the Capital Market

- Proposed dividend of €2.70 per share; increase of €0.10 compared with previous year
- High dividend yield of 3.48%
- Good credit ratings and solid financing; net debt reduced by €647 million

You can reach our Investor Relations team by phone at +49 621 60-48230 or by email at ir@basf.com

Dividend per share¹ (€ per share)



¹ Adjusted for two-for-one stock split conducted in 2008

Significant Events

In order to meet the fast-growing global demand for readily biodegradable chelating agents, we are building a world-scale plant for Trilon® M in Theodore, Alabama. Trilon® M improves the cleaning power of detergents and cleaners for household as well as industrial and institutional applications. The investment will amount to around \$90 million. The new production facility is expected to start up in the second half of 2015.

We are constructing another world-scale plant in Nanjing, China: This specialty amines plant will mainly produce dimethylaminopropylamine (DMAPA) and polyetheramines (PEA). DMAPA is primarily employed in the production of personal care products, such as shampoo. Sold under the brand name Baxxodur®, PEAs are used in, for example, composites for wind turbine rotor blades. With this new facility, scheduled to start operations at the end of 2015, we will further strengthen our global production network.

Furthermore, we are exploring a potential investment in a world-scale methane-to-propylene complex on the U.S. Gulf Coast. The production of propylene to supply our North American operations would allow us to take advantage of low gas prices due to U.S. shale gas production. Propylene is one of the most important basic chemicals in the petrochemical industry. Further details on the potential investment are currently under evaluation.

We have signed an agreement to sell our PolyAd Services business to Edgewater Capital Partners, L.P. The transaction is expected to close in the second quarter of 2014. Currently allocated to the plastic additives business unit, PolyAd Services offers specialty blends and solutions to the plastics compounding and converting industry. With the sale, our plastic additives business will focus even more on our core business areas: light stabilizers, antioxidants and customer-specific blends.

As part of our strategy to concentrate our oil and gas business on the upstream sector, we plan to sell our 15.79% share in the Eastern German company Verbundnetz Gas AG (VNG) to EWE Aktiengesellschaft. The transaction requires the approval of antitrust authorities. We furthermore concluded the transaction with the Hungarian MOL Group agreed upon in December 2013. Through the divestiture of shares in selected assets on the British continental shelf, MOL Group is acquiring 14 licenses in the North Sea. The purchase price agreed upon amounts to \$375 million.

We are taking a series of steps in our paper chemicals business to further strengthen the competitiveness of our Performance Products segment. In response to decreasing market demand, we are adjusting capacities in our latex manufacturing network in Europe. At the same time, we will adjust marketing, sales and administrative functions in our paper chemicals business to better reflect regional market dynamics. We are selling our global dispersions business with alkyl ketene dimer (AKD) to Kemira Oyj. The transaction is expected to close in the first half of 2014.

Significant Events

- Construction of plant for readily biodegradable chelating agent Trilon® M in Theodore, Alabama
 - World-scale plant being built for specialty amines in Nanjing, China
 - Exploration of potential investment in world-scale methane-to-propylene plant in United States
 - PolyAd Services business to be sold to Edgewater Capital Partners
 - Oil and gas portfolio optimized through planned sale of VNG shares to EWE and disposal of assets on British continental shelf to MOL Group
 - Competitiveness of Performance Products segment strengthened through series of measures in paper chemicals business, including sale of global AKD dispersions business to Kemira
-

Chemicals

Segment data Chemicals (million €)

	1st Quarter		
	2014	2013	Change in %
Sales to third parties	4,398	4,396	0
Thereof Petrochemicals	2,097	2,016	4
Monomers	1,590	1,680	(5)
Intermediates	711	700	2
Income from operations before depreciation and amortization (EBITDA)	782	841	(7)
Income from operations (EBIT) before special items	601	650	(8)
Income from operations (EBIT)	600	650	(8)
Assets (as of March 31)	11,237	10,646	6
Research expenses	44	42	5
Additions to property, plant and equipment and intangible assets	272	324	(16)

1st Quarter 2014

In the Chemicals segment, sales matched the level of the previous first quarter. Sales volumes rose, thanks in particular to increased demand in the Intermediates division as well as to higher volumes in the Petrochemicals division, especially in North America. Lower sales prices and negative currency effects countered this development (volumes 8%, prices – 6%, currencies –2%). Income from operations before special items declined slightly, primarily as a result of margin pressure.

Petrochemicals

Sales in the Petrochemicals division were slightly up compared with the first quarter of 2013. We significantly raised our sales volumes, thanks especially to higher volumes in North America. Detrimental to sales development were the lower sales prices in nearly all product lines as well as the weak U.S. dollar. Sustained high margins for steam cracker products, primarily in North America, were unable to compensate for lower margins in several product lines. Earnings therefore remained slightly below the level of the previous first quarter.

Monomers

In the Monomers division, there was a slight drop in sales compared with the strong first quarter of 2013 due to sharply declining prices – resulting in part from lower raw material costs – and negative currency effects. These were only partly offset by higher sales volumes. Lower margins, particularly for isocyanates in Asia and for ammonia in Europe, led to a considerable decline in earnings. Earnings were additionally dampened by expenses for the new TDI complex in Ludwigshafen as well as for the MDI plant in Chongqing, China.

Intermediates

Despite negative currency effects, we slightly increased sales in the Intermediates division in the first quarter of 2014. This was largely the result of increased sales volumes for amines and polyalcohols. Earnings were considerably above the level of the previous first quarter. Besides higher sales volumes, improved margins also contributed to this development.

Chemicals

- Sales match level of first quarter 2013
- Volumes growth offset by lower prices and negative currency effects
- Earnings decline slightly, mainly as a result of margin pressure

1st Quarter 2014

Sales
Change compared with
1st quarter 2013

0%

EBIT before special items
(Change compared with
1st quarter 2013)
Million €

601 (–49)

Performance Products

Segment data Performance Products (million €)

	1st Quarter		
	2014	2013	Change in %
Sales to third parties	3,872	3,880	0
Thereof Dispersions & Pigments	951	935	2
Care Chemicals	1,264	1,275	(1)
Nutrition & Health	495	493	0
Paper Chemicals	344	362	(5)
Performance Chemicals	818	815	0
Income from operations before depreciation and amortization (EBITDA)	611	568	8
Income from operations (EBIT) before special items	427	379	13
Income from operations (EBIT)	414	367	13
Assets (as of March 31)	13,975	14,537	(4)
Research expenses	85	92	(8)
Additions to property, plant and equipment and intangible assets	159	837	(81)

1st Quarter 2014

Sales in the Performance Products segment matched the level of the previous first quarter. Higher sales volumes were able to compensate for negative currency effects and slightly reduced prices (volumes 5%, prices –1%, currencies –4%). We considerably increased income from operations before special items, supported by our strict fixed cost management.

Dispersions & Pigments

Sales rose slightly in the Dispersions & Pigments division because of strong volumes growth. Besides marginally lower prices, sales growth was mainly dampened by negative currency effects. We were able to raise sales volumes in all business areas. Demand continued to recover in Europe, especially from the construction and coatings industries. In the United States, however, extreme weather conditions reduced demand from the construction sector. Earnings improved slightly as a result of higher volumes.

Care Chemicals

In the Care Chemicals division, sales decreased slightly, predominantly on account of currency effects. We were able to raise our sales volumes, especially in ingredients for personal care products. Volumes declined in the hygiene business, however; in the previous first quarter, we had particularly benefited from temporarily low capacities on the market. We were able to considerably increase our earnings, thanks especially to the higher volumes.

Performance Products

- Sales at level of previous first quarter
- Negative currency effects and slightly declining prices offset by sales volumes increase
- Strict fixed cost management contributes to considerable earnings increase

1st Quarter 2014

Sales
Change compared with
1st quarter 2013

0%

EBIT before special items
(Change compared with
1st quarter 2013)
Million €

427 (+48)

Nutrition & Health

Sales in the Nutrition & Health division matched the level of the first quarter of 2013. While we were able to raise sales volumes in the human nutrition, pharmaceutical and aroma chemicals businesses, volumes declined in the animal nutrition business. We observed ongoing pressure on vitamin prices as a result of intense competition. Negative currency effects dampened sales in all business areas. The inclusion of Pronova BioPharma, acquired in the previous first quarter, had a positive impact on sales and earnings. Earnings grew considerably overall.

Paper Chemicals

The Paper Chemicals division saw a slight drop in sales, mostly as a result of negative currency effects and lower prices affected by raw material costs. Despite the ongoing decline in demand for chemicals for graphic paper production, volumes overall were at the previous first-quarter level. This was attributable to higher sales volumes of kaolin minerals. An unfavorable product mix led to a considerable earnings decline.

Performance Chemicals

Sales in the Performance Chemicals segment matched the level of the previous first quarter. We were able to raise sales volumes in all business areas. Negative currency effects were the main factors counteracting this development, alongside slightly reduced prices. We significantly increased volumes, especially in plastic additives, fuel and lubricant additives, and water treatment, oilfield and mining chemicals. Thanks to the higher volumes, our strict fixed cost management and slightly reduced raw material costs, earnings considerably surpassed the level of the first quarter of 2013.

Performance Products

- Dispersions & Pigments: sales rise slightly through sharp volumes growth; earnings slightly improve thanks to higher sales volumes
 - Care Chemicals: slight sales decline due especially to negative currency effects; considerable earnings increase driven primarily by volumes
 - Nutrition & Health: sales at prior first-quarter level; earnings improve considerably
 - Paper Chemicals: sales decline slightly, mostly as a result of negative currency effects and lower prices; earnings considerably below level of previous first quarter
 - Performance Chemicals: sales at level of first quarter 2013; earnings rise considerably
-

Functional Materials & Solutions

Segment data Functional Materials & Solutions (million €)

	1st Quarter		
	2014	2013	Change in %
Sales to third parties	4,236	4,181	1
Thereof Catalysts	1,458	1,453	0
Construction Chemicals	443	458	(3)
Coatings	721	698	3
Performance Materials	1,614	1,572	3
Income from operations before depreciation and amortization (EBITDA)	424	352	20
Income from operations (EBIT) before special items	311	239	30
Income from operations (EBIT)	311	240	30
Assets (as of March 31)	12,405	12,639	(2)
Research expenses	87	87	–
Additions to property, plant and equipment and intangible assets	110	118	(7)

1st Quarter 2014

In the Functional Materials & Solutions segment, sales slightly exceeded the level of the previous first quarter (volumes 7%, prices –1%, currencies –5%). We were able to increase volumes in all divisions, thanks primarily to strong demand from the automotive industry. Currency effects in particular reduced sales growth. In the Construction Chemicals division, sales development was additionally slowed by portfolio measures. We were able to considerably improve income from operations before special items. All divisions contributed to this.

Catalysts

Sales in the Catalysts division matched the level of the first quarter of 2013. Negative currency effects and lower prices were offset by higher sales volumes. While demand rose for refinery and mobile emissions catalysts, our business development with chemical catalysts was weaker than in the first quarter of 2013.

Sales in precious metal trading rose to €626 million (first quarter of 2013: €622 million) as a result of increased volumes. Earnings improved considerably, boosted by the increase in sales volumes as well as by higher margins for refinery and mobile emissions catalysts.

Construction Chemicals

In the Construction Chemicals division, sales decreased slightly year-on-year due to negative currency effects and portfolio measures. We increased sales volumes and prices. In Europe, higher demand was able to almost fully offset the sales decline from divestitures. In North America and Asia, sales were particularly impacted by negative currency effects. The reduction in fixed costs resulting from our efficiency programs led to considerable earnings growth.

Functional Materials & Solutions

- Slight rise in sales through higher volumes
- Negative currency effects and lower prices reduce sales growth
- Earnings improve considerably in all divisions

1st Quarter 2014

Sales
Change compared with
1st quarter 2013

1%

EBIT before special items
(Change compared with
1st quarter 2013)
Million €

311 (+72)

Coatings

Sales in the Coatings division were slightly up compared with the first quarter of 2013, boosted by volumes and prices. The sales increase was weakened by negative currency effects. We raised our volumes for automotive OEM coatings in all regions; Asia and Europe posted the strongest growth. We were able to increase our sales volumes in the automotive refinish coatings business area, especially in Asia, and implement higher prices; yet sales declined slightly on account of negative currency effects. In the decorative paints business, negative currency effects in Brazil led to a slight drop in sales in spite of higher volumes. Earnings grew considerably overall due to the higher sales volumes and lower fixed costs.

Performance Materials

We slightly increased sales in the Performance Materials division despite negative currency effects. This was owing to higher sales volumes, particularly in the engineering plastics, Cellasto® and TPU businesses, as well as of products for the European construction industry. Prices remained stable overall. Fixed costs were higher than in the previous first quarter as a result of the startup of new production facilities for Ultrason® and Neopor®. Nevertheless, earnings grew considerably thanks to the higher level of sales volumes.

Functional Materials & Solutions

- Catalysts: sales at level of first quarter 2013; earnings rise considerably, mainly through increased sales volumes as well as higher margins for refinery and mobile emissions catalysts
 - Construction Chemicals: slight sales decline due to negative currency effects and portfolio measures; earnings improve considerably thanks to lower fixed costs
 - Coatings: sales slightly up, driven by volumes and prices; considerable earnings growth as a result of higher volumes and lower fixed costs
 - Performance Materials: higher sales volumes lead to slight sales growth and considerable earnings increase
-

Agricultural Solutions

Segment data Agricultural Solutions (million €)

	1st Quarter		
	2014	2013	Change in %
Sales to third parties	1,653	1,556	6
Income from operations before depreciation and amortization (EBITDA)	552	532	4
Income from operations (EBIT) before special items	510	498	2
Income from operations (EBIT)	510	492	4
Assets (as of March 31)	7,841	7,651	2
Research expenses	112	100	12
Additions to property, plant and equipment and intangible assets	63	59	7

1st Quarter 2014

We had a successful start to 2014 in the Agricultural Solutions segment. Sales grew considerably, especially in the Northern Hemisphere. We raised volumes and prices, especially in fungicides and herbicides. Negative currency effects put a strain on sales growth (volumes 9%, prices 3%, currencies –6%).

In **Europe**, sales were considerably higher than in the same quarter of the previous year. The mild, moist weather conditions in the winter months led to a sharp increase in demand, particularly for cereal fungicides. Our business was very successful, especially in Germany and broad areas of Eastern Europe. We were able to more than compensate for negative currency effects with price increases.

Despite negative currency effects, sales in **North America** grew slightly through higher sales volumes and prices. Our innovative herbicides and fungicides were primarily responsible for this sales increase.

Sales grew slightly in **Asia** despite highly negative currency effects. We observed increased demand in China, Japan and India in particular. Our business with fungicides was especially positive.

In **South America**, sales were considerably below the level of the previous first quarter mostly on account of currency effects. Sales declined in Brazil, mainly due to unfavorable weather conditions.

We slightly improved income from operations before special items thanks to higher volumes and prices, despite negative currency effects and increased spending on research and development.

Agricultural Solutions

- Sales considerably above level of first quarter 2013
- Volumes and prices increase, especially in fungicides and herbicides
- Slight earnings growth through higher volumes and prices

1st Quarter 2014

Sales
Change compared with
1st quarter 2013

6%

EBIT before special items
(Change compared with
1st quarter 2013)
Million €

510 (+12)

Oil & Gas

Segment data Oil & Gas (million €)

	1st Quarter		
	2014	2013	Change in %
Sales to third parties	4,276	4,660	(8)
Thereof Exploration & Production	792	789	0
Natural Gas Trading	3,484	3,871	(10)
Income from operations before depreciation and amortization (EBITDA)	763	734	4
Thereof Exploration & Production	687	529	30
Natural Gas Trading	76	205	(63)
Income from operations (EBIT) before special items	494	630	(22)
Thereof Exploration & Production	429	468	(8)
Natural Gas Trading	65	162	(60)
Income from operations (EBIT)	625	630	(1)
Thereof Exploration & Production	560	468	20
Natural Gas Trading	65	162	(60)
Assets (as of March 31)	11,971	10,974	9
Thereof Exploration & Production	7,447	5,707	30
Natural Gas Trading	4,524	5,267	(14)
Exploration expenses	24	28	(14)
Additions to property, plant and equipment and intangible assets	269	195	38
Net income	442	397	11

1st Quarter 2014

In the Oil & Gas segment, sales were considerably below the level of the previous first quarter (volumes –7%, prices/currencies –4%, portfolio 3%). This was attributable to decreased sales in the Natural Gas Trading business sector. Income from operations before special items decreased considerably as a result of a decline in Natural Gas Trading and lower earnings in Libya. Net income, however, rose considerably. This increase was attributable to €132 million in special income from the divestiture of our shares in non-BASF-operated fields in the British North Sea.

 For more on net income in the Oil & Gas segment, see the Notes to the Interim Financial Statements on page 23

Sales matched the level of the first quarter of 2013 in the **Exploration & Production** business sector, despite lower prices for crude oil. Unlike in the same period of the previous

year, no offshore lifting took place in Libya in the first quarter of 2014. Additional volumes from Norway were mostly able to offset this. The average price for Brent crude oil was \$108 per barrel, compared with \$113 per barrel (–4%) in the first quarter of 2013. The weaker U.S. dollar led to a 7% decrease in the price of oil to €79 per barrel in euro terms. Earnings dropped slightly. The contribution from Libya fell as a result of the lack of offshore lifting and due to the continued suspension of onshore production. The additional activities in Norway were only partly able to offset this.

Sales decreased considerably in the **Natural Gas Trading** business sector. Sales volumes for gas were significantly below the level of the first quarter of 2013. This was due to above-average high temperatures in Europe in the winter months, which increased pressure on trading margins. Earnings fell considerably as a result.

Oil & Gas

- Sales considerably below previous first quarter's level
- Sales volumes for gas significantly lower
- Earnings decrease considerably due to decline in Natural Gas Trading and lower earnings in Libya

1st Quarter 2014

Sales
Change compared with
1st quarter 2013

EBIT before special items
(Change compared with
1st quarter 2013)
Million €

–8%

494 (–136)

Regional Results

Overview of regions (million €)

	Sales Location of company			Sales Location of customer			EBIT before special items		
	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %
1st Quarter									
Europe	11,901	12,238	(3)	11,427	11,656	(2)	1,458	1,477	(1)
Thereof Germany	8,919	8,928	0	3,874	4,238	(9)	664	763	(13)
North America	3,900	3,721	5	3,840	3,650	5	491	454	8
Asia Pacific	2,848	2,824	1	3,037	3,019	1	174	245	(29)
South America, Africa, Middle East	863	955	(10)	1,208	1,413	(15)	17	38	(55)
	19,512	19,738	(1)	19,512	19,738	(1)	2,140	2,214	(3)

1st Quarter 2014

Sales at companies located in **Europe** decreased year-on-year by 3%. The considerably lower level of sales in the Oil & Gas segment was responsible for this. In the Natural Gas Trading business sector, above-average temperatures in the winter months led to a mostly volumes and price-related decline in sales. On the other hand, weather conditions were favorable for our business with crop protection products; sales rose considerably in the Agricultural Solutions segment. Income from operations before special items fell by €19 million to €1,458 million due to the considerably lower contribution from the Oil & Gas segment.

In **North America**, sales grew as a result of significantly higher volumes, rising by 9% in U.S. dollars and by 5% in euro terms. We posted an especially sharp increase in sales volumes in the Petrochemicals and Catalysts divisions. Besides currency effects, lower prices also reduced sales growth in the region. At €491 million, earnings surpassed the level of the first quarter of 2013 by €37 million thanks primarily to higher contributions from the Petrochemicals division and the Agricultural Solutions segment.

Sales in the **Asia Pacific** region rose by 7% in local-currency terms and by 1% in euro terms. We raised sales volumes in all segments. Negative currency effects and declining prices weakened sales growth. At €174 million, earnings were €71 million below the same quarter of 2013. This was largely on account of a considerably smaller contribution from the Chemicals segment as well as currency losses reported in Other. By contrast, the Functional Materials & Solutions segment was able to considerably improve earnings.

Sales in the **South America, Africa, Middle East** region grew by 10% in local-currency terms but declined by 10% in euro terms. Higher prices and improved sales volumes were only able to partly offset highly negative currency effects. Sales decreased considerably in the Agricultural Solutions segment. Here, negative currency effects as well as declining volumes and sales prices put a strain on sales development. Despite a considerably higher contribution from the Oil & Gas segment in Argentina, earnings for the region amounted to €17 million, down by €21 million compared with the level of the previous first quarter. This was due to the currency losses reported in Other.

1st Quarter 2014

- Europe: sales and earnings down slightly as a result of considerably lower contributions from Oil & Gas segment
- North America: slight sales increase from significantly higher volumes; earnings slightly up year-on-year, mostly through improved earnings in Petrochemicals and Agricultural Solutions
- Asia Pacific: slight, volumes-driven sales growth; considerable earnings decline mainly due to lower contributions from Chemicals segment and Other
- South America, Africa, Middle East: sales decrease considerably on account of negative currency effects; earnings considerably below prior first-quarter level because of lower earnings in Other

Overview of Other Topics

Research and development

With Zetag® *ULTRA*, we have introduced a new range of cationic powder flocculants to the global market. Flocculants serve to separate solids and liquids in industrial and municipal wastewater treatment. Compared with conventional flocculants, Zetag® *ULTRA*'s higher-performing bridging capabilities enable increased dewatering, allowing wastewater treatment facilities to operate more effectively and efficiently.

We have also launched new Joncryl® emulsions for water-based inks and overprint varnishes, expanding our portfolio by two water-based styrene acrylic emulsions: Joncryl® 8053 and Joncryl® 633-E. Their high efficiency allows inks and overprint varnishes to be produced at lower cost with the same high quality and performance.

In Mumbai, India, we opened a new global center for research and development focusing on organic synthesis, process development, formulation research, discovery chemistry for modern agricultural solutions, and molecular modeling. The new research facilities will accommodate more than 60 scientists in the first phase.

A further step toward increasing the globalization of our R&D activities is the Network for Advanced Materials Open Research, an initiative we established together with seven leading universities and research institutes in China, Japan and South Korea. The aim is to develop new materials together for a wide range of applications. The initial focus is on products for the automotive, construction, and detergent and cleaners industries as well as the water and wind energy industries.

Employees

Compared with the end of 2013, the number of BASF Group employees rose by 99 to a total of 112,305 as of March 31, 2014. On this date, 63.2% of BASF Group employees were employed in Europe while North America accounted for 15.1% of employees, Asia Pacific for 15.0% and South America, Africa, Middle East for 6.7%.

Compared with the same quarter of the previous year, personnel expenses in the first quarter of 2014 rose by 2.0% to €2,324 million. This was largely attributable to higher expenses for the long-term incentive program as well as to the increased number of employees.

Research and development

- Zetag® *ULTRA*: cationic flocculant with better dewatering capabilities launched worldwide
 - New Joncryl® emulsions for more cost-efficient production of water-based inks and overprint varnishes
 - Global research and development center opened in Mumbai, India, with focus on crop protection
 - Development of innovative materials with top universities and research institutes in Asia
-

Employees by region

	March 31, 2014	Dec. 31, 2013
Europe	70,936	70,977
Thereof Germany	52,462	52,523
North America	16,915	16,996
Asia Pacific	16,896	16,708
South America, Africa, Middle East	7,558	7,525
	112,305	112,206

Outlook

The first quarter of 2014 saw positive development, especially in our chemicals business¹. However, overall sales and income from operations before special items were slightly below the previous first-quarter levels. This was attributable to lower contributions from the Oil & Gas segment and negative currency effects.

For 2014, we anticipate somewhat faster growth in the global economy than in 2013. We expect to perform well in a market environment that remains volatile and challenging. We therefore stand by our outlook for 2014 despite unfavorable currency developments and aim to slightly increase income from operations before special items. Sales are likely to decrease slightly as a result of the divestiture of the gas trading and storage business planned for the middle of 2014.

Opportunities and risks


In 2014, opportunities may arise for us from stronger growth in the global economy and our customer industries.

We also see opportunities in implementing our “We create chemistry” strategy and further improving our operational excellence, as well as in strengthening research and development. We will continue to concentrate on expanding our business in growth markets as well as on innovations, portfolio optimization, restructuring and increasing efficiency. For example, our excellence program, STEP, serves to strengthen our competitiveness and profitability. Starting at the end of 2015, STEP is expected to contribute around €1 billion to earnings each year. STEP comprises more than 100 individual projects that will lower fixed costs and raise contribution margins, and is running right on schedule.

However, there are also risks to the development of our business. A renewed intensification of the sovereign debt crisis in Europe, an escalation of the conflict in the Ukraine, and the deceleration of growth in China would all have a negative

impact on global economic growth. A weaker U.S. dollar would be detrimental to our earnings. Rising raw material costs could furthermore lead to lower margins.

The statements on opportunities and risks made in the BASF Report 2013 remain valid.

 For more information, see the Opportunities and Risks Report in the BASF Report 2013 on pages 106–114

Forecast

Our expectations for the global economic environment in 2014 remain unchanged:

- Growth of gross domestic product: 2.8%
- Growth in industrial production: 3.7%
- Growth in chemical production: 4.4%
- An average euro/dollar exchange rate of \$1.30 per euro
- An average oil price for the year of \$110 per barrel

The upturn in growth expected for the global economy and key customer industries in 2014 will presumably have a positive effect on our business. We aim to increase our sales volumes excluding the effects of acquisitions and divestitures. Nonetheless, sales are likely to decline slightly compared with 2013, due to the divestiture of the gas trading and storage business planned for the middle of 2014. We expect a slight rise in income from operations before special items, especially as a result of considerably higher contributions from the Performance Products and Functional Materials & Solutions segments. We will likely considerably increase income from operations. The special income arising from the planned divestiture of our gas trading and storage business should make a significant contribution here. We aim to considerably improve income from operations after cost of capital and therefore earn a high premium on our cost of capital once again.

Outlook 2014

- Sales expected to be slightly below 2013 levels, due to planned mid-year divestiture of gas trading and storage business
- Slight rise in income from operations (EBIT) before special items and significant increase in EBIT and EBIT after cost of capital targeted
- Opportunities could arise from stronger growth in the global economy and in our customer industries
- STEP excellence program to help strengthen our competitiveness and profitability
- Risks could be posed by renewed intensification of sovereign debt crisis in Europe, escalation of conflict in the Ukraine, deceleration of growth in China, a weaker U.S. dollar and rising raw material costs

¹ Our chemicals business includes the Chemicals, Performance Products and Functional Materials & Solutions segments.

BASF Group Interim Financial Statements

Statement of Income

Statement of income (million €)

	Explanations in Note	1st Quarter		
		2014	2013	Change in %
Sales revenue		19,512	19,738	(1.1)
Cost of sales		(14,667)	(14,872)	1.4
Gross profit on sales		4,845	4,866	(0.4)
Selling expenses		(1,770)	(1,806)	2.0
General and administrative expenses		(306)	(329)	7.0
Research expenses		(442)	(429)	(3.0)
Other operating income	[5]	401	340	17.9
Other operating expenses	[5]	(573)	(560)	(2.3)
Income from companies accounted for using the equity method	[6]	94	87	8.0
Income from operations		2,249	2,169	3.7
Income from shareholdings		6	6	-
Expenses from shareholdings		(1)	(15)	93.3
Interest income		34	26	30.8
Interest expense		(158)	(154)	(2.6)
Other financial result		(64)	11	.
Financial result	[7]	(183)	(126)	(45.2)
Income before taxes and minority interests		2,066	2,043	1.1
Income taxes	[8]	(525)	(499)	(5.2)
Income before minority interests		1,541	1,544	(0.2)
Minority interests	[9]	(64)	(98)	34.7
Net income		1,477	1,446	2.1
Earnings per share (€)	[10]			
Undiluted		1.61	1.57	2.5
Diluted		1.61	1.57	2.5

Statement of Income and Expense Recognized in Equity

Statement of income and expense recognized in equity (million €)

	1st Quarter	
	2014	2013
Income before minority interests	1,541	1,544
Remeasurement of defined benefit plans	(1,006)	394
Remeasurement due to acquisition of majority of shares	-	-
Deferred taxes for items that will not be reclassified to the statement of income	307	(94)
Income and expense recognized directly in equity that will not be reclassified to the statement of income at a later date	(699)	300
Foreign currency translation adjustment	(133)	263
Fair value changes in available-for-sale securities	(5)	-
Cash flow hedges	(79)	(7)
Deferred taxes for items that will be reclassified to the statement of income	21	3
Income and expense recognized directly in equity that will be reclassified to the statement of income at a later date	(196)	259
Minority interests	(25)	14
Total income and expense recognized directly in equity	(920)	573
Income before minority interests and income and expense recognized directly in equity	621	2,117
Thereof attributable to shareholders of BASF SE	582	2,005
Thereof attributable to minority interests	39	112

Development of income and expense recognized directly in equity of shareholders of BASF SE (million €)

	Other comprehensive income						Total income and expense recognized directly in equity
	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Fair value changes in available-for-sale securities	Cash flow hedges	Revaluation due to acquisition of majority of shares		
As of January 1, 2014	(2,444)	(917)	15	(54)	-	(3,400)	
Additions	(1,006)	(133)	-	(79)	-	(1,218)	
Releases	-	-	(5)	-	-	(5)	
Deferred taxes	307	2	.	19	-	328	
As of March 31, 2014	(3,143)	(1,048)	10	(114)	-	(4,295)	
As of January 1, 2013	(3,571)	165	17	(73)	1	(3,461)	
Additions	-	-	-	-	-	-	
Releases	394	263	-	(7)	-	650	
Deferred taxes	(94)	(4)	(1)	8	-	(91)	
As of March 31, 2013	(3,271)	424	16	(72)	1	(2,902)	

Balance Sheet

Assets (million €)

	Explanations in Note	March 31, 2014	March 31, 2013	Change in %	Dec. 31, 2013	Change in %
Intangible assets	[11]	12,120	12,675	(4.4)	12,235	(0.9)
Property, plant and equipment	[11]	18,343	17,289	6.1	18,254	0.5
Investments accounted for using the equity method	[11]	4,153	3,457	20.1	4,137	0.4
Other financial assets	[11]	665	624	6.6	630	5.6
Deferred tax assets		1,306	1,569	(16.8)	992	31.7
Other receivables and miscellaneous assets		869	874	(0.6)	876	(0.8)
Noncurrent assets		37,456	36,488	2.7	37,124	0.9
Inventories	[12]	9,851	9,888	(0.4)	9,592	2.7
Accounts receivable, trade	[12]	10,784	11,051	(2.4)	9,376	15.0
Other receivables and miscellaneous assets	[12]	3,979	3,738	6.4	3,630	9.6
Marketable securities	[12]	16	16	-	17	(5.9)
Cash and cash equivalents	[12]	3,107	2,433	27.7	1,815	71.2
Assets of disposal groups		2,747	3,125	(12.1)	2,828	(2.9)
Current assets		30,484	30,251	0.8	27,258	11.8
Total assets		67,940	66,739	1.8	64,382	5.5

Equity and liabilities (million €)

	Explanations in Note	March 31, 2014	March 31, 2013	Change in %	Dec. 31, 2013	Change in %
Subscribed capital	[13]	1,176	1,176	-	1,176	-
Capital surplus	[13]	3,165	3,188	(0.7)	3,165	-
Retained earnings	[13]	27,647	25,158	9.9	26,170	5.6
Other comprehensive income		(4,295)	(2,902)	(48.0)	(3,400)	(26.3)
Equity of shareholders of BASF SE		27,693	26,620	4.0	27,111	2.1
Minority interests		693	1,056	(34.4)	678	2.2
Equity		28,386	27,676	2.6	27,789	2.1
Provisions for pensions and similar obligations	[14]	4,698	5,094	(7.8)	3,709	26.7
Other provisions	[15]	2,916	2,967	(1.7)	2,924	(0.3)
Deferred tax liabilities		2,670	2,493	7.1	2,849	(6.3)
Financial indebtedness	[16]	12,707	9,907	28.3	11,151	14.0
Other liabilities	[16]	1,263	1,014	24.6	1,157	9.2
Noncurrent liabilities		24,254	21,475	12.9	21,790	11.3
Accounts payable, trade		4,519	4,558	(0.9)	4,505	0.3
Provisions	[15]	2,851	2,918	(2.3)	2,616	9.0
Tax liabilities		1,347	1,118	20.5	954	41.2
Financial indebtedness	[16]	2,345	3,378	(30.6)	3,256	(28.0)
Other liabilities	[16]	2,209	3,144	(29.7)	2,182	1.2
Liabilities of disposal groups		2,029	2,472	(17.9)	1,290	57.3
Current liabilities		15,300	17,588	(13.0)	14,803	3.4
Total equity and liabilities		67,940	66,739	1.8	64,382	5.5

Statement of Cash Flows

Statement of cash flows (million €)

	1st Quarter	
	2014	2013
Net income	1,477	1,446
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	701	693
Changes in net working capital	(1,052)	(713)
Miscellaneous items	578	615
Cash provided by operating activities	1,704	2,041
Payments related to property, plant and equipment and intangible assets	(936)	(831)
Acquisitions/divestitures	263	(514)
Financial investments and other items	(97)	(292)
Cash used in investing activities	(770)	(1,637)
Capital increases/repayments, share repurchases	–	–
Changes in financial liabilities	413	429
Dividends	(24)	(66)
Cash provided by financing activities	389	363
Net changes in cash and cash equivalents	1,323	767
Cash and cash equivalents as of beginning of year and other changes	1,784	1,666
Cash and cash equivalents at end of quarter	3,107	2,433

Cash provided by operating activities amounted to €1,704 million in the first quarter of 2014, down by €337 million year-on-year. The outflow in net working capital was particularly due to increased trade accounts receivable. The cash inflow from miscellaneous items arose predominantly from the higher liabilities of the natural gas trading disposal group.

Investing activities led to a cash outflow of €770 million, compared with €1,637 million in the same quarter of 2013. At €936 million, payments related to property, plant and equipment and intangible assets were higher than the level of the previous first quarter. In the first quarter of 2014, proceeds of €263 million came from the divestiture of shares in non-BASF-operated oil and gas fields in the British North Sea to the MOL Group. Payments for acquisitions in the first quarter of 2013 had been primarily related to the acquisition of Pronova BioPharma ASA, headquartered in Lysaker, Norway.

Financing activities led to a cash inflow of €389 million, compared with €363 million in the previous first quarter. The cash inflow resulting from the change in financial liabilities amounted to €413 million, mainly due to the issuance of several bonds with a nominal value of €1,550 million. Partly counterbalancing this was the scaling back of BASF SE's U.S. dollar commercial paper program. Payments of €24 million were made to minority shareholders of Group companies, in the form of dividends.

Cash and cash equivalents amounted to €3,107 million as of March 31, 2014, compared with €1,815 million at the end of 2013. Net debt was reduced to €11,945 million as of the end of the first quarter of 2014, compared with €12,592 million as of December 31, 2013.

Statement of Changes in Equity

1st Quarter 2014 (million €)

	Number of subscribed shares outstanding	Subscribed capital	Capital surplus	Retained earnings	Other com- prehensive income ¹	Equity of shareholders of BASF SE	Minority interests	Equity
As of January 1, 2014	918,478,694	1,176	3,165	26,170	(3,400)	27,111	678	27,789
Effects of acquisitions achieved in stages	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(24) ²	(24)
Net income	-	-	-	1,477	-	1,477	64	1,541
Change in income and expense recognized directly in equity	-	-	-	-	(895)	(895)	(25)	(920)
Changes in scope of consolidation and other changes	-	-	-	-	-	-	-	-
As of March 31, 2014	918,478,694	1,176	3,165	27,647	(4,295)	27,693	693	28,386

1st Quarter 2013 (million €)

As of January 1, 2013	918,478,694	1,176	3,188	23,708	(3,461)	24,611	1,010	25,621
Effects of acquisitions achieved in stages	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(66) ²	(66)
Net income	-	-	-	1,446	-	1,446	98	1,544
Change in income and expense recognized directly in equity	-	-	-	-	559	559	14	573
Changes in scope of consolidation and other changes	-	-	-	4	-	4	-	4
As of March 31, 2013	918,478,694	1,176	3,188	25,158	(2,902)	26,620	1,056	27,676

¹ Detailed information can be found in the table "Development of income and expense recognized directly in equity of shareholders of BASF SE" on page 16.

² Including profit and loss transfers

Segment Reporting

1st Quarter (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %
Chemicals	4,398	4,396	0.0	782	841	(7.0)	601	650	(7.5)	600	650	(7.7)
Performance Products	3,872	3,880	(0.2)	611	568	7.6	427	379	12.7	414	367	12.8
Functional Materials & Solutions	4,236	4,181	1.3	424	352	20.5	311	239	30.1	311	240	29.6
Agricultural Solutions	1,653	1,556	6.2	552	532	3.8	510	498	2.4	510	492	3.7
Oil & Gas	4,276	4,660	(8.2)	763	734	4.0	494	630	(21.6)	625	630	(0.8)
Other	1,077	1,065	1.1	(182)	(173)	(5.2)	(203)	(182)	(11.5)	(211)	(210)	(0.5)
	19,512	19,738	(1.1)	2,950	2,854	3.4	2,140	2,214	(3.3)	2,249	2,169	3.7

1st Quarter (million €)

	Research expenses			Assets			Additions to noncurrent assets ¹			Amortization and depreciation ²		
	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %
Chemicals	44	42	4.8	11,237	10,646	5.6	272	324	(16.0)	182	191	(4.7)
Performance Products	85	92	(7.6)	13,975	14,537	(3.9)	159	837	(81.0)	197	201	(2.0)
Functional Materials & Solutions	87	87	-	12,405	12,639	(1.9)	110	118	(6.8)	113	112	0.9
Agricultural Solutions	112	100	12.0	7,841	7,651	2.5	63	59	6.8	42	40	5.0
Oil & Gas	12	9	33.3	11,971	10,974	9.1	269	195	37.9	138	104	32.7
Other	102	99	3.0	10,511	10,292	2.1	36	33	9.1	29	37	(21.6)
	442	429	3.0	67,940	66,739	1.8	909	1,566	(42.0)	701	685	2.3

¹ Investments in intangible assets and property, plant and equipment (including acquisitions)

² Depreciation and amortization of intangible assets and property, plant and equipment

Other³ (million €)


	1st Quarter		
	2014	2013	Change in %
Sales	1,077	1,065	1.1
EBIT before special items	(203)	(182)	(11.5)
Thereof			
Group corporate costs	(49)	(56)	12.5
Corporate research	(98)	(97)	(1.0)
Currency results, hedges and other valuation effects	(95)	56	.
Other business	50	59	(15.3)
Special items	(8)	(28)	71.4
EBIT	(211)	(210)	(0.5)

³ Further information on Other can be found in the Notes to the Interim Financial Statements on pages 22 and 23.

Notes to the Interim Financial Statements

1 – Basis of presentation

The Consolidated Financial Statements of the BASF Group for the year ending December 31, 2013, were prepared according to the International Financial Reporting Standards (IFRS) valid as of the balance sheet date. The Interim Financial Statements as of March 31, 2014, have been prepared in line with the rules of International Accounting Standard 34 in abbreviated form and using the same accounting policies. The Interim Financial Statements and Interim Management's Report have been neither audited nor subject to an auditor's review.

 The BASF Report 2013 containing the Consolidated Financial Statements as of December 31, 2013, can be found online at: basf.com/report

Selected exchange rates

1 € equals	Closing rates		Average rates 1st quarter	
	Mar. 31, 2014	Dec. 31, 2013	2014	2013
Brazil (BRL)	3.13	3.26	3.24	2.64
China (CNY)	8.58	8.35	8.36	8.22
Great Britain (GBP)	0.83	0.83	0.83	0.85
Japan (JPY)	142.42	144.72	140.80	121.80
Malaysia (MYR)	4.50	4.52	4.52	4.07
Mexico (MXN)	18.01	18.07	18.13	16.70
Russian Federation (RUB)	48.78	45.32	48.04	40.15
Switzerland (CHF)	1.22	1.23	1.22	1.23
South Korea (KRW)	1,465.98	1,450.93	1,465.34	1,433.09
United States (USD)	1.38	1.38	1.37	1.32

2 – Scope of consolidation

In addition to BASF SE, all material subsidiaries are included in the BASF Group Financial Statements on a fully consolidated basis. Joint arrangements that are classified as joint operations according to IFRS 11 are proportionally consolidated. Changes in the number of fully and proportionally consolidated companies are shown in the table.

Since the beginning of 2014, five companies have been deconsolidated because of mergers with other BASF companies or on account of divestitures. One subsidiary was included in the scope of consolidation for the first time due to increased significance.

The decrease in the number of companies accounted for using the equity method resulted from the sale of one company.

Scope of consolidation

	2014	2013
As of January 1	309	312
Thereof proportionally consolidated	8	8
First-time consolidations	1	6
Thereof proportionally consolidated	–	–
Deconsolidations	5	2
Thereof proportionally consolidated	–	–
As of March 31	305	316
Thereof proportionally consolidated	8	8

Companies consolidated using the equity method

	2014	2013
As of January 1	34	32
As of March 31	33	32

3 – Acquisitions/divestitures

Acquisitions

BASF did not make any material acquisitions in the first quarter of 2014.

Divestitures

On March 25, 2014, BASF concluded the sale of selected oil and gas investments in the North Sea to the Hungarian MOL Group, as agreed upon on December 12, 2013. MOL acquired 14 licenses, including for the non-BASF-operated Broom field (29%) as well as for the Catcher (20%), Cladhan (33.5%) and Scolty/Crathes (50%) developments. The transaction also included the sale of BASF's shares in the infrastructure of the Sullom Voe Terminal and in the Brent Pipeline System. The transaction was financially retroactive to January 1, 2013. The purchase price agreed upon was \$375 million; less adjustments, the total purchase price amounted to €264 million.

4 – Segment reporting

BASF's business is conducted by 14 operating divisions aggregated into five segments for reporting purposes. The divisions are allocated to the segments based on their business models.

The Chemicals segment comprises the classical chemicals business with basic chemicals and intermediates. It forms the core of BASF's Production Verbund and is the starting point for a majority of the value chains. In addition to supplying the chemical industry and other sectors, the segment ensures that other BASF divisions are supplied with chemicals for producing downstream products. Chemicals comprises the Petrochemicals, Monomers and Intermediates divisions.

The Performance Products segment consists of the Dispersions & Pigments, Care Chemicals, Nutrition & Health, Paper Chemicals and Performance Chemicals divisions. Customized products allow customers to make their production processes more efficient or to give their products improved application properties.

The Functional Materials & Solutions segment bundles system solutions, services and innovative products for specific sectors and customers, in particular for the automotive, electronic, chemical and construction industries. It comprises the Catalysts, Construction Chemicals, Coatings and Performance Materials divisions.

Agricultural Solutions is made up of the Crop Protection division, whose products secure yields and guard crops against fungal infections, insects and weeds, in addition to serving as biological and chemical seed treatments. Plant biotechnology research is not assigned to this segment; it is reported in Other.

The Oil & Gas segment is composed of the Oil & Gas division with its Exploration & Production and Natural Gas Trading business sectors.

Activities not assigned to a particular division are reported in Other. These include the sale of raw materials, engineering and other services, rental income and leases.

With cross-divisional corporate research, BASF is developing growth fields and ensuring its long-term competence with regard to technology and methods. This includes plant biotechnology research. Corporate research costs are not allocated to the segments, but rather are also reported under Other, as are corporate costs, which comprise expenses for steering the BASF Group.

Earnings from currency conversion that are not allocated to the segments are also reported under Other, as are earnings from the hedging of raw material prices and foreign currency exchange risks. Furthermore, revenues and expenses from the long-term incentive (LTI) program are reported here.

Transfers between the segments are generally executed at adjusted market-based prices which take into account the higher cost effectiveness and lower risk of Group-internal transactions.

Assets, as well as their depreciation and amortization, are allocated to the segments based on economic control. Assets used by more than one segment are allocated based on the percentage of usage.

Sales in Other grew by €12 million compared with the first quarter of 2013. This was mainly the result of higher volumes in raw materials trading. In Other, income from operations in the first quarter of 2014 matched the previous first quarter's level. Lower miscellaneous expenses compensated for currency losses and additions to provisions for the LTI program.

Assets of Other (million €)

	1st Quarter	
	2014	2013
Assets of businesses included under Other	2,663	3,315
Financial assets	665	624
Deferred tax assets	1,306	1,569
Cash and cash equivalents / marketable securities	3,123	2,449
Defined benefit assets	46	74
Miscellaneous receivables / prepaid expenses	2,708	2,261
Assets of Other	10,511	10,292

Reconciliation reporting for Oil & Gas (million €)

	1st Quarter	
	2014	2013
Income from operations	625	630
Income from shareholdings	–	(9)
Other income	(47)	30
Income before taxes and minority interests	578	651
Income taxes	(133)	(196)
Income before minority interests	445	455
Minority interests	(3)	(58)
Net income	442	397

In the reconciliation reporting for Oil & Gas, the income from operations of the Oil & Gas segment is reconciled to the contribution of the companies in this segment to the net income of the BASF Group. Special income from the divestiture of investments in North Sea oil and gas fields to the MOL Group as well as additional activities in Norway raised income from operations. The contribution from Libya fell due to the continued suspension of onshore production and the lack of offshore lifting as compared with the first quarter of 2013. Lower contributions from the natural gas trading business additionally dampened earnings development.

The Oil & Gas segment's other income relates to income and expenses not included in the segment's income from operations, the interest result and the other financial result. The year-on-year decrease came from currency results not allocated to the segment.

The tax rate decreased compared with the first quarter of 2013 mainly as a result of the tax-free income from the divestiture of investments in North Sea oil and gas fields to the MOL Group.

5 – Other operating income and expenses**Other operating income** (million €)

	1st Quarter	
	2014	2013
Income on the reversal of provisions	21	48
Revenue from miscellaneous revenue-generating activities	34	43
Income from foreign currency and hedging transactions	134	55
Income from the translation of financial statements in foreign currencies	6	38
Gains on the disposal of fixed assets and divestitures	137	9
Income on the reversal of valuation allowances for business-related receivables	8	15
Miscellaneous income	61	132
Other operating income	401	340

Other operating expenses (million €)

	1st Quarter	
	2014	2013
Expenses from the measurement of LTI options as well as other personnel obligations	68	88
Restructuring measures	10	33
Environmental protection and safety measures, costs of demolition and removal, and project expenses related to capital expenditures that are not subject to mandatory capitalization	60	44
Amortization, depreciation and impairments of intangible assets and property, plant and equipment	2	8
Costs from miscellaneous revenue-generating activities	28	43
Expenses from foreign currency and hedging transactions	144	77
Losses from the translation of financial statements in foreign currencies	47	18
Losses from the disposal of fixed assets and divestitures	5	5
Oil and gas exploration expenses	24	28
Expenses from the addition of valuation allowances for business-related receivables	15	16
Expenses from the use of inventories measured at market value and the derecognition of obsolete inventory	34	31
Miscellaneous expenses	136	169
Other operating expenses	573	560

Income from the reversal of provisions decreased primarily on account of the LTI program: While the same period of the previous year had included gains for the reversal of provisions, the first quarter of 2014 included expenses from additions to provisions. These were reported under other operating expenses.

Income and expenses from foreign currency and hedging transactions rose compared with the previous first quarter. This was largely due to higher income from hedging for raw material price risks and to higher expenses, especially from commodity derivatives and foreign currency transactions.

The increase in gains from the disposal of fixed assets and divestitures arose from the disposal gains related to the sale of investments to the Hungarian MOL Group.

The decline in income reported in miscellaneous was mostly attributable to the final compensation payment for the fertilizer business in the previous first quarter.

Expenses for other personnel obligations declined primarily as a result of lower additions to provisions for variable compensation compared with the previous first quarter.

The rise in losses from the translation of financial statements in foreign currencies resulted from the appreciation of the euro relative to certain currencies.

6 – Income from companies accounted for using the equity method

A large portion of income from companies accounted for using the equity method came from the Oil & Gas segment, especially from GASCADE Gastransport GmbH and Nord Stream AG. Wintershall AG posted negative earnings in the first quarter of 2014. This was due to strikes at export terminals in Libya, which have resulted in the suspension of all onshore crude oil and associated gas production in Libya since July 2013.

Since the creation of the natural gas trading disposal group in November 2012, the equity-accounted carrying amounts of companies in this group remain unchanged and are only tested for impairment.

The share in Styrolution Holding GmbH contributed significantly to income.

7 – Financial result

Million €	1st Quarter	
	2014	2013
Dividends and similar income	3	2
Income from the disposal of shareholdings	–	–
Income from profit transfer agreements	2	3
Income from tax allocation to participating interests	1	1
Income from other shareholdings	6	6
Losses from loss transfer agreements	(1)	(10)
Write-downs on / losses from the sale of shareholdings	–	(5)
Expenses from other shareholdings	(1)	(15)
Interest income from cash and cash equivalents	24	24
Interest and dividend income from securities and loans	10	2
Interest income	34	26
Interest expenses	(158)	(154)
Net interest income from overfunded pension plans and similar obligations	–	–
Net interest income from other long-term employee obligations	–	–
Income from the capitalization of construction interest	34	20
Miscellaneous financial income	–	55
Other financial income	34	75
Write-downs of / losses from the disposal of securities and loans	(1)	(1)
Net interest expense from underfunded pension plans and similar obligations	(37)	(48)
Net interest expense from other long-term employee obligations	(3)	(2)
Unwinding of the discount on other noncurrent liabilities	(18)	(13)
Miscellaneous financial expenses	(39)	–
Other financial expenses	(98)	(64)
Financial result	(183)	(126)

Income from shareholdings increased year-on-year due to the lack of expenses from loss transfer agreements for NEL Gastransport GmbH. As an associated company, NEL Gastransport GmbH has been accounted for in the Consolidated Financial Statements using the equity method since the second quarter of 2013.

The interest result improved slightly compared with the previous first quarter. This increase was mainly attributable to higher interest income from loans to companies accounted for using the equity method.

Net interest expense from underfunded pension plans and similar obligations declined compared with the previous year, mainly as a result of the lower defined benefit obligation as of December 31, 2013.

Miscellaneous financial expenses in the first quarter of 2014 include expenses from the market valuation of options for the disposal of BASF's share in Styrolution amounting to €42 million. In the previous first quarter, the valuation had resulted in financial gains of €55 million.

8 – Income taxes

Income before taxes and minority interests (million €)

	1st Quarter	
	2014	2013
Germany	553	677
Foreign	1,513	1,366
Income before taxes and minority interests	2,066	2,043

Income taxes

		1st Quarter	
		2014	2013
Germany	million €	191	179
Foreign	million €	334	320
Income taxes	million €	525	499
Tax rate	%	25.4	24.4

The slightly higher tax rate resulted from the higher portion of earnings from foreign companies. The tax-free special income

from the sale of investments in North Sea oil and gas fields to the MOL Group compensated for this.

9 – Minority interests

Million €		1st Quarter	
		2014	2013
Minority interests in profits		78	98
Minority interests in losses		(14)	–
Minority interests		64	98

In the natural gas trading business, the weather-related sales decline and continuing margin pressure led to minority interests in losses in the first quarter of 2014, mainly at WINGAS GmbH,

after minority interests in profits in the same period of the previous year. By contrast, minority interests in profits were higher at BASF Total Petrochemicals LLC in Port Arthur, Texas.

10 – Earnings per share

		1st Quarter	
		2014	2013
Net income	million €	1,477	1,446
Number of outstanding shares (weighted average)	in thousands	918,479	918,479
Earnings per share	€	1.61	1.57

The calculation of earnings per share is based on the weighted average number of common shares outstanding. The calculation of diluted earnings per common share reflects all possible outstanding common shares and the resulting effect on income of the BASF employee incentive share program “*plus*.”

In the first quarter of 2014, and in the corresponding period of 2013, there was no dilutive effect; undiluted earnings per share were the same as the diluted value per share.

11 – Noncurrent assets

Development (million €)

	1st Quarter 2014			
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method	Other financial assets
Acquisition costs				
Balance as of January 1	15,286	54,466	4,137	824
Additions	24	885	–	34
Disposals	(188)	(657)	–	(1)
Transfers	102	(2)	45	2
Exchange differences	(43)	(44)	(29)	–
Balance as of March 31	15,181	54,648	4,153	859
Amortization and depreciation				
Balance as of January 1	3,051	36,212	–	194
Additions	146	555	–	–
Disposals	(117)	(449)	–	–
Transfers	–	1	–	–
Exchange differences	(19)	(14)	–	–
Balance as of March 31	3,061	36,305	–	194
Net carrying amount as of March 31	12,120	18,343	4,153	665

Development (million €)

	1st Quarter 2013			
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method	Other financial assets
Acquisition costs				
Balance as of January 1	14,876	53,919	3,459	792
Additions	482	1,084	–	26
Disposals	(108)	(201)	–	(5)
Transfers	58	(2)	(18)	2
Exchange differences	169	376	16	1
Balance as of March 31	15,477	55,176	3,457	816
Amortization and depreciation				
Balance as of January 1	2,683	37,309	–	178
Additions	153	532	–	8
Disposals	(108)	(167)	–	–
Transfers	53	(1)	–	6
Exchange differences	21	214	–	–
Balance as of March 31	2,802	37,887	–	192
Net carrying amount as of March 31	12,675	17,289	3,457	624

Significant investments in the first quarter of 2014 were particularly related to the construction of the TDI plant in Ludwigshafen, Germany, the acrylic acid production complex in Camaçari, Brazil, the MDI plant in Chongqing, China, and oil and gas production facilities and wells in Europe and South America. Investments for expansion purposes were particularly made at the sites in Ludwigshafen, Germany; Antwerp, Belgium; Geismar, Louisiana; and Freeport, Texas.

Disposals of property, plant and equipment were largely attributable to the sale of selected oil and gas investments in the North Sea to the Hungarian MOL Group.

Disposals of intangible assets were also related to the sale of selected oil and gas investments in the North Sea to the Hungarian MOL Group as well as to the derecognition of fully amortized technologies.

12 – Current assets

Million €	March 31, 2014	March 31, 2013	December 31, 2013
Raw materials and factory supplies	2,667	2,660	2,560
Work-in-process, finished goods and merchandise	7,057	7,095	6,923
Advance payments and services-in-process	127	133	109
Inventories	9,851	9,888	9,592
Accounts receivable, trade	10,784	11,051	9,376
Other receivables and miscellaneous current assets	3,979	3,738	3,630
Marketable securities	16	16	17
Cash and cash equivalents	3,107	2,433	1,815
Assets of disposal groups	2,747	3,125	2,828
Other current assets	9,849	9,312	8,290
Current assets	30,484	30,251	27,258

Work-in-process, finished goods and merchandise are combined into one item due to the production conditions in the chemical industry. Services-in-process primarily relate to services not invoiced as of the balance sheet date. Inventories are valued using the weighted average cost method.

Trade accounts receivable increased in comparison with year-end 2013 primarily as a result of seasonal effects in the Agricultural Solutions segment.

13 – Equity

Authorized capital

At the Annual Shareholders' Meeting of April 30, 2009, shareholders authorized the Board of Executive Directors, with the approval of the Supervisory Board, to increase the subscribed capital by issuing new shares in an amount of up to €500 million against cash through April 30, 2014. The Board of Executive Directors is empowered, following the approval of the Supervisory Board, to decide on the exclusion of shareholders' subscription rights for these new shares in certain predefined cases covered by the enabling resolution. Until now, this option has not been exercised and no new shares have been issued.

Retained earnings

Transfers from other retained earnings increased legal reserves by €15 million in the first quarter of 2014.

Reserves (million €)

	Mar. 31, 2014	Dec. 31, 2013
Legal reserves	503	488
Other retained earnings	27,144	25,682
Retained earnings	27,647	26,170

14 – Provisions for pensions

Assumptions used to determine the defined benefit obligation (in %)

	Germany		United States		Switzerland		United Kingdom	
	Mar. 31, 2014	Dec. 31, 2013	Mar. 31, 2014	Dec. 31, 2013	Mar. 31, 2014	Dec. 31, 2013	Mar. 31, 2014	Dec. 31, 2013
Discount rate	3.50	3.90	4.30	4.80	1.80	2.40	4.30	4.40
Projected pension increase	2.00	2.00	–	–	–	–	3.10	3.10

Assumptions used to determine expenses for pension benefits (from January 1 through March 31 of the respective year in %)

	Germany		United States		Switzerland		United Kingdom	
	2014	2013	2014	2013	2014	2013	2014	2013
Discount rate	3.90	3.50	4.80	3.75	2.40	2.00	4.40	4.40
Projected pension increase	2.00	2.00	–	–	–	–	3.10	2.70

The assumptions used to determine the defined benefit obligation as of December 31, 2013, are used in the 2014 reporting year to determine the expenses for pension plans.

Since the first-time application of IAS 19 (revised), the standardized return on plan assets is ascertained by multiplying plan assets at the beginning of the year with the discount rate used for existing obligations at the beginning of the year. This takes into account benefit and contribution payments made during the year.

The discount rate reduction in most of the significant currency zones due to the development of the capital markets in the first quarter of 2014 was primarily responsible for actuarial losses in pension obligations. Including the deviation between the actual and standardized return on plan assets as well as the change in the asset ceiling, a negative remeasurement occurred in the amount of €1,006 million. This was recognized in other comprehensive income (OCI), taking into account deferred taxes of €307 million. This valuation effect was also the main reason for the €989 million increase in pension provisions.

15 – Other provisions

Development of other provisions January – March 2014 (million €)

	Jan. 1, 2014	Additions	Unwinding of discount	Utilization	Reversals	Other changes	March 31, 2014
Restoration obligations	996	–	10	(7)	–	(15)	984
Environmental protection and remediation costs	601	35	2	(21)	(1)	2	618
Employee obligations	1,866	391	1	(368)	(6)	31	1,915
Sales and purchase risks	612	324	–	(91)	(7)	2	840
Restructuring measures	228	7	–	(29)	(3)	–	203
Litigation, damage claims, guarantees and similar obligations	105	2	–	(10)	(6)	3	94
Other	1,132	59	–	(57)	(21)	–	1,113
Total	5,540	818	13	(583)	(44)	23	5,767

On March 31, 2014, other provisions had increased by €227 million compared with the end of 2013. Provisions for environmental protection measures and remediation rose, especially on account of obligations for the return of emissions certificates to the respective national trading offices. In provisions for employee obligations, proportional additions for variable compensation components in the current business year were nearly offset by utilizations for the previous year. The bulk of the

payout for variable compensation for 2013 will take place in the second quarter of 2014. Provisions for rebates in the Agricultural Solutions segment increased considerably for seasonal reasons. Other provisions included long-term tax provisions, as well as further present obligations and accruals.

16 – Liabilities

Liabilities (million €)

	March 31, 2014		December 31, 2013		March 31, 2013	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Accounts payable, trade	4,519	–	4,505	–	4,558	–
Bonds and other liabilities to the capital market	1,467	11,656	2,493	10,102	1,955	8,846
Liabilities to credit institutions	878	1,051	763	1,049	1,423	1,061
Financial indebtedness	2,345	12,707	3,256	11,151	3,378	9,907
Tax liabilities	1,347	–	954	–	1,118	–
Advances received on orders	170	–	284	–	172	–
Negative fair values from derivatives and liabilities for precious metal obligations	196	249	125	193	407	180
Liabilities related to social security	136	36	125	35	150	24
Miscellaneous liabilities	1,507	791	1,528	760	2,331	630
Deferred income	200	187	120	169	84	180
Other liabilities	2,209	1,263	2,182	1,157	3,144	1,014

Financial indebtedness (million €)

				Carrying amounts based on effective interest method			
		Currency	Nominal value (million, in issuing currency)	Effective interest rate	Mar. 31, 2014	Dec. 31, 2013	Mar. 31, 2013
BASF SE							
Commercial paper		USD	300		218	1,232	507
4.5%	Bond 2006/2016	EUR	500	4.62%	499	499	498
variable	Bond 2013/2016	EUR	200	variable	200	200	–
4.25%	Bond 2009/2016	EUR	200	4.40%	199	199	199
variable	Bond 2014/2017	EUR	300	variable	300	–	–
5.875%	Bond 2009/2017	GBP	400	6.04%	481	478	470
4.625%	Bond 2009/2017	EUR	300	4.69%	299	299	299
variable	Bond 2013/2018	EUR	300	variable	300	300	300
1.5%	Bond 2012/2018	EUR	1,000	1.51%	1,000	1,000	745
1.375%	Bond 2014/2019	EUR	750	1.44%	748	–	–
variable	Bond 2013/2020	EUR	300	variable	300	300	–
1.875%	Bond 2013/2021	EUR	700	1.94%	697	697	494
2%	Bond 2012/2022	EUR	1,000	2.16%	987	987	986
2.5%	Bond 2014/2024	EUR	500	2.60%	496	–	–
3.675%	Bond 2013/2025	NOK	1,450	3.70%	175	173	–
3%	Bond 2013/2033	EUR	500	3.15%	489	489	197
2.875%	Bond 2013/2033	EUR	200	3.09%	198	198	–
3.25%	Bond 2013/2043	EUR	200	3.27%	199	199	199
3.89%	U.S. Private Placement Series A 2013/2025	USD	250	3.92%	181	181	–
4.09%	U.S. Private Placement Series B 2013/2028	USD	700	4.11%	506	506	–
4.43%	U.S. Private Placement Series C 2013/2034	USD	300	4.45%	217	217	–
BASF Finance Europe N.V.							
6%	Bond 2008/2013	EUR	1,250	6.15%	–	–	1,249
5%	Bond 2007/2014	EUR	1,250	5.04%	1,250	1,250	1,250
3.625%	Bond 2008/2015	CHF	200	3.77%	164	163	164
5.125%	Bond 2009/2015	EUR	2,000	5.07%	2,001	2,001	2,003
4.5%	Bond 2009/2016	EUR	150	4.56%	150	150	150
Ciba Specialty Chemicals Finance Luxembourg S.A.							
4.875%	Bond 2003/2018	EUR	477	4.88%	430	428	420
Other bonds					439	449	671
Bonds and other liabilities to the capital market					13,123	12,595	10,801
Liabilities to credit institutions					1,929	1,812	2,484
Financial indebtedness					15,052	14,407	13,285

17 – Related-party transactions

The BASF Group maintains relationships with several related parties over which it exercises material or significant influence, or which are controlled by the Group but are not consolidated due to their minor significance. The following table shows the scope of the Group's transactions with related parties.

Sales to related parties (million €)

	1st Quarter 2014	1st Quarter 2013
Nonconsolidated subsidiaries	167	199
Joint operations	104	109
Joint ventures	165	158
Associated companies and other shareholdings	679	764

A significant portion of joint venture sales were related to Wintershall Erdgas Handelshaus GmbH & Co. KG, Berlin; these amounted to €81 million in the first quarter of 2014 compared with €60 million in the previous first quarter.

Substantial sales to associated companies and other shareholdings are attributable to the Styrolution Group. Sales to Styrolution Group companies amounted to €500 million in the first quarter of 2014 compared with €620 million in the first quarter of 2013.

There were no reportable related-party transactions with members of the Board of Executive Directors or the Supervisory Board and their related parties during the reporting period.

Trade accounts receivable from / trade accounts payable to related parties (million €)

	Accounts receivable, trade		
	March 31, 2014	March 31, 2013	Dec. 31, 2013
Nonconsolidated subsidiaries	196	207	154
Joint operations	40	38	35
Joint ventures	160	113	117
Associated companies and other shareholdings	344	306	397

	Accounts payable, trade		
	March 31, 2014	March 31, 2013	Dec. 31, 2013
Nonconsolidated subsidiaries	52	47	70
Joint operations	61	55	57
Joint ventures	540	510	293
Associated companies and other shareholdings	69	51	101

Calculation of Adjusted Earnings per Share

		1st Quarter	
		2014	2013
Income before taxes and minority interests	million €	2,066	2,043
Special items	million €	(67)	(10)
Amortization of intangible assets	million €	146	153
Amortization of intangible assets contained in special items	million €	–	–
Adjusted income before taxes and minority interests	million €	2,145	2,186
Adjusted income taxes	million €	(575)	(557)
Adjusted income before minority interests	million €	1,570	1,629
Adjusted minority interests	million €	(65)	(99)
Adjusted net income	million €	1,505	1,530
Weighted average number of outstanding shares		in thousands	918,479
Adjusted earnings per share	€	1.64	1.67

The earnings per share figure adjusted for special items and amortization of intangible assets has become internationally established as a key figure that can be compared over the course of time and is particularly suitable for forecasts of future earnings.

Special items are primarily the result of the integration of acquired businesses, restructuring measures, impairment losses, and gains or losses resulting from divestitures and the sale of investments. These involve expenses and income that do not arise in conjunction with ordinary business activities.

Intangible assets primarily result from the purchase price allocation following acquisitions. The amortization of intangible assets is therefore of a temporary nature.

The calculation of earnings per share in accordance with the International Financial Reporting Standards (IFRS) is presented in the Notes on page 26. Adjusted income before taxes and minority interests, adjusted net income and adjusted earnings per share are key ratios that are not defined under IFRS. They should not be viewed in isolation, but rather treated as supplementary information.

Forward-Looking Statements

This report contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed from pages 106 to 114 in the BASF Report 2013. The BASF Report can be found online at: basf.com/report. We do not assume any obligation to update the forward-looking statements contained in this report.

Interim Report 1st Half 2014

July 24, 2014

Interim Report 3rd Quarter 2014

Oct. 24, 2014

Full-Year Results 2014

Feb. 27, 2015

Annual Shareholders' Meeting 2015 / Interim Report 1st Quarter 2015

April 30, 2015

Further information

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Contact

General inquiries

Phone: +49 621 60-0, Fax: +49 621 60-42525

Corporate Media Relations

Jennifer Moore-Braun, Phone: +49 621 60-99123, Fax: +49 621 60-92693

Investor Relations

Magdalena Moll, Phone: +49 621 60-48230, Fax: +49 621 60-22500

Internet

www.basf.com

BASF SE, 67056 Ludwigshafen, Germany