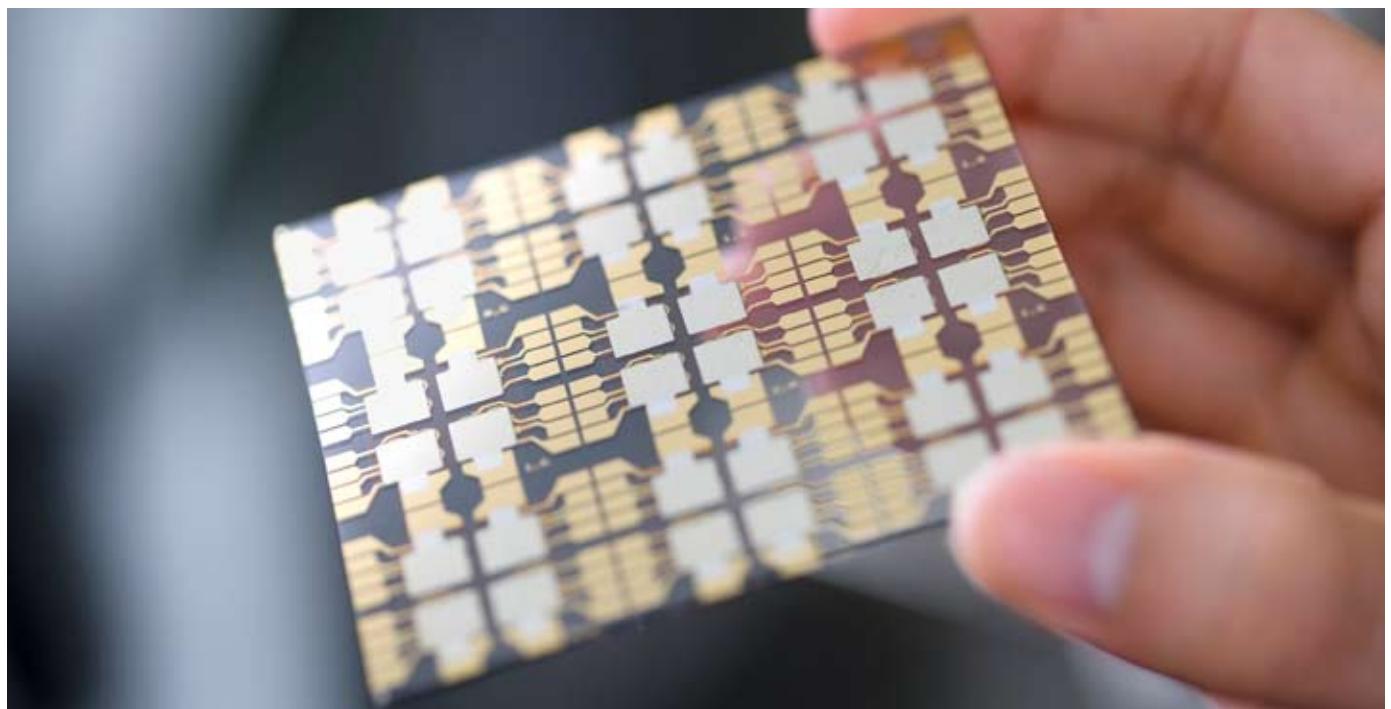


# SHAPING THE FUTURE

## BASF enters challenging 2008 with record first quarter

- Significantly higher sales and earnings in Q1
- Outlook confirmed



**Milestone Q1 2008: BASF presents comprehensive carbon balance** → Further information on page 4

### First-Quarter Results 2008

January – March 2008  
Published on April 24, 2008

 **BASF**  
The Chemical Company

# BASF GROUP FIRST-QUARTER RESULTS 2008

Million €

	2008	2007	Change in %
Sales	15,921	14,632	8.8
Income from operations before depreciation and amortization (EBITDA)	2,955	2,673	10.5
Income from operations (EBIT) before special items	2,354	2,116	11.2
Income from operations (EBIT)	2,303	2,010	14.6
Financial result	(122)	(94)	(29.8)
Income before taxes and minority interests	2,181	1,916	13.8
Net income	1,170	1,035	13.0
Earnings per share (€)	2.48	2.08	19.2
EBIT before special items in percent of sales	14.8	14.5	–
Cash provided by operating activities	1,089	701	55.3
Additions to long-term assets <sup>1</sup>	423	439	(3.6)
Excluding acquisitions	423	439	(3.6)
Amortization and depreciation <sup>1</sup>	652	663	(1.7)
Segment assets (March 31) <sup>2</sup>	38,073	37,053	2.8
Personnel costs	1,541	1,595	(3.4)
Number of employees (March 31)	95,448	94,956	0.5

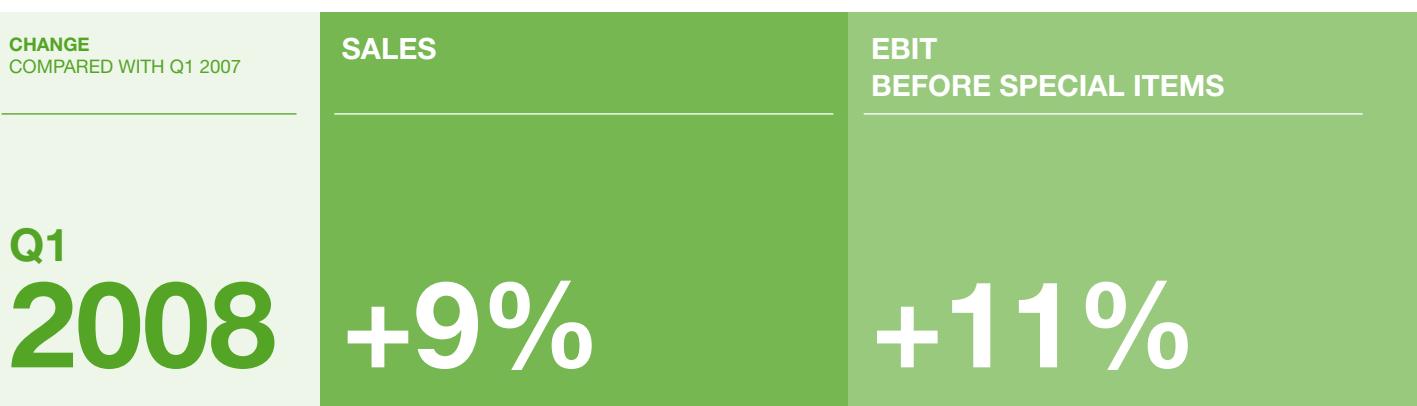
<sup>1</sup> Property, plant and equipment and intangible assets

<sup>2</sup> Property, plant and equipment, intangible assets, inventories and business-related receivables. The previous year's values have been adjusted for the new segment structure. More can be found in the Notes on pages 19 and 20.

## Contents

01 BASF GROUP BUSINESS REVIEW	12 OVERVIEW OF OTHER TOPICS
03 BASF SHARES	13 CONSOLIDATED STATEMENTS OF INCOME
04 SIGNIFICANT EVENTS AND OUTLOOK	14 CONSOLIDATED BALANCE SHEETS
05 CHEMICALS	15 CONSOLIDATED STATEMENTS OF CASH FLOWS
06 PLASTICS	16 CONSOLIDATED STATEMENTS OF RECOGNIZED
07 PERFORMANCE PRODUCTS	INCOME AND EXPENSES
08 FUNCTIONAL SOLUTIONS	17 CONSOLIDATED STATEMENTS OF STOCKHOLDERS'
09 AGRICULTURAL SOLUTIONS	EQUITY
10 OIL & GAS	18 SEGMENT REPORTING
11 REGIONAL RESULTS	19 NOTES TO THE INTERIM FINANCIAL STATEMENTS

← THE COVER SHOWS AN ORGANIC SOLAR CELL



## NEWS FROM OUR INNOVATION CENTERS



**SLIM AND ELEGANT:** The "Myto" cantilever chair is the brainchild of the much celebrated designer Konstantin Grcic. It is made completely of BASF's new injection moldable plastic Ultradur High Speed. The chair is produced by the Italian furniture manufacturer Plank, which exhibited the chair at Europe's important furniture trade fair in Milan in mid-April.

**Innovative materials offer new design possibilities: The filigree structure of the "Myto" chair and its high strength were only possible thanks to BASF's new plastic Ultradur® High Speed.**

BASF is one of the largest suppliers of injection moldable plastics and has now upgraded its Ultradur – chemical name polybutylene terephthalate (PBT) – product line. Finely distributed organic nanoparticles have been added to the plastic. When heated, Ultradur High Speed flows twice as far as standard plastic grades. In addition, the material can be processed at 230°C instead of 260°C as was previously the case. But its mechanical properties – shrinkage and heat distort resistance – are scarcely affected.

Furthermore, with injection molding, only half as much pressure is needed to fill the plastic into the mold. This, together with the low processing temperature, means that energy requirements can be reduced by one-fifth. Less material is also needed because the mold is easier to fill with the easy-flow plastic resulting in a lower rate of prod-

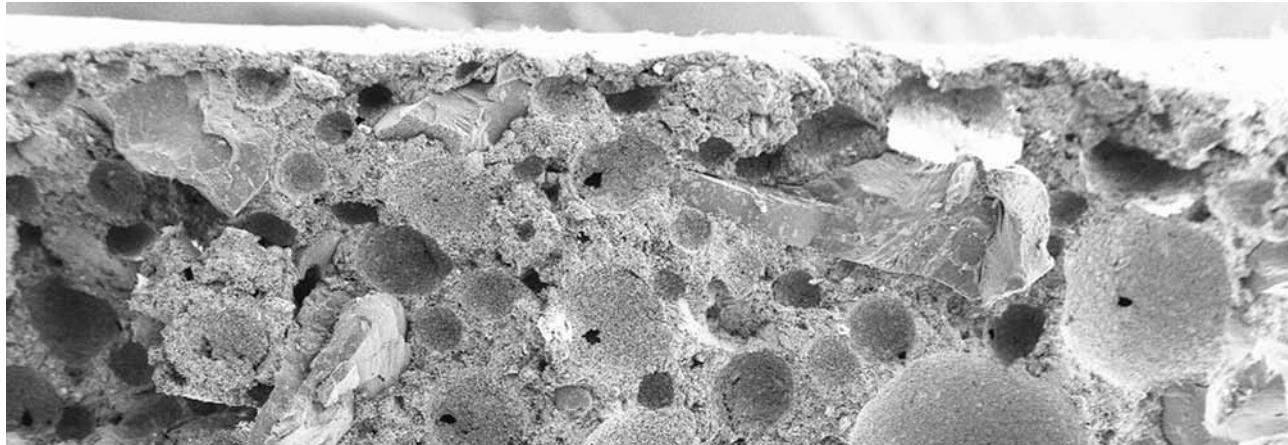
uct rejects. Ultradur High Speed also increases productivity because the injection-molded parts need not be cooled for so long: The hourly output increases by up to 30%.

Ultradur High Speed offers advantages in terms of cost and energy efficiency for the production of molded parts. The new material has been awarded an eco-efficiency seal.

Last but not least, Ultradur High Speed helps improve the product quality. With filigree and complicated molded parts in particular, it is important that the mold is transferred exactly to the product. The innovative plastic can be reinforced with a much higher glass fiber content than before. This allows thinner walled parts to be produced that are also very strong – as with the "Myto" cantilever chair.

### HOW NANOPARTICLES CHANGE FLOW PROPERTIES

- Finely distributed organic nanoparticles with diameters of 50 to 300 nanometers are added to the plastic.
- The nanoparticles reduce the viscosity of the plastic melt, thereby reducing the required processing temperature.
- Determining the optimal particle size and even distribution throughout the plastic matrix are essential.
- The combination of a high-tech additive and the special admixing technique changes the flow properties of the plastic completely, enabling many new applications.



A CROSS-SECTIONAL SCANNING ELECTRON MICROGRAPH of the hardened isolation mortar PCI Nanosilent shows how the black rubber granules with different particle sizes are embedded in a cement matrix. The innovative mortar is quick and straightforward to work with. The very next day, tiles can be laid directly on the substrate.

#### An innovative isolation mortar for tiles is convincing professionals: PCI Nanosilent® facilitates the refurbishment of older flooring significantly because only one step is necessary instead of three.

When refurbishment involves laying new ceramic floors, older dwellings present very special challenges. The leveling out of irregularities, isolation of the substrate and sound reduction are essential. With PCI Nanosilent, PCI Augsburg, a BASF subsidiary coming under the Construction Chemicals division, has developed a new, self-leveling isolation compound that combines these three steps into a single operation. The mortar derives its special properties from its additives, special polymers and rubber granules. These tiny, rubber particles provide the high flexibility of the product after it has cured and are responsible for its outstanding isolating properties.

Manufacturing these special rubber granules and embedding them optimally in the cement matrix were the toughest challenges faced when developing PCI Nanosilent. The effort was more than worth it because the flexibility of the isolation mortar also provides excellent footfall sound reduction. Tests conducted by the Leipzig Material Research and Testing Institute showed a footfall sound reduction of 11 decibels was achieved with a material layer thickness of 10 millimeters. This is approximately equivalent to halving the perceived footfall sound. Irregularities in the old substrate are no problem for PCI Nanosilent: The powder is mixed with water and applied in liquid form. Layer thicknesses of 5 to 15 millimeters and in some cases as much as 20 millimeters can easily be obtained with the self-leveling isolation compound. //

## HIGHTECH UNDERFOOT

- Approximately 20% of all tile adhesives sold in Germany are produced by PCI Augsburg GmbH, a BASF subsidiary.
- Each stage of the craftsmen's job is made easier with products from our "Nano" product line. Alongside the newest addition, PCI Nanosilent, the flexible mortar PCI Nanolight® and the flexible joint grout PCI Nanofug® are further members of this product line.
- The decisive material structures for all three products are in the nanoscale range and provide improved bonding between the substrate and the tiles.

# BASF GROUP BUSINESS REVIEW

## Q1 2008

The BASF Group started 2008 with a record first quarter. Both sales and income from operations before special items increased significantly compared with the same period of 2007.

### Sales

First-quarter sales in 2008 rose by almost 9% to €15.9 billion compared with the same quarter of 2007. Sales volumes rose and sales prices were increased. Currency effects, in particular the depreciation of the U.S. dollar, negatively impacted sales in euro terms in all divisions. Adjusted for these negative currency effects, the growth in sales would have amounted to 15%.

### Factors influencing sales (% of sales)

	1st Quarter
Volumes	8
Prices	7
Acquisitions/divestitures	-
Currencies	(6)
	9

Sales rose significantly in the Chemicals segment due to higher volumes and prices. All divisions contributed to the sales increase with double-digit growth rates.

Slightly higher sales were posted in the Plastics segment compared with the first quarter of 2007. The rise in sales in the Polyurethanes division as a result of continued high demand worldwide more than offset the slight currency-related decrease in the Performance Polymers division.

Sales in the Performance Products segment were close to the level achieved in the same quarter of 2007. Higher volumes in all divisions could not fully offset divestiture-related declines in the Care Chemicals division and negative currency effects.

Sales in the Functional Solutions segment increased slightly due to higher volumes and prices. The Catalysts division in particular made a significant contribution to this rise, despite negative currency effects.

Sales in the Agricultural Solutions segment increased due to higher volumes and sales prices compared with the first quarter of 2007.

The strongest sales growth was posted again in the Oil & Gas segment. Higher crude oil prices and increased natural gas production in the Exploration & Production business sector as well as sales volume increases in the Natural Gas Trading business sector contributed to this.

### First-quarter sales by segment

	2008	2007	
Chemicals	2,561	2,290	+12%
Plastics	2,547	2,466	+3%
	2,206	2,226	(1)%
Performance Products	2,394	2,278	+5%
	946	897	+5%
Oil & Gas	3,744	2,970	+26%

### BASF GROUP Q1 2008

- Sales plus 9%, adjusted for currency effects plus 15%
- EBIT before special items plus 11%, double digit increase in earnings in Plastics, Agricultural Solutions and Oil & Gas
- EBIT plus 15%
- Net income plus 13%
- Earnings per share €2.48 compared with €2.08 in same quarter of 2007

## Earnings

Compared with the first quarter of 2007, income from operations before special items increased by approximately 11% to €2,354 million.

The Chemicals segment did not reach the excellent earnings level achieved in the same quarter of the previous year. This was due to a decline in margins for cracker products and decreased plant availability in the Petrochemicals division. This could not be offset by significantly higher earnings in the Inorganics division.

First-quarter earnings in the Plastics segment were considerably higher than in the same quarter of 2007. The strong increase in the Polyurethanes division more than offset the slight decline in the Performance Polymers division.

Earnings in the Performance Products segment improved. Good business performance in the Care Chemicals division contributed to this. Prices of vitamins, in particular, were increased and fixed costs were reduced.

Earnings in the Functional Solutions segment decreased. Considerably higher earnings in the Catalysts division could not fully offset declines mainly in Construction Chemicals and also in Coatings. This was due in particular to the lower demand in the construction and automotive industries in North America.

Earnings in the Agricultural Solutions segment increased significantly as a result of higher sales volumes and prices.

The highest increase in income from operations before special items was recorded in the Oil & Gas segment. The decrease in earnings in the Natural Gas Trading business sector was more than offset by the volume and price-related increase in the Exploration & Production business sector.

## First-quarter EBIT before special items

Chemicals	2008	524	(7)%
	2007	566	
Plastics	2008	359	+14%
	2007	314	
Performance Products	2008	223	+9%
	2007	204	
Functional Solutions	2008	140	(7)%
	2007	151	
Agricultural Solutions	2008	259	+12%
	2007	231	
Oil & Gas	2008	984	+16%
	2007	848	

Special items in income from operations were related to expenses for restructuring that are recorded under "Other" until they are implemented in the course of the year. Compared with the same period of 2007, first-quarter EBIT rose 15% to €2,303 million.

Income before taxes and minority interests rose approximately 14% to €2,181 million.

At 41%, the tax rate was at the same level as in the first quarter of 2007.

Net income increased by 13% to €1,170 million compared with the first quarter of 2007. Earnings per share rose to €2.48 from €2.08 in the first quarter of 2007. //

## SPECIAL ITEMS (million €)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year	
	2008	2007	2008	2007	2008	2007
- Income from operations	(51)	(106)	(23)	(16)	(153)	(298)
- Financial result	-	-	-	-	-	-
	(51)	(106)	(23)	(16)	(153)	(298)

# BASF SHARES

## Overview BASF shares

		1st Quarter 2008	Full Year 2007
<b>Performance (with dividends reinvested)</b>			
BASF	%	(15.9)	42.0
DAX 30	%	(19.0)	22.3
DJ EURO STOXX 50	%	(17.5)	9.7
DJ Chemicals	%	(4.2)	32.9
MSCI World Chemicals	%	(8.8)	26.7
<b>Share prices and trading (XETRA)</b>			
Average	€	88.34	89.00
High	€	104.82	101.61
Low	€	80.51	71.95
Close (end of period)	€	85.31	101.41
Average daily trade	Million shares	3.9	3.4
Market capitalization (end of period) <sup>1</sup>	Billion €	40.1	48.5

<sup>1</sup> After deduction of shares earmarked for cancellation

## Market trend

The BASF share price was approximately 16% below the closing price of 2007, ending the first quarter at €85.31. In the first quarter of 2008, the DAX 30 and DJ EURO STOXX 50 indices fell by 19% and 17.5%, respectively, in a stock market shaken by the financial crisis. The global industry indices DJ Chemicals and MSCI World Chemicals fell by approximately 4% and almost 9%, respectively, over the same period.

## Dividend increase and stock split proposed

The proposed dividend of €3.90 per share for 2007 is 30% higher than in the previous year and corresponds to an attractive dividend yield of 4.6% based on the closing share price on March 31, 2008. We aim to increase our dividend each year, or at least maintain it at the previous year's level. A stock split will be proposed to the Annual Meeting 2008. Shareholders would receive one additional no-par share for each BASF share held. As a result, the appeal of BASF shares will further increase and will be available to an even broader spectrum of investors.

## Share buybacks for €743 million in the first quarter

In the first quarter of 2008, we repurchased 8.44 million shares for a total of €743 million for an average price of €87.99 per share. Following the deduction of 3.3 million shares that were bought back and are earmarked for cancellation, the total number of outstanding shares was 469.7 million on March 31, 2008. As of that date, BASF has repurchased shares for a total of €2.64 billion as part of the 2007/2008 €3 billion share buyback program. We will continue with our share buyback program after the current program is completed.

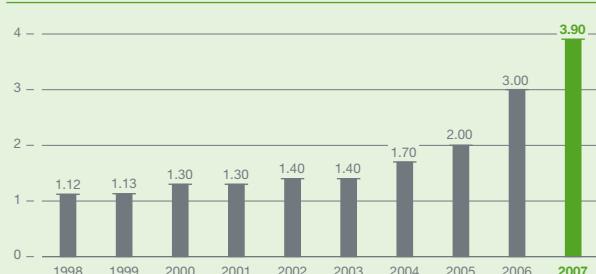
## Gold Class listing in the important sustainability index

In January 2008, BASF shares were included in the Dow Jones Sustainability Index (DJSI World) for the seventh year in succession. BASF was ranked a Gold Class member as a result of its above-average rating. //

## BASF SHARES

- Share buybacks for €743 million in the first quarter of 2008
- Dividend increase to €3.90 per share proposed
- Stock split proposed: one additional no-par share for each share held

## DIVIDEND PER SHARE (€ PER SHARE)



# SIGNIFICANT EVENTS AND OUTLOOK

## Significant events

On March 4, 2008, the Supervisory Board of BASF SE appointed a new member of the Board of Executive Directors: Dr. Hans-Ulrich Engel, who is responsible for Oil & Gas, Europe and Global Procurement & Logistics with immediate effect.

On February 12, 2008, BASF became the world's first company to present a comprehensive carbon balance. This shows that BASF products can save three times more greenhouse gas emissions than the entire amount caused by the production and disposal of the company's products. The Öko-Institut in Freiburg, Germany confirmed BASF's calculations. In order to maintain or even improve on this excellent carbon balance in the long term, BASF spends more than €400 million per year in the areas of energy efficiency, climate protection, resource conservation and renewable raw materials. One example for the innovative research of BASF in this area is organic photovoltaics. Organic solar cells, such as the one shown on the front cover of this report, are flexible and as thin as a sheet protector. This enables them, for example, to be used as environmentally friendly power generators on roofs, in screens and cell phones.

To emphasize the strategic importance of climate protection, BASF has appointed a Climate Protection Officer.

→ [More information can be found at: corporate.bASF.com/future/climate](http://corporate.bASF.com/future/climate)

BASF intends to sell the Seal Sands site in the North of England to INEOS Nitriles. Both companies announced on March 13, 2008 that they had reached an agreement.

BASF and its partner Sinopec Corp. have submitted a technical and commercial feasibility study for the approval of the planned \$900 million expansion of their joint chemical Verbund site in Nanjing to the Chinese government. The new production activities are expected to come on stream stepwise starting this year.

## Outlook

The good start to the first quarter confirms our positive outlook for 2008. Assuming there are no changes to our portfolio, we aim to increase sales and improve income from operations before special items slightly in 2008. We expect to grow faster than the chemical market each year and we are confident of earning at least our cost of capital in any given year.

The outlook for 2008 is now based on the following assumptions:

- A moderate slowdown in global economic growth and growth in chemical production (excluding pharmaceuticals) of 2.8%
- An average euro/dollar exchange rate of \$1.50 per euro
- An average oil price (Brent) of \$90 per barrel

The statements on opportunities and risks made in the BASF Report 2007 remain valid. ///

→ [Detailed information can be found in the BASF Report 2007 in the section "Risk Report" from page 106 onward.](#)

## SIGNIFICANT EVENTS AND OUTLOOK

- New member of Board of Executive Directors: Dr. Hans-Ulrich Engel; responsibilities: Oil & Gas, Europe, Global Procurement & Logistics
- Comprehensive carbon balance: BASF products save three times more greenhouse gas emissions than the entire amount caused by the production and disposal of all BASF products
- Agreement to sell BASF's Seal Sands site to INEOS Nitriles announced in March
- Feasibility study for expansion of Verbund site in Nanjing submitted to Chinese government
- Good start to 2008 confirms positive outlook:  
Higher sales and slightly higher income from operations before special items

# CHEMICALS

## Segment data (million €)

	2008	1st Quarter	
		2007	Change in %
Sales			
Thereof Inorganics	2,561	2,290	12
Petrochemicals	331	292	13
Intermediates	1,555	1,385	12
Sales including intersegmental transfers	675	613	10
	3,936	3,508	12
EBITDA	651	686	(5)
EBIT before special items	524	566	(7)
EBIT before special items in percent of sales	20.5	24.7	–
EBIT	524	566	(7)
Assets	5,905	5,917	–
Research expenses	30	28	7
Additions to property, plant and equipment and intangible assets	76	110	(31)

Sales in the Chemicals segment were significantly higher than in the same quarter of 2007 as a result of higher volumes and prices (volumes 4%, prices 15%, currencies –7%). Earnings decreased in particular due to lower cracker margins.

### Inorganics

Sales were significantly higher than in the first quarter of 2007. A rise in sales prices, in particular for glues and impregnating resins as well as for inorganic salts contributed to this increase. Sales volumes of inorganic specialties and electronic chemicals also increased. The electronic chemicals business environment in Asia appears to be weakening. Earnings increased significantly due to higher margins for methanol and ammonia.

### Petrochemicals

Sales were higher than in the first quarter of 2007 due to steady demand. Higher raw material costs could not be passed on to the market fully despite significant price increases. Earnings decreased significantly. In particular, the oil price-related increase in naphtha costs negatively

impacted margins in the cracker business worldwide. In addition, a two week shutdown of the cracker in Port Arthur, Texas, negatively impacted business. Among others, a scheduled maintenance shutdown of a cracker in Ludwigshafen, is planned for the second quarter of 2008.

Our business with plasticizers and solvents continued to develop positively. The capacity of the oxo-C4 plant in Nanjing, China will be increased by 55,000 metric tons to 305,000 metric tons per year in order to meet growing demand in China.

### Intermediates

Sales increased further. In particular the business with amines and carboxylic acids developed strongly. Earnings were slightly higher than in the same quarter of 2007. The significant increase in raw material costs, in particular in the butanediol value adding chain, could only be passed on partially in the form of higher sales prices. //

# CHEMICALS

- Significant sales increase as a result of higher volumes and prices
- Decline in earnings in particular due to weaker cracker margins
- Feasibility study submitted for expansion of Verbund site in Nanjing, China

→ Further information on the expansion of the Verbund site in Nanjing, China can be found in the section "Significant Events and Outlook" on page 4.

## Q1 2008

COMPARED WITH Q1 2007

### SALES

**+12%**

### EBIT

before special items

**-7%**

# PLASTICS

Segment data (million €)

		1st Quarter	
	2008	2007	Change in %
Sales			
Thereof Performance Polymers	2,547	2,466	3
Polyurethanes	1,221	1,242	(2)
Sales including intersegmental transfers	1,326	1,224	8
EBITDA	2,754	2,680	3
EBIT before special items	459	416	10
EBIT before special items in percent of sales	359	314	14
EBIT	14.1	12.7	—
Assets	358	313	14
Research expenses	5,548	5,542	—
Additions to property, plant and equipment and intangible assets	33	34	(3)
	73	86	(15)

Sales increased slightly in the Plastics segment compared with the first quarter of 2007 (volumes 8%, prices 2%, currencies -7%). Earnings were significantly higher than in the same period of 2007 due to the strong performance in the Polyurethanes division.

## Performance Polymers

The weak U.S. dollar and slackened demand in our key customer industries automotive and construction, in particular in North America, resulted in a slight sales decrease compared with the same quarter of 2007.

Earnings were lower than in the first quarter of 2007, when demand for foams was exceptionally high as a result of the mild winter, which enabled us to achieve very high margins. Significantly higher raw material costs as well as costs for expanding capacity for Ultraform® and Ultrason® negatively impacted earnings in the first quarter of 2008.

As announced in March, BASF intends to sell its Seal Sands site in the North of England to INEOS Nitriles subject to approval by the relevant authorities. The chemical intermediates acrylonitrile (AN), adipodinitrile (ADN) and hexamethylenediamine (HMD), as well as several by-products are produced at the site. In the future, BASF intends

to focus on the core business of the polyamide value-adding chain.

## Polyurethanes

Sales increased again as a result of continuing strong worldwide demand for polyurethanes. The weak U.S. dollar negatively impacted sales in euro terms. In addition, demand in the automotive, construction and furniture industries declined in North America.

Earnings were significantly higher than in the same quarter of 2007 due in particular to the increased availability of TDI. A shutdown resulted in reduced product availability in the first quarter of 2007. The second quarter of 2008 will be impacted by scheduled plant turnarounds. //

## PLASTICS

- Sales and earnings higher than same period of 2007
- Strong growth in Polyurethanes division
- Sale of Seal Sands site in the United Kingdom to INEOS Nitriles planned

## Q1 2008

COMPARED WITH Q1 2007

### SALES

**+3%**

### EBIT

before special items

**+14%**

# PERFORMANCE PRODUCTS

## Segment data (million €)

		1st Quarter	
	2008	2007	Change in %
Sales			
Thereof			
Acrylics & Dispersions	2,206	2,226	(1)
Care Chemicals	861	852	1
Performance Chemicals	763	795	(4)
Sales including intersegmental transfers	582	579	1
EBITDA	2,309	2,316	-
EBIT before special items	339	310	9
EBIT before special items in percent of sales	223	204	9
EBIT	10.1	9.2	-
Assets	231	194	19
Research expenses	6,257	6,732	(7)
Additions to property, plant and equipment and intangible assets	56	67	(16)
	76	81	(6)

Sales in the segment were almost at the same level as in the first quarter of 2007. Negative currency effects and divestiture-related declines were almost offset by higher volumes and sales prices (volumes 6%, prices 3%, portfolio -5%, currencies -5%). Earnings increased in particular due to the good performance of the Care Chemicals division.

### Acrylics & Dispersions

Sales were slightly higher than in the same quarter of 2007. Sales volumes increases were almost completely absorbed by negative currency effects. Continued high raw material costs could not be fully passed on to the market as a result of strong competition and overcapacities in parts of the portfolio. Further margin decreases were recorded, in particular for acrylic monomers and paper coating binders. Earnings for superabsorbents increased. Overall, earnings were lower than in the same quarter of 2007.

### Care Chemicals

Sales decreased slightly due to negative currency effects, the exit from lysine and premix businesses, as well as the divestiture of WIBARCO's detergent ingredient business. Sales of vitamins and products for detergents and cleaning agents rose. Earnings increased significantly compared with the same quarter of 2007. The food and feed businesses made a significant contribution to earnings, in particular due to increased prices for vitamins. In addition, fixed costs were reduced.

### Performance Chemicals

First-quarter sales were slightly higher than in 2007. Significant increases in volumes and prices were posted in particular for performance chemicals for the automotive and refinery industries. Earnings were higher than in the first quarter of 2007. Higher prices and volumes and lower fixed costs more than offset increased raw material costs and negative currency effects. ///

## PERFORMANCE PRODUCTS

- Higher volumes in all divisions
- Sales slightly lower than first quarter of 2007 due to currency effects and divestitures
- Earnings growth due in particular to good performance of the Care Chemicals division

### Q1 2008

COMPARED WITH Q1 2007

### SALES

**-1%**

### EBIT

before special items

**+9%**

# FUNCTIONAL SOLUTIONS

## Segment data (million €)

		1st Quarter		
	2008	2007	Change in %	
Sales				
Thereof Catalysts	2,394	2,278	5	
Construction Chemicals	1,313	1,199	10	
Coatings	455	458	(1)	
Sales including intersegmental transfers	626	621	1	
EBITDA	2,410	2,323	4	
EBIT before special items	227	230	(1)	
EBIT before special items in percent of sales	140	151	(7)	
EBIT	5.8	6.6	-	
Assets	137	137	-	
Research expenses	8,861	9,228	(4)	
Additions to property, plant and equipment and intangible assets	47	46	2	
	46	37	24	

Overall, sales increased due to higher volumes and prices (volumes 5%, prices 8%, currencies –8%). Income from operations before special items decreased, in particular as a result of weaker business activities in Construction Chemicals.

### Catalysts

First-quarter sales were significantly higher than in 2007 despite negative currency effects. A significant contribution of €717 million was made by precious metal trading (Q1 2007: €605 million). Volumes of light-duty catalysts increased in Europe and Asia and remained unchanged in North America. A decline was posted for catalysts for heavy-duty diesel vehicles and small transporters. In Process Technologies, volumes of chemical catalysts developed more positively than refinery catalysts. Earnings rose significantly.

As announced in February, BASF is expanding production capacity for emission-control technologies in the growth regions China, India, Thailand and Brazil.

### Construction Chemicals

Sales reached almost the same level as in the first quarter of 2007. Sales decreased in North America as a result of negative currency effects and lower sales volumes due to reduced construction activities. Increases were posted in Europe, Asia, South America and the Middle East. Earnings decreased mainly due to the slow-down in North America as well as standardization costs in the course of the integration.

### Coatings

Sales were slightly higher than in the same quarter of 2007. In North America sales decreased as a result of currency effects and weaker demand for automotive coatings. This was offset by higher sales of architectural coatings in Brazil as well as automotive coatings in Europe, Asia and South America. Earnings decreased, in particular due to the slow-down in the North American automotive industry.

///

## FUNCTIONAL SOLUTIONS

- Volume and price-related sales increase
- Earnings impacted by weaker demand from construction and automotive industries in North America
- Catalysts expanding capacities in growth regions

## Q1 2008

COMPARED WITH Q1 2007

### SALES

**+5%**

### EBIT

before special items

**-7%**

# AGRICULTURAL SOLUTIONS

## Segment data (million €)

		1st Quarter	
	2008	2007	Change in %
Sales	946	897	5
Sales including intersegmental transfers	952	900	6
EBITDA	306	274	12
EBIT before special items	259	231	12
EBIT before special items in percent of sales	27.4	25.8	—
EBIT	259	226	15
Assets	4,588	4,880	(6)
Research expenses	72	75	(4)
Additions to property, plant and equipment and intangible assets	26	17	53

### Crop Protection

Sales in the Crop Protection division increased to €946 million compared with the first quarter of 2007. Higher volumes and sales prices more than offset negative currency effects (volumes 10%, prices 1%, currencies –6%). Disregarding currency effects, sales increased by 11% and were significantly higher than in the first quarter of 2007.

The season started well in **Europe** due to favorable weather conditions. Sales increased significantly, particularly in the fungicide business.

In **North America**, especially volumes of Headline® with the active ingredient F 500® developed favorably. We have successfully positioned this product in the new, fast-growing market segment Plant Health. Demand for products to combat termites in buildings was modest as a result of the housing crisis in the United States. In addition, the weak U.S. dollar had a significant negative impact on sales for this region that are reported in euro terms.

In **Asia Pacific**, business activities matched the level of the first quarter in 2007 due to currency effects. Growth was recorded in India and Japan. On the Japanese market we increased our sales of the fungicide Arashi®, which contains the active ingredient orysastrobin. This product was introduced to the market in 2007.

The market in **South America** continued to develop favorably. Strong demand for our fungicides that we market under the Plant Health umbrella brand AgCelence™, was recorded in particular in Brazil and Argentina.

Earnings were significantly higher than in the same quarter in 2007 despite negative currency effects. This increase was due in particular to increased volumes and prices.

At the beginning of the year our newly developed product Kixor™ (saflufenacil) was submitted for registration in the United States, Canada and Australia. In the future we expect to achieve annual sales of over €100 million with this new herbicide. Kixor is expected to be registered in North America in time for the 2010 growing season. ///

## AGRICULTURAL SOLUTIONS

- Volume and price related sales increase despite negative currency effects
- Significant increase in earnings
- Herbicide Kixor™ submitted for registration

### Q1 2008

COMPARED WITH Q1 2007

#### SALES

**+5%**

#### EBIT

before special items

**+12%**

# OIL & GAS

## Segment data (million €)

			1st Quarter	
		2008	2007	Change in %
Sales				
Thereof	Exploration & Production	3,744	2,970	26
Natural Gas Trading		1,383	972	42
Sales including intersegmental transfers		2,361	1,998	18
		4,000	3,256	23
EBITDA				
Thereof	Exploration & Production	1,118	972	15
Natural Gas Trading		910	626	45
EBIT before special items		208	346	(40)
Thereof	Exploration & Production	984	848	16
Natural Gas Trading		812	536	51
EBIT before special items in percent of sales		172	312	(45)
Thereof	Exploration & Production	26.3	28.6	-
Natural Gas Trading		58.7	55.1	-
EBIT				
Thereof	Exploration & Production	7.3	15.6	-
Natural Gas Trading		984	848	16
Assets				
Thereof	Exploration & Production	812	536	51
Natural Gas Trading		172	312	(45)
Exploration expenses		6,914	4,754	45
Additions to property, plant and equipment and intangible assets		4,034	2,163	87
		2,880	2,591	11
		46	43	7
		115	79	46

Sales increased significantly due to increased crude oil prices, the expansion in natural gas production and higher volumes in natural gas trading (volumes 18%, prices/currencies 5%, portfolio 3%). Income from operations also increased significantly.

### Exploration & Production

Declining oil production in Libya and the discontinuation of production in Dubai were more than offset by increased natural gas production as a result of the start of activities in the Yuzhno Russkoye field. Compared with the first quarter of 2007, the average price of Brent crude increased by almost \$39 to nearly \$97 per barrel. As a result of the

weaker U.S. dollar the price in euros increased by nearly €21 to almost €65 per barrel. Income from operations rose due to higher volumes and prices.

### Natural Gas Trading

Volumes and sales increased significantly compared with the mild first quarter of 2007. Margins were negatively impacted by the increase in purchase prices for natural gas as the increase in costs on the supply side can contractually only be passed on to customers with a time lag. We also profited from additional spot market trade in the first quarter of 2007. As a result earnings decreased. ///

## OIL & GAS

- Strong sales growth
- Significant increase in income from operations
- Volume and price-related higher contribution to earnings by the Exploration & Production business sector

➔ More information regarding the results of the Oil & Gas segment can be found in the Notes on page 20.

## Q1 2008

COMPARED WITH Q1 2007

### SALES

**+26%**

### EBIT

before special items

**+16%**

# REGIONAL RESULTS

## Overview regions (million €)

	Sales by location of company			Sales by location of customer			EBIT before special items		
	2008	2007	Change in %	2008	2007	Change in %	2008	2007	Change in %
<b>1st Quarter</b>									
Europe	10,080	8,860	14	9,597	8,433	14	1,786	1,591	12
Thereof Germany	7,228	6,544	10	3,775	3,391	11	1,360	1,199	13
North America	2,902	3,036	(4)	2,877	3,048	(6)	268	265	1
Asia Pacific	2,252	2,111	7	2,412	2,237	8	224	207	8
South America, Africa, Middle East	687	625	10	1,035	914	13	76	53	43
	<b>15,921</b>	<b>14,632</b>	<b>9</b>	<b>15,921</b>	<b>14,632</b>	<b>9</b>	<b>2,354</b>	<b>2,116</b>	<b>11</b>

Sales by location of company in **Europe** increased by 14% in the first quarter of 2008. Income from operations before special items rose by €195 million to €1,786 million. The increase in the Chemicals segment was due in particular to the significant increase in sales and earnings in Inorganics. Business in the Agricultural Solutions segment, in particular with fungicides, developed positively as a result of favorable weather conditions and a good start to the season. The Oil & Gas segment posted higher sales and earnings, in particular as a result of higher oil prices.

Sales by companies in **North America** increased by 9% in dollar terms and decreased by 4% in euro terms. At €268 million, income from operations before special items was slightly higher than in the first quarter of 2007. Earnings increased significantly in the Plastics segment but declined in the Functional Solutions segment. Weaker cracker margins and a plant outage impacted earnings in the Chemicals segment.

In **Asia Pacific**, companies recorded a sales increase of 17% in local currency terms and 7% in euro terms. Income from operations before special items rose by €17 million to €224 million. The Plastics segment made an important contribution to this as a result of a significant increase in the volumes and sales of polyurethanes. Growing demand and higher sales prices for vitamins were recorded in the Performance Products segment. Declines in the Chemicals segment were more than offset.

In **South America, Africa, Middle East** first-quarter sales by location of company rose by 18% in local currency terms and by 10% in euro terms. Income from operations before special items climbed €23 million to €76 million. Sales and earnings, in particular for fungicides, improved significantly in the Agricultural Solutions segment. In the Construction Chemicals division, activities developed favorably in the region. The same was also true in the Coatings division due to higher demand for architectural and automotive coatings. ///

## FROM THE REGIONS

- Europe: Sales and earnings increase due in particular to contributions from the Chemicals, Agricultural Solutions and Oil & Gas segments
- North America: Currency-related decline in sales in euro terms; slightly higher earnings, primarily due to growth in the Plastics segment
- Asia Pacific: Favorable development in the Plastics and Performance Products segments more than compensates for declines in the Chemicals segment
- South America, Africa, Middle East: Strong growth in the Agricultural Solutions segment as well as in the Construction Chemicals and Coatings divisions

# OVERVIEW OF OTHER TOPICS

## Research and development

BASF Plant Science and the National Institute of Biological Sciences (NIBS) announced a cooperation and licensing agreement in biotechnology on January 24. Under the agreement, the institute will further analyze the detailed functions of the identified higher-yielding genes before they enter BASF Plant Science's comprehensive R&D pipeline. BASF Plant Science has exclusive rights to develop and commercialize transgenic crops with the discovered genes outside China. NIBS retains the right to market these crops in China.

On January 29, 2008, BASF opened a new research laboratory at its site in Thane, India, and also celebrated the foundation of the "BASF Indo-German R&D Fund." Preparations of organic compounds on a scale of up to 50 liters will be researched in this laboratory. The "Indo-German R&D fund" will finance scientific conferences and PhD research at outstanding Indian research institutes in the coming years.

BASF Venture Capital GmbH, Ludwigshafen, Germany, has invested in the venture capital FINTECH GIMV Fund L.P. (FGF), which focuses on Japan-based, high-tech start-up companies. The main areas involved are: life sciences; alternative energy generation and storage; material sciences; and information and communications technology. The move allows BASF to benefit from FGF's excellent connections in the Japanese financial and venture capital markets. In addition, the investment also gives BASF access to innovative technologies in Japan that support the company's five growth clusters: energy management, raw material change, nanotechnology, plant biotechnology and white (industrial) biotechnology.

BASF, PolyIC, Evonik Industries, Elantas Beck and Siemens started a new German Federal Ministry of Education and Research (BMBF)-sponsored alliance project called MaDriX to advance the development of high-performance printable radio frequency identification (RFID) tags. The gradual launch of these tags within the next 10 years is a realistic prospect. Within the framework of the project, BASF will supply new materials to produce semiconductors and insulators for use in electronic circuits.

## Employees

Compared with the end of 2007, the number of BASF Group employees increased by 273 to a total of 95,448 as of March 31, 2008. The regional distribution of BASF's employees as of March 31, 2008 was as follows: 64% in Europe; 16% in North America; 14% in Asia Pacific; and 6% in South America, Africa, Middle East. Compared with the same period of 2007, personnel costs in the first quarter of 2008 decreased by 3.4% to €1,541 million. **///**

## RESEARCH AND DEVELOPMENT

- Cooperation and licensing agreement between BASF and NIBS in the area of plant biotechnology
- New research laboratory at site in Thane, India
- BASF Venture Capital invests in venture capital FINTECH GIMV Fund
- Alliance project "MaDriX" to develop high-performance radio frequency identification tags

## Employees by region

	Mar. 31, 2008	Dec. 31, 2007	Change in %
Europe	61,032	61,020	-
North America	15,259	15,191	-
Asia Pacific	13,234	13,278	-
South America, Africa, Middle East	5,923	5,686	4
	<b>95,448</b>	<b>95,175</b>	-

# INTERIM FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF INCOME

### Consolidated statements of income (million €)

	2008	1st Quarter	Change in %	Year
Sales	15,921	2007		2007
Cost of sales	11,559	14,632	8.8	57,951
<b>Gross profit on sales</b>	<b>4,362</b>	<b>4,277</b>	<b>2.0</b>	<b>16,052</b>
Selling expenses	1,358	1,325	2.5	5,586
General and administrative expenses	257	246	4.5	1,067
Research expenses	327	345	(5.2)	1,380
Other operating income	337	156	116.0	1,053
Other operating expenses	454	507	(10.5)	1,756
<b>Income from operations</b>	<b>2,303</b>	<b>2,010</b>	<b>14.6</b>	<b>7,316</b>
Income from participations	11	18	(38.9)	84
Interest result	(106)	(112)	5.4	(472)
Other financial result	(27)	—	.	7
<b>Financial result</b>	<b>(122)</b>	<b>(94)</b>	<b>(29.8)</b>	<b>(381)</b>
<b>Income before taxes and minority interests</b>	<b>2,181</b>	<b>1,916</b>	<b>13.8</b>	<b>6,935</b>
Income taxes	898	775	15.9	2,610
<b>Income before minority interests</b>	<b>1,283</b>	<b>1,141</b>	<b>12.4</b>	<b>4,325</b>
Minority interests	113	106	6.6	260
<b>Net income</b>	<b>1,170</b>	<b>1,035</b>	<b>13.0</b>	<b>4,065</b>
<hr/>				
<b>Earnings per share (€)</b>				
Undiluted	2.48	2.08	19.2	8.32
Diluted	2.48	2.08	19.2	8.32

# CONSOLIDATED BALANCE SHEETS

## Assets (million €)

	March 31, 2008	March 31, 2007	Change in %	Dec. 31, 2007	Change in %
<b>Long-term assets</b>					
Intangible assets	9,159	8,888	3.0	9,559	(4.2)
Property, plant and equipment	13,759	14,772	(6.9)	14,215	(3.2)
Investments accounted for using the equity method	885	672	31.7	834	6.1
Other financial assets	2,092	1,181	77.1	1,952	7.2
Deferred taxes	577	622	(7.2)	679	(15.0)
Other long-term assets	889	698	27.4	655	35.7
	<b>27,361</b>	<b>26,833</b>	<b>2.0</b>	<b>27,894</b>	<b>(1.9)</b>
<b>Short-term assets</b>					
Inventories	6,564	6,372	3.0	6,578	(0.2)
Accounts receivable, trade	9,288	8,714	6.6	8,561	8.5
Other receivables and miscellaneous short-term assets	3,008	3,056	(1.6)	2,337	28.7
Marketable securities	45	59	(23.7)	51	(11.8)
Cash and cash equivalents	1,258	658	91.2	767	64.0
Assets of disposal groups	619	—	—	614	0.8
	<b>20,782</b>	<b>18,859</b>	<b>10.2</b>	<b>18,908</b>	<b>9.9</b>
<b>Total assets</b>	<b>48,143</b>	<b>45,692</b>	<b>5.4</b>	<b>46,802</b>	<b>2.9</b>

## Stockholders' equity and liabilities (million €)

	March 31, 2008	March 31, 2007	Change in %	Dec. 31, 2007	Change in %
<b>Stockholders' equity</b>					
Subscribed capital	1,203	1,267	(5.1)	1,224	(1.7)
Capital surplus	3,218	3,157	1.9	3,173	1.4
Retained earnings	15,028	13,974	7.5	14,556	3.2
Other comprehensive income	(5)	329	.	174	.
Minority interests	985	568	73.4	971	1.4
	<b>20,429</b>	<b>19,295</b>	<b>5.9</b>	<b>20,098</b>	<b>1.6</b>
<b>Long-term liabilities</b>					
Provisions for pensions and similar obligations	1,270	1,446	(12.2)	1,292	(1.7)
Other provisions	2,849	3,055	(6.7)	3,015	(5.5)
Deferred taxes	1,995	1,396	42.9	2,060	(3.2)
Financial indebtedness	6,946	5,783	20.1	6,954	(0.1)
Other long-term liabilities	730	947	(22.9)	901	(19.0)
	<b>13,790</b>	<b>12,627</b>	<b>9.2</b>	<b>14,222</b>	<b>(3.0)</b>
<b>Short-term liabilities</b>					
Accounts payable, trade	3,621	3,791	(4.5)	3,763	(3.8)
Provisions	2,846	2,994	(4.9)	2,697	5.5
Tax liabilities	1,334	1,163	14.7	881	51.4
Financial indebtedness	3,764	3,803	(1.0)	3,148	19.6
Other short-term liabilities	2,341	2,019	15.9	1,976	18.5
Liabilities of disposal groups	18	—	—	17	5.9
	<b>13,924</b>	<b>13,770</b>	<b>1.1</b>	<b>12,482</b>	<b>11.6</b>
<b>Total stockholders' equity and liabilities</b>	<b>48,143</b>	<b>45,692</b>	<b>5.4</b>	<b>46,802</b>	<b>2.9</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

## Consolidated statements of cash flows (million €)

	1st Quarter	
	2008	2007
Net income	1,170	1,035
Depreciation and amortization of long-term assets	653	663
Changes in net working capital	(753)	(1,031)
Miscellaneous items	19	34
<b>Cash provided by operating activities</b>	<b>1,089</b>	<b>701</b>
Payments related to intangible assets and property, plant and equipment	(463)	(465)
Acquisitions/divestitures	–	(15)
Financial investments and other items	48	(6)
<b>Cash used in investing activities</b>	<b>(415)</b>	<b>(486)</b>
Proceeds from capital increases/repayments	(743)	(381)
Changes in financial liabilities	647	50
Dividends	(69)	(66)
<b>Cash used in financing activities</b>	<b>(165)</b>	<b>(397)</b>
Net changes in cash and cash equivalents	509	(182)
Cash and cash equivalents as of beginning of year and other changes	749	840
<b>Cash and cash equivalent as shown on the balance sheet</b>	<b>1,258</b>	<b>658</b>

### Cash provided by operating activities

In the first quarter of 2008, cash provided by operating activities increased by €388 million to €1,089 million. In particular, this increase resulted from a decline in funds used for net working capital compared with the first quarter of 2007. This was due to significantly higher liabilities.

### Cash used in investing activities

Cash used in investing activities amounted to €415 million for the first quarter of 2008, compared with €486 million in the same period of 2007. Payments related to property, plant and equipment and intangible assets were again clearly below depreciation and amortization.

### Cash used in financing activities

We used €743 million to buy back shares. We repurchased 8.44 million shares for an average price of €87.99 per share.

Cash and cash equivalents amounted to €1,258 million as of March 31, 2008 compared with €767 million at the end of 2007. In the same period, financial liabilities rose by €608 million to €10,710 million. Compared with year-end 2007, net debt increased by €117 million to €9,452 million.

///

# CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE

## Income and expense items (million €)

	1st Quarter	
	2008	2007
Net income before minority interests	1,283	1,141
Fair-value changes in available-for-sale securities	183	1
Cash-flow hedges	2	49
Change in foreign currency translation adjustments	(364)	(30)
Revaluation due to acquisition achieved in stages	(1)	–
Actuarial gains/losses from pensions and similar obligations; asset ceiling	140	15
Deferred taxes	(67)	(10)
Minority interests	(30)	(3)
<b>Total income and expense recognized directly in equity</b>	<b>(137)</b>	<b>22</b>
 Total income and expense for the period	 1,146	 1,163
Thereof   BASF	1,063	1,060
minority interests	83	103

## Development of income and expense recognized directly in equity (million €)

	Retained earnings	Other comprehensive income				Total income and expense recognized directly in equity		
		Actuarial gains/losses	Foreign currency translation adjustment	Fair value changes in available-for-sale securities	Cash-flow hedges			
<b>As of January 1, 2008</b>	<b>(874)</b>	<b>(497)</b>		<b>680</b>	<b>(21)</b>	<b>12</b>	<b>174</b>	<b>(700)</b>
Additions	–	(364)		183	–	–	(181)	(181)
Releases	140	–		–	2	(1)	1	141
Deferred taxes	(68)	5		(3)	(1)	–	1	(67)
<b>As of March 31, 2008</b>	<b>(802)</b>	<b>(856)</b>		<b>860</b>	<b>(20)</b>	<b>11</b>	<b>(5)</b>	<b>(807)</b>
 <b>As of January 1, 2007</b>	 <b>(782)</b>	 <b>26</b>		 <b>341</b>	 <b>(42)</b>	 –	 <b>325</b>	 <b>(457)</b>
Additions	–	(30)		1	–	–	(29)	(29)
Releases	15	–		–	49	–	49	64
Deferred taxes	6	1		–	(17)	–	(16)	(10)
<b>As of March 31, 2007</b>	<b>(761)</b>	<b>(3)</b>		<b>342</b>	<b>(10)</b>	 –	<b>329</b>	<b>(432)</b>

# CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

First quarter 2008 (million €)

	Number of subscribed shares out- standing	Subscribed capital	Capital surplus	Retained earnings	Other com- prehensive income	Minority interests	Total stockholders' equity
<b>As of January 1, 2008</b>	<b>478,185,000</b>	<b>1,224</b>	<b>3,173</b>	<b>14,556</b>	<b>174</b>	<b>971</b>	<b>20,098</b>
Share buyback and cancellation of own shares including own shares intended to be cancelled	(8,440,000)	(21)	45	(767)	—	—	(743)
Capital contribution by minority interests	—	—	—	—	—	—	—
Dividends paid	—	—	—	—	—	(69)	(69)
Net income	—	—	—	1,170	—	113	1,283
Income and expense recognized directly in equity	—	—	—	72	(179)	(30)	(137)
Changes in scope of consolidation and other changes	—	—	—	(3)	—	—	(3)
<b>As of March 31, 2008</b>	<b>469,745,000</b>	<b>1,203</b>	<b>3,218</b>	<b>15,028</b>	<b>(5)</b>	<b>985</b>	<b>20,429</b>

First quarter 2007 (million €)

	Number of subscribed shares out- standing	Subscribed capital	Capital surplus	Retained earnings	Other com- prehensive income	Minority interests	Total stockholders' equity
<b>As of January 1, 2007</b>	<b>499,680,000</b>	<b>1,279</b>	<b>3,141</b>	<b>13,302</b>	<b>325</b>	<b>531</b>	<b>18,578</b>
Share buyback and cancellation of own shares including own shares intended to be cancelled	(4,975,000)	(12)	16	(385)	—	—	(381)
Capital contribution by minority interests	—	—	—	—	—	—	—
Dividends paid	—	—	—	—	—	(66)	(66)
Net income	—	—	—	1,035	—	106	1,141
Income and expense recognized directly in equity	—	—	—	21	4	(3)	22
Changes in scope of consolidation and other changes	—	—	—	1	—	—	1
<b>As of March 31, 2007</b>	<b>494,705,000</b>	<b>1,267</b>	<b>3,157</b>	<b>13,974</b>	<b>329</b>	<b>568</b>	<b>19,295</b>

# SEGMENT REPORTING

## First quarter (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2008	2007	Change in %	2008	2007	Change in %	2008	2007	Change in %	2008	2007	Change in %
Chemicals	2,561	2,290	11.8	651	686	(5.1)	524	566	(7.4)	524	566	(7.4)
Plastics	2,547	2,466	3.3	459	416	10.3	359	314	14.3	358	313	14.4
Performance Products	2,206	2,226	(0.9)	339	310	9.4	223	204	9.3	231	194	19.1
Functional Solutions	2,394	2,278	5.1	227	230	(1.3)	140	151	(7.3)	137	137	—
Agricultural Solutions	946	897	5.5	306	274	11.7	259	231	12.1	259	226	14.6
Oil & Gas	3,744	2,970	26.1	1,118	972	15.0	984	848	16.0	984	848	16.0
Other	1,523	1,505	1.2	(145)	(215)	32.6	(135)	(198)	31.8	(190)	(274)	30.7
	15,921	14,632	8.8	2,955	2,673	10.5	2,354	2,116	11.2	2,303	2,010	14.6

## First quarter (million €)

	Research expenses			Assets			Additions to long-term assets <sup>1</sup>			Amortization and depreciation <sup>2</sup>		
	2008	2007	Change in %	2008	2007	Change in %	2008	2007	Change in %	2008	2007	Change in %
Chemicals	30	28	7.1	5,905	5,917	(0.2)	76	110	(30.9)	127	120	5.8
Plastics	33	34	(2.9)	5,548	5,542	0.1	73	86	(15.1)	101	103	(1.9)
Performance Products	56	67	(16.4)	6,257	6,732	(7.1)	76	81	(6.2)	108	116	(6.9)
Functional Solutions	47	46	2.2	8,861	9,228	(4.0)	46	37	24.3	90	93	(3.2)
Agricultural Solutions	72	75	(4.0)	4,588	4,880	(6.0)	26	17	52.9	47	48	(2.1)
Oil & Gas	4	—	—	6,914	4,754	45.4	115	79	45.6	134	124	8.1
Other	85	95	(10.5)	10,070	8,639	16.6	11	29	(62.1)	45	59	(23.7)
	327	345	(5.2)	48,143	45,692	5.4	423	439	(3.6)	652	663	(1.7)

<sup>1</sup> Investment in property, plant and equipment and intangible assets

<sup>2</sup> Depreciation and amortization of property, plant and equipment and intangible assets

## Other (million €)

	1st Quarter		
	2008	2007	Change in %
Sales			
Thereof Styrenics	1,523	1,505	1.2
EBIT before special items			
Thereof Group corporate costs	776	881	(11.9)
Corporate research	(135)	(198)	31.8
Translation of foreign currency	(57)	(51)	(11.8)
Special items	(82)	(92)	10.9
	27	3	.
EBIT			
Assets			
Thereof Assets of businesses included under "Other"	(55)	(76)	27.6
Financial assets	(190)	(274)	30.7
Miscellaneous receivables/other assets	10,070	8,639	16.6
Cash and cash equivalents, marketable securities	3,045	3,813	(20.1)
	2,977	1,853	60.7
	2,745	2,256	21.7
	1,303	717	81.7

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 1 -- Basis of presentation

The Consolidated Financial Statements of BASF Group for the year ended December 31, 2007 were prepared according to the International Financial Reporting Standards (IFRS) valid as of the balance sheet date. The current interim financial statements, as of March 31, 2008, were prepared using the same accounting policies.

→ The **BASF Report 2007 with the Consolidated Financial Statements of the BASF Group as of December 31, 2007 can be found on the Internet at: corporate.bASF.com/report**

The interim financial statements have not been audited.

## 2 -- Scope of consolidation

The Consolidated Financial Statements include BASF SE, as well as all material subsidiaries on a fully consolidated basis. Material jointly operated companies are proportionally consolidated. The number of fully and proportionally consolidated companies has developed as follows:

### Scope of consolidation

	2008	2007
As of January 1	297	328
Thereof proportionally consolidated	18	19
First-time consolidations	3	20
Thereof proportionally consolidated <sup>1</sup>	-	(1)
Deconsolidations	7	51
Thereof proportionally consolidated	-	-
<b>As of March 31/December 31</b>	<b>293</b>	<b>297</b>
Thereof proportionally consolidated	18	18

<sup>1</sup> Fully consolidated after share purchase as of December 31, 2007

There have been three first-time consolidations since the beginning of 2008 due to the increasing importance of these companies.

Since the start of 2008, seven companies were deconsolidated either as a result of merger with other BASF companies or decreased significance.

## 3 -- Segment reporting

As of January 1, 2008 we have newly structured our segments on the basis of similar products, production methods and customer industries. By so doing we are allowing for the changes in our portfolio as a result of acquisitions, divestitures and restructuring measures over the past few years.

BASF's worldwide business is driven by 13 operating divisions that are aggregated into six segments for reporting purposes.

The Chemicals segment consists of the Inorganics, Petrochemicals and Intermediates divisions. The Catalysts division has been transferred to the new Functional Solutions segment.

The Plastics segment is composed of the Performance Polymers and Polyurethanes divisions. The specialty plastics and foams business units have been transferred from the Styrenics division to the Performance Polymers division. Activities with styrene monomer (SM), polystyrene (PS), styrene-butadiene-copolymer (SBS) and acrylonitrile butadiene styrene (ABS) businesses are reported as disposal group under "Other."

The Performance Products segment comprises the Acrylics & Dispersions, Care Chemicals and Performance Chemicals divisions. The Functional Polymers division has been renamed Acrylics & Dispersions. In the new Care Chemicals division, the activities of the former Fine Chemicals division as well as the detergents and formulators business from the Performance Chemicals division have been merged.

In the Functional Solutions segment which consists of the operating divisions Catalysts, Construction Chemicals and Coatings, we are bundling the majority of our systems solutions and products for the automotive and construction industries.

The Agricultural Products and Nutrition segment has been renamed Agricultural Solutions and its division Agricultural Products has been renamed Crop Protection.

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

Activities not allocated to a particular division are reported under "Other" and include, among other things, the styrenics business that is reported as a disposal group as well as fertilizer activities. Earnings in these businesses increased significantly in the first quarter of 2008 compared with the same quarter of 2007. In addition, the sale of feedstock, engineering and other services, rental income and leases are reported under "Other."

As of January 1, 2008 Group corporate costs are no longer allocated to the segments but reported under "Other." The previous year's numbers for the segments as well as of "Other" have been adjusted accordingly. Group corporate costs consist of the expenses for the steering of the BASF Group.

With our cross-divisional corporate research, which is also reported under "Other," we develop growth clusters and ensure the long-term competence of BASF with regard to technology and methods.

Amounts from currency conversion reported under "Other" include earnings not allocated to the segments from the hedging of forecasted sales, from currency positions that are macrohedged as well as from the conversion of financial liabilities.

Transfers between the segments are generally executed at market-based prices. The allocation of assets and depreciation to the segments is based on economic control. Assets used by more than one segment are allocated based on the percentage of usage.

#### Reconciliation reporting Oil & Gas (million €)

	1st Quarter	
	2008	2007
<b>Income from operations</b>		
Income from participations	984	848
Other result	2	3
<b>Income before taxes and minority interests</b>	<b>980</b>	<b>865</b>
Income tax	657	522
thereof Income taxes on oil-producing operations non-compensable with German corporate income tax	458	258
<b>Income before minority interests</b>	<b>323</b>	<b>343</b>
Minority interests	82	70
<b>Net income</b>	<b>241</b>	<b>273</b>

In the reconciliation reporting Oil & Gas, the income from operations of the Oil & Gas segment is reconciled to the contribution of the companies of this segment to net income of BASF Group.

The "other result" includes all expenses and revenues not included in income from operations of the segment, in particular the interest result and the miscellaneous financial result.

In the first quarter of 2008, minority interests increased compared with the same quarter of 2007. This resulted from Gazprom taking a stake in a German Wintershall subsidiary that holds exploration and production rights to the onshore concessions 96 and 97 in Libya.

## 4 -- Financial result

Financial result (million €)	1st Quarter	
	2008	2007
Income from companies accounted for using the equity method	8	18
Other income from participations	3	.
<b>Income from participations</b>	<b>11</b>	<b>18</b>
Interest expenses	(144)	(144)
Interest income	38	32
<b>Interest result</b>	<b>(106)</b>	<b>(112)</b>
Income from write-ups/write-downs and from the disposal of securities and loans	(1)	.
Net financing income/(expense) from defined benefit plans and other long-term personnel provisions	4	9
Interest accrued on other interest-bearing liabilities	(8)	(9)
Construction interest	11	11
Other financial expenses and income	(33)	(11)
<b>Other financial result</b>	<b>(27)</b>	<b>.</b>
<b>Financial result</b>	<b>(122)</b>	<b>(94)</b>

The interest result improved in the first quarter of 2008 compared with the same quarter of 2007, in particular due to the interest income from loans granted for the financing of the production company for the Yuzhno Russkoye natural gas field. This company is consolidated using the equity method. In addition interest income from liquid funds increased.

Derivatives that were entered into in order to hedge financing activities are valued at fair value. This resulted in losses that led to an increase in other financial expenses.

## 5 -- Income taxes

### Income before taxes and minority interests (million €)

	1st Quarter	
	2008	2007
Germany	635	639
Foreign oil production branches of German companies	585	354
Other foreign	961	923
	<b>2,181</b>	<b>1,916</b>

### Income taxes (million €)

	1st Quarter	
	2008	2007
Germany	166	291
Foreign oil production branches of German companies	544	331
Thereof noncompensable	458	258
Other foreign	188	153
	<b>898</b>	<b>775</b>
Tax rate (%)	41.2	40.4

Foreign income taxes for oil production increased significantly as a result of higher oil prices. The proportion of the foreign taxes for oil production that are non-compensable with German corporate income tax rose as a result of the reduction in the corporate income tax rate to 15% as part of the German Corporate Tax Reform 2008. Without the German Corporate Tax Reform 2008, the foreign taxes for oil production that are non-compensable with German cor-

porate income tax would have amounted to €401 million in the first quarter of 2008 (as opposed to €458 million).

## 6 -- Minority interests

### Minority interests (million €)

	1st Quarter	
	2008	2007
Minority interests in profits	116	111
Minority interests in losses	(3)	(5)
	<b>113</b>	<b>106</b>

Minority interests in profits resulted primarily from Gazprom's stake in natural gas trading companies and the

German Wintershall subsidiary that holds exploration and production rights to onshore concessions in Libya.

## 7 -- Earnings per share

### Earnings per share

		1st Quarter	
		2008	2007
Net income	Million €	1,170	1,035
Number of outstanding shares (weighted average)	1,000	471,288	497,350
Earnings per share	€	2.48	2.08

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 incentive share program "plus."

In the first three months of 2008 and in the corresponding period of 2007, the potentially dilutive instruments were antidilutive and should not be considered.

## 8 -- Long-term assets

### Developments (million €)

		1st Quarter 2008	
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method and other financial assets
<b>Acquisitions costs</b>			
Balance as of January 1	11,517	45,757	3,101
Additions	68	415	278
Disposals	66	212	64
Exchange differences	(333)	(757)	(29)
<b>Balance as of March 31</b>	<b>11,186</b>	<b>45,203</b>	<b>3,286</b>
<b>Amortization and depreciation</b>			
Balance as of January 1	1,958	31,542	315
Additions	176	527	1
Disposals	66	206	(7)
Exchange differences	(41)	(419)	-
<b>Balance as of March 31</b>	<b>2,027</b>	<b>31,444</b>	<b>309</b>
<b>Net book value as of March 31</b>	<b>9,159</b>	<b>13,759</b>	<b>2,977</b>

Additions to property, plant and equipment in the first quarter of 2008 related to a number of investments. Among the most significant are the expansion of plants to scrub synthesis gases in Ludwigshafen; the construction of the HPPO plant in Antwerp, Belgium; the construction of the OPAL pipeline; and the expansion of the polyol plant in Geismar, Louisiana.

Additions to investments accounted for using the equity method and to other financial assets were primarily due to the market valuation of other financial assets, the effects of which are recognized directly in equity. This applies in particular to BASF's investment in K+S Aktiengesellschaft.

## 9 -- Inventories

### Inventories (million €)

	March 31, 2008	Dec. 31, 2007
Raw materials and factory supplies	1,798	1,800
Work-in-process, finished goods and merchandise	4,670	4,708
Advance payments and services-in-process	96	70
<b>6,564</b>	<b>6,578</b>	

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

## 10 -- Stockholders' equity

### Subscribed capital (million €)

	Outstanding shares	Subscribed capital	Capital reserves
Outstanding shares as of March 31, 2008	473,015,000	1,211	3,218
Repurchased shares intended to be cancelled	3,270,000	(8)	–
<b>Outstanding shares as disclosed in the financial statements</b>	<b>469,745,000</b>	<b>1,203</b>	<b>3,218</b>

The Board of Executive Directors received approval at the Annual Meeting on April 26, 2007 to buy back BASF shares to a maximum amount of 10% of outstanding shares by October 25, 2008. The shares shall be purchased on the stock exchange or through a public purchase offer open to all shareholders. The price paid per share may not be higher than the highest market price on the buying day and may not be lower than 25% of that market price. In the case of a public purchase offer, the price offered and paid per share may be a maximum of 10% higher than the highest market price on the third trading day prior to the publishing of the public purchase offer. This authorization superseded the prior authorization to repurchase BASF shares granted by the Annual Meeting on May 4, 2006.

The Board of Executive Directors is authorized to cancel the repurchased shares without the adoption of a further resolution by the Annual Meeting. A sale of treasury shares is only authorized after a corresponding resolution at the Annual Meeting, except when, with the authorization of the Supervisory Board, the shares are used to acquire companies, parts of companies or participations in companies in return for shares.

In the first three months of 2008, BASF bought back a total of 8,440,000 shares, or 1.76% of the issued shares, at an average purchase price of €87.99 per share. In the first quarter of 2008, BASF bought back shares for a total of €743 million.

On February 12, 2008, the Board of Executive Directors of BASF SE approved the cancellation of 17,470,000 BASF shares that have been bought back since the last cancellation in July 2007. The shares were cancelled by the end of February 2008. The total number of outstanding shares thus declined to 473,015,000.

As of March 31, 2008, a total of 3,270,000 own shares were held by BASF SE. These were acquired for the purpose of cancellation. They were therefore not capitalized, but rather reduced equity.

Changes in the scope of consolidation led to no change in the legal reserves in the first three months of 2008. Transfers from other retained earnings increased legal reserves by €40 million. The offsetting of actuarial gains and losses, as well as the asset ceiling, resulted in an increase in retained earnings of €72 million.

Reserves (million €)	March 31, 2008	Dec. 31, 2007
Legal reserves	394	354
Other retained earnings	14,634	14,202
<b>15,028</b>	<b>14,556</b>	

## 11 -- Provisions for pensions

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

	Germany		Foreign	
	March 31, 2008	Dec. 31, 2007	March 31, 2008	Dec. 31, 2007
Discount rate	6.00	5.25	5.82	5.82
Projected increase of wages and salaries	2.75	2.75	4.50	4.50
Projected pension increase	2.00	2.00	0.68	0.68

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

	Germany		Foreign	
	March 31, 2008	Dec. 31, 2007	March 31, 2008	Dec. 31, 2007
Discount rate	5.25	4.50	5.82	5.31
Projected increase of wages and salaries	2.75	2.50	4.50	4.46
Projected pension increase	2.00	1.75	0.68	0.56
Expected return on plan assets	5.18	4.93	7.36	7.35

The assumptions regarding the overall expected long-term rate of return are based on the desired portfolio structure and forecasts of expected individual asset class returns. The forecasts are based on long-term historical average returns and take into consideration the current yield level and the inflation trend.

In the first quarter of 2008, the interest rate was adjusted to take account of developments in the capital markets. The resulting actuarial gains led to an increase in other assets and to a slight decline in provisions for pensions and similar obligations.

## 12 -- Other provisions

### Other provisions (million €)

	March 31, 2008	March 31, 2007	Dec. 31, 2007
Other long-term provisions	2,849	3,055	3,015
Other short-term provisions	2,846	2,994	2,697
	<b>5,695</b>	<b>6,049</b>	<b>5,712</b>

Long-term provisions declined slightly in the first quarter of 2008 compared with the end of 2007. This was in particular a result of lower provisions for BASF's option program. The increase in short-term provisions is due in particular to increased provisions for the performance-related bonuses of employees.

## 13 -- Liabilities

### Liabilities (million €)

	March 31, 2008		March 31, 2007		Dec. 31, 2007	
	Less than one year	More than one year	Less than one year	More than one year	Less than one year	More than one year
<b>Accounts payable, trade</b>	<b>3,621</b>	<b>-</b>	<b>3,791</b>	<b>-</b>	<b>3,763</b>	<b>-</b>
Bonds and other liabilities to the capital market	3,444	6,446	3,331	4,993	2,483	6,498
Liabilities to credit institutions	320	500	472	790	665	456
<b>Financial indebtedness</b>	<b>3,764</b>	<b>6,946</b>	<b>3,803</b>	<b>5,783</b>	<b>3,148</b>	<b>6,954</b>
<b>Tax liabilities</b>	<b>1,334</b>	<b>-</b>	<b>1,163</b>	<b>-</b>	<b>881</b>	<b>-</b>
Advances received on orders	132	-	112	-	111	-
Liabilities on bills	17	28	48	8	11	5
Liabilities related to social security	147	16	139	17	148	17
Miscellaneous liabilities	1,897	532	1,522	725	1,571	717
Deferred income	148	154	198	197	135	162
<b>Other liabilities</b>	<b>2,341</b>	<b>730</b>	<b>2,019</b>	<b>947</b>	<b>1,976</b>	<b>901</b>

### Financial indebtedness (million €)

	Nominal value	Effective interest rate	Carrying amounts based on effective interest method	
			March 31, 2008	Dec. 31, 2007
3,5% Euro Bond 2003/2010 of BASF SE	1,000	3.63 %	997	997
3,375% Euro Bond 2005/2012 of BASF SE	1,400	3.42 %	1,397	1,397
4% Euro Bond 2006/2011 of BASF SE	1,000	4.05 %	999	999
4,5% Euro Bond 2006/2016 of BASF SE	500	4.62 %	496	496
3-Month EURIBOR Bond 2006/2009 of BASF SE	500	variable	500	500
5% Euro Bond 2007/2014 of BASF Finance Europe N.V.	1,000	5.09 %	996	996
5% Euro Bond 2007/2014 of BASF Finance Europe N.V.	250	4.83 %	253	253
Extendible Floating Rate Notes of BASF Finance Europe N.V.		variable	854	917
Other bonds			518	548
USD Commercial Papers			2,880	1,878
<b>Bonds and other liabilities to the capital markets</b>			<b>9,890</b>	<b>8,981</b>
Liabilities to credit institutions			820	1,121
			<b>10,710</b>	<b>10,102</b>
				9,586

## 14 -- Related-party transactions

Material supply relationships exist between the proportionally consolidated joint venture companies Wintershall Erdgas Handelshaus GmbH & Co. KG, Berlin, Germany; Wintershall Erdgas Handelshaus Zug AG, Zug, Switzerland; and companies of the BASF Group for the supply of oil and gas. These transactions are conducted at arm's length prices and business terms. The unconsolidated portion of these supplies amounted to €353.8 million in the first quarter of 2008 and €152.2 million in the same period

of 2007. Several members of the Supervisory Board and of the Board of Executive Directors also serve on the boards of executive directors or supervisory boards of companies with which BASF maintains business relations. These transactions are conducted at arm's length prices and business terms.

BASF has not issued loans to members of the Board of Executive Directors or the Supervisory Board.

---

INTERIM REPORT FIRST-HALF 2008

**July 31, 2008**

---

INTERIM REPORT THIRD-QUARTER 2008

**Oct. 30, 2008**

---

FULL YEAR 2008 RESULTS

**Feb. 26, 2009**

---

ANNUAL MEETING 2009 MANNHEIM, GERMANY

**April 30, 2009**

---

## 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 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 in the Risk Report of the BASF Report 2007 from page 106 to page 109. We do not assume any obligation to update the forward-looking statements contained in this report.

---

**General inquiries**

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

**Corporate Media Relations**

Michael Grabicki, Phone: +49 621 60-99938, Fax: +49 621 60-92693

**Investor Relations**

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

**Internet**

[www.bASF.com](http://www.bASF.com)

**BASF SE, 67056 Ludwigshafen, Germany**

---

## Further information

You can find this and other publications from BASF on the internet at [www.corporate.bASF.com](http://www.corporate.bASF.com)

You can also order the reports.

- by **telephone**: +49 621 60-91827
- by **fax**: +49 621 60-20162
- per **e-Mail**: [medien-service@bASF.com](mailto:medien-service@bASF.com)
- on the **Internet**: [www.corporate.bASF.com/mediaorders](http://www.corporate.bASF.com/mediaorders)