Earnings improve following weak start to the year

- Second-quarter income from operations before special items higher than in first quarter
- Special charges related to Ciba; expected annual synergies of at least €400 million
- Business improvement not sustainable; cost of capital unlikely to be earned in 2009

Interim Report
1st Half Results 2009

January – June 2009
Published on July 30, 2009

BASF
The Chemical Company

BASF GROUP
1ST HALF RESULTS 2009

Million €

	2nd Quarter			1st Half		
	2009	2008	Change in %	**2009**	2008	Change in %
Sales	12,502	16,305	(23.3)	24,721	32,226	(23.3)
Income from operations before depreciation and amortization (EBITDA)	1,576	3,033	(48.0)	3,163	5,988	(47.2)
Income from operations (EBIT) before special items	1,140	2,408	(52.7)	2,125	4,762	(55.4)
Income from operations (EBIT)	772	2,359	(67.3)	1,700	4,662	(63.5)
Financial result	(59)	(38)	(55.3)	(261)	(160)	(63.1)
Income before taxes and minority interests	713	2,321	(69.3)	1,439	4,502	(68.0)
Net income	343	1,297	(73.6)	718	2,467	(70.9)
Earnings per share (€)	0.37	1.39	(73.4)	0.78	2.63	(70.3)
Adjusted earnings per share (€) [1]	0.79	1.54	(48.7)	1.34	2.92	(54.1)
EBITDA margin	12.6	18.6	–	12.8	18.6	–
Cash provided by operating activities	1,563	1,540	1.5	3,647	2,629	38.7
Additions to intangible assets and property, plant and equipment	4,390	590	.	4,915	1,013	385.2
Excluding acquisitions	737	590	24.9	1,262	1,013	24.6
Amortization and depreciation [2]	804	674	19.3	1,463	1,326	10.3
Segment assets (June 30) [3]	41,794	38,185	9.5	–	–	–
Personnel costs	1,793	1,621	10.6	3,335	3,162	5.5
Number of employees (June 30)	106,667	95,664	11.5	–	–	–

[1] See page 33 for explanation
[2] Intangible assets and property, plant and equipment (including acquisitions)
[3] Intangible assets, property, plant and equipment, inventories and business-related receivables

INTERIM MANAGEMENT'S ANALYSIS

INTERIM FINANCIAL STATEMENTS

CHANGE
compared with the
1st half of 2008

1ST HALF
2009

SALES

–23%

EBIT BEFORE SPECIAL ITEMS

–55%

← The cover photo shows **Astrid Schmidt** and **Torsten Zorn** (laboratory assistants) at BASF's research and service center for detergents and formulators in Ludwigshafen.

BASF'S SEGMENTS

CHEMICALS

→ PAGE 7

In the Chemicals segment, we offer products for customers in the chemical, electronic, construction, textile, automotive, pharmaceutical and agricultural industries and provide other BASF segments with chemicals for the production of higher-value products. Our portfolio ranges from basic chemicals, glues and electronic chemicals for the semiconductor and flat panel display industry, to solvents and plasticizers as well as starting materials for detergents, plastics, textile fibers, paints, coatings and pharmaceuticals.

PLASTICS

→ PAGE 8

The Plastics segment offers a comprehensive range of products, system solutions and services. We offer a variety of engineering plastics for the automotive and electric industries as well as for use in household appliances, sport and leisure. Our styrenic foams are used as insulating materials in the construction industry and in the packaging industry. Our polyurethanes are extremely versatile: as soft foams, for example, they are to be found in car seats and mattresses, and as rigid foams they serve as highly efficient insulation in refrigerators.

PERFORMANCE PRODUCTS

→ PAGE 9

Our Performance Products help our customers improve their products and processes. They are found in countless everyday products: from diapers, paper, vitamins for food supplements and light stabilizers for sun creams to products for the oil, automotive, coatings and plastics industries and for the manufacture of leather and textiles. The acquisition of Ciba strengthens our existing business, while also adding plastic additives, water treatment products and mining applications to our portfolio.

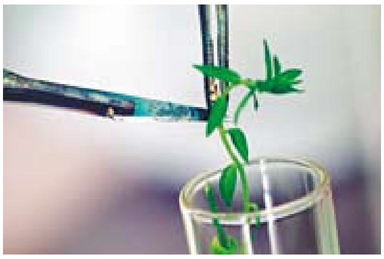
FUNCTIONAL SOLUTIONS

→ PAGE 10

In the Functional Solutions segment we bundle system solutions and innovative products for specific customers and industries, in particular for the automotive and construction sectors. Our portfolio comprises automotive and industrial catalysts, automotive and industrial coatings, concrete admixtures and building products such as tile adhesives and architectural coatings.

AGRICULTURAL SOLUTIONS

→ PAGE 11



Our crop protection products guard against fungal diseases, insects and weeds, increase quality and secure crop yields. Our research in plant biotechnology concentrates on plants for greater efficiency in agriculture, healthier nutrition and for use as renewable raw materials.

OIL & GAS

→ PAGE 12

As the largest German producer of oil and gas, we focus our exploration and production in oil and gas-rich regions in Europe, North Africa, South America, Russia and the Caspian Sea region. Together with our Russian partner Gazprom, we are active in the trading, transport and storage of natural gas in Europe.

BASF INNOVATIONS

ABOVE THE CLOUDS WITH THE FUEL CELL

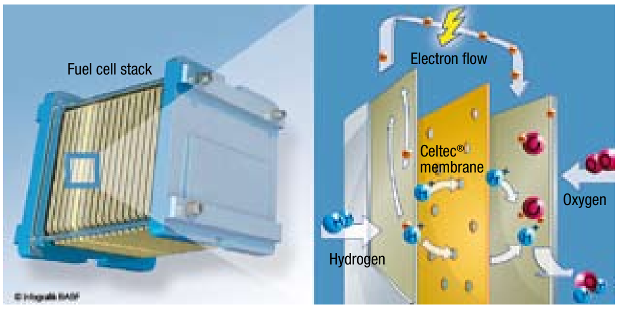
→ Celtec

The Antares DLR-H2 motor glider is the first manned aircraft to be powered exclusively by hydrogen. The fuel cell system that makes this possible is hidden in the under-wing pods. Here the electricity for the on-board electronics and electric motor is generated. The heart of the system are membrane electrode assemblies developed by BASF Fuel Cell.

The Antares DLR-H2 was built by the German Aerospace Center (DLR) and the Lange Aviation company to test the fuel cell's potential for aviation applications. BASF is participating in the pilot project to promote an innovative energy technology which will really be taking off in the near future, and not just on board aircrafts. In times of scarce energy resources the fuel cell helps maintain security of supply because hydrogen can be generated in a wide variety of ways: using wind or solar energy and from natural gas or diesel. The only waste gas the fuel cell emits is water vapor. It is also much more efficient than conventional energy technologies. With approximately the same weight, Antares can fly 750 kilometers with a fuel cell and only around 100 kilometers with a battery.

In the membrane electrode assemblies (MEAs) developed by BASF Fuel Cell, chemical energy generated by the reaction between oxygen and hydrogen into water is converted directly into electrical power. Marketed under the brand name Celtec®, the MEAs contain the world's first commercially available membrane for fuel cells that allows operating temperatures of up to 180°C. To make a fuel cell system capable of producing sufficient electricity for powering the Antares motor glider, several cells are combined into a fuel cell stack. The challenge facing the developers is to keep the fuel cell system as lightweight as possible.

The project partners presented the Antares DLR-H2 motor glider to the public during the first official flight at the Hamburg-Fuhlsbüttel airport on July 7.



Several cells are combined to form a fuel stack.

INNOVATIONS IN CHEMISTRY HELP ACHIEVE SUSTAINABLE GROWTH

Collaboration with research institutes, colleges, start-up companies and other companies

Around

1,900

Our products and system solutions help companies from practically all industries to increase their innovative power and thus lay the foundations for future growth.

BASF GROUP BUSINESS REVIEW 2ND QUARTER 2009

In the face of the worldwide economic crisis, the BASF Group's sales and earnings in the second quarter of 2009 were significantly lower than in the second quarter of 2008. Sales fell by 23% to €12.5 billion. Income from operations (EBIT) before special items dropped by 53% to €1,140 million due to a continued low level of demand as well as declining prices. Agricultural Solutions was again able to slightly increase the high level of the previous year's second quarter. Compared with the first quarter of 2009, Chemicals, Plastics and Functional Solutions improved earnings. Our programs to improve efficiency and cut costs are making an impact.

Sales volumes in the second quarter of 2009 were considerably lower than in the same quarter of 2008. Prices also fell in almost all segments, with only Agricultural Solutions again recording slightly higher prices. Currency effects, in particular the appreciation of the U.S. dollar, reduced the decline in sales in euro terms in all operating divisions. Excluding these positive currency effects and the acquisition of Ciba, sales fell by 31%.

Factors influencing sales (% of sales)

	2nd Quarter
Volumes	(18)
Prices	(13)
Acquisitions/divestitures	5
Currencies	3
	(23)

All divisions in the **Chemicals** segment recorded a substantial decline in sales due to lower volumes and prices. Plant utilization levels were low, especially in Europe and North America. Although earnings declined substantially compared with the same quarter of the previous year, they improved in all divisions compared with the first quarter of 2009.

Sales in the **Plastics** segment fell significantly due to weak demand from almost all customer industries; earnings were halved. In contrast to the first quarter of 2009, earnings in both divisions were positive thanks to our strict cost management.

2nd quarter sales (million €)

Chemicals	**2009**	**1,809**	(41%)
	2008	3,081	
Plastics	**2009**	**1,750**	(30%)
	2008	2,495	
Performance Products	**2009**	**2,443**	17%
	2008	2,081	
Functional Solutions	**2009**	**1,755**	(30%)
	2008	2,490	
Agricultural Solutions	**2009**	**1,175**	1%
	2008	1,159	
Oil & Gas	**2009**	**2,452**	(23%)
	2008	3,201	
Other	**2009**	**1,118**	(38%)
	2008	1,798	

In the **Performance Products** segment, sales increased considerably as a result of the acquisition of Ciba. Despite lower fixed costs and higher margins, overall earnings declined significantly. This was mainly due to the fact that the acquired Ciba businesses posted a significant loss due to the tough business environment and integration costs.

As a result of the continued weak demand in the automotive industry, there was a substantial decrease in sales in **Functional Solutions**. This particularly affected the Catalysts division, which was additionally affected by a signifi-

BASF GROUP 2ND QUARTER 2009

- Significant decline in business compared with the second quarter of 2008 due to the global economic crisis; Sales down 23% due to lower volumes and prices, down 31% adjusted for currency effects and portfolio measures
- Income from operations before special items down 53%
- Compared with the first quarter of 2009, earnings increased in nearly all divisions; our programs to improve efficiency and cut costs are making an impact

cant decline in precious metal prices. The segment's earnings fell substantially compared with the same quarter of the previous year, however following a loss in the first quarter of 2009, were again positive. In Construction Chemicals, we increased earnings compared with the second quarter of 2008 due to the reduction of fixed costs.

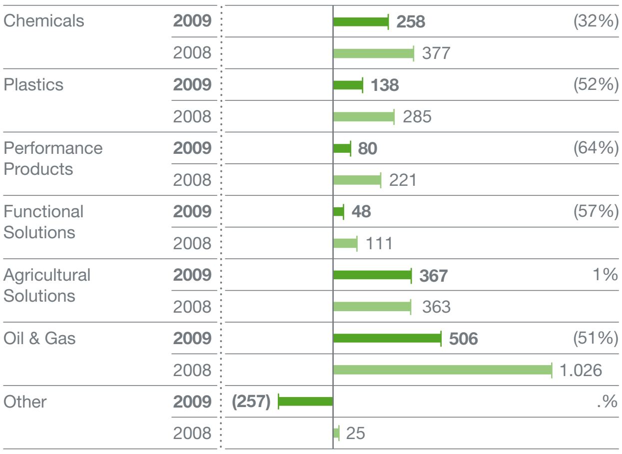
In **Agricultural Solutions**, sales were only slightly higher than in the second quarter of 2008 as a result of delayed planting in North America and parts of Europe. Our business with crop protection agents in South America declined, partly due to the severe drought in Argentina. The segment's earnings rose slightly, to some extent due to positive currency effects.

The sharp decline in oil prices and lower natural gas volumes were responsible for the significant drop in sales and earnings in the **Oil & Gas** segment compared with the second quarter of 2008. As a result of the delayed adjustment of sales prices to purchase prices, we recorded slightly higher margins in the Natural Gas Trading business sector, but this was not sufficient in order to compensate for the decline in volumes.

Sales in **Other** decreased due to lower demand in Styrenics and Fertilizers. Styrenics recorded higher earnings thanks to improved margins and reduced fixed costs. Overall however, earnings declined, the main reasons for this being currency losses as well as expenses from the BASF option program due to the higher share price. In the same quarter of the previous year, a high level of unrealized earnings from raw materials hedging was recorded.

Special items of minus €368 million (second quarter of 2008: minus €49 million) primarily arose from the integration of Ciba, among other things as a result of the use of inventory revalued at market prices at the time of the acquisition and of the partial writedown of the Ciba IT system.

2nd quarter EBIT before special items (million €)



Compared with the second quarter of 2008, EBIT dropped 67% to €772 million, while EBITDA decreased by 48% to €1,576 million.

At minus €59 million, the financial result was €21 million lower than in the second quarter of 2008 due to higher interest expenses. Earnings from investments consolidated using the equity method improved considerably.

Income before taxes and minority interests fell 69% in the second quarter to €713 million. At 51%, the tax rate was higher than in the second quarter of 2008 due to the higher proportion of earnings from oil and gas production. Net income decreased by 74% to €343 million.

Earnings per share were €0.37 in the second quarter compared with €1.39 in the same period of 2008. Adjusted for special items and amortization of intangible assets, this amounted to €0.79 (second quarter of 2008: €1.54).

→ See page 33 for the calculation of the adjusted earnings per share

BASF Group special items (million €)

	2009	2008
1st quarter	(57)	(51)
2nd quarter	(368)	(49)
1st half	(425)	(100)
3rd quarter		(59)
4th quarter		(234)
Full year		**(393)**

Adjusted earnings per share (€)

	2009	2008
1st quarter	0.55	1.38
2nd quarter	0.79	1.54
1st half	1.34	2.92
3rd quarter		0.96
4th quarter		(0.05)
Full year		**3.85**

BASF GROUP BUSINESS REVIEW 1ST HALF 2009

In the first half of 2009 our business was shaped by the worldwide recession. At €24.7 billion, sales were 23% lower than the record level achieved in the same period of the previous year. All divisions except for Agricultural Solutions were affected by this development. Income from operations before special items fell by 55% to €2,125 million.

Volumes decreased in all divisions in the first half of 2009. Prices also declined as a whole, particularly in the Chemicals, Plastics and Functional Solutions segments. Currency effects, in particular the appreciation of the U.S. dollar, partially reduced the decline in sales in euro terms in all operating divisions. Excluding these positive currency effects and the acquisition of Ciba, sales fell by 28%.

Factors influencing sales (% of sales)

	1st Half
Volumes	(19)
Prices	(9)
Acquisitions/divestitures	2
Currencies	3
	(23)

As a result of falling volumes and prices, the **Chemicals** segment recorded a substantial decrease in sales compared with the same period of the previous year. Production capacities were adjusted to reflect worldwide demand. The segment's earnings fell even more sharply than sales as a result of the low capacity utilization rates at our plants. Nevertheless, all divisions contributed towards the positive earnings.

The **Plastics** segment also recorded a significant decline in sales compared with the same period of the previous year. Both operating divisions posted lower volumes and lower prices. Although the segment's earnings were considerably lower than in the first half of 2008, we have achieved a continuous improvement since the fourth quarter of 2008. Despite reduced fixed costs, earnings in the Performance Polymers division still remained negative.

1st half sales (million €)

Chemicals	**2009**	**3,365**	(42%)
	2008	5,844	
Plastics	**2009**	**3,213**	(34%)
	2008	4,885	
Performance Products	**2009**	**4,120**	1%
	2008	4,085	
Functional Solutions	**2009**	**3,323**	(32%)
	2008	4,884	
Agricultural Solutions	**2009**	**2,320**	10%
	2008	2,105	
Oil & Gas	**2009**	**6,346**	(9%)
	2008	6,945	
Other	**2009**	**2,034**	(42%)
	2008	3,478	

Sales in the **Performance Products** segment were at the same level as in the first half of 2008. This was due to the inclusion of the Ciba businesses in the second quarter of 2009. At the same time, the segment's earnings were significantly impacted by low demand in the Ciba business and high integration expenses. In contrast, earnings in Care Chemicals decreased only slightly compared with the first half of 2008 and made a major contribution to the segment's positive earnings.

BASF GROUP 1ST HALF RESULTS 2009

- Significant decline in business due to the global economic crisis; signs of stabilization at a low level; Sales decline of 23%; 28% decline adjusted for currency effects and portfolio measures
- Income from operations before special items down 55%
- Increase in sales and earnings in Agricultural Solutions, in particular thanks to higher volumes and prices in the first quarter of 2009
- Programs to improve efficiency and cut costs countered the decline in earnings

The weak demand in the automotive industry and the sharp decline in precious metal prices led to a substantial decrease in sales in **Functional Solutions** compared with the first half of 2008. This development particularly affected the Catalysts division where sales were almost halved. Nevertheless, our measures to cut costs and increase efficiency helped to make the segment's earnings again overall positive in the second quarter of 2009.

We recorded higher sales in the **Agricultural Solutions** segment. This was mainly due to higher volumes and prices in the first quarter. The Sorex Group business acquired at the end of 2008 has been successfully integrated. The segment's earnings rose, mainly thanks to improved margins and positive currency effects.

Sales declined slightly in the **Oil & Gas** segment, primarily due to the significant fall in oil prices. Gas production increased thanks to additional volumes from the Yuzhno Russkoye gas field, while oil production declined. Earnings did not reach the high level recorded in the first half of 2008 as a result of the lower oil price.

Sales in **Other** decreased significantly, primarily due to lower demand in Styrenics and Fertilizers. Styrenics was able to increase earnings as a result of improved margins and reduced fixed costs. Primarily currency losses meant that earnings were substantially lower than in the same period of the previous year, which contained high unrealized earnings from raw materials hedging.

Special items of minus €425 million (second half of 2008: minus €100 million) were particularly related to the integration of Ciba, among other things as a result of the use of inventory revalued at market prices at the time of the acquisition and the partial writedown of the Ciba IT system.

1st half EBIT before special items (million €)

Chemicals	**2009**	**342**	(62%)
	2008	909	
Plastics	**2009**	**109**	(83%)
	2008	637	
Performance Products	**2009**	**203**	(53%)
	2008	430	
Functional Solutions	**2009**	**2**	(99%)
	2008	251	
Agricultural Solutions	**2009**	**711**	14%
	2008	622	
Oil & Gas	**2009**	**1,231**	(39%)
	2008	2,010	
Other	**2009**	**(473)**	.%
	2008	(97)	

Compared with the first half of 2008, EBIT dropped 64% to €1,700 million, while EBITDA decreased by 47% to €3,163 million.

At minus €261 million, the financial result was €101 million lower than in the first half of 2008 due to the decline in the interest result. Earnings from investments consolidated using the equity method improved considerably.

Income before taxes and minority interests fell by 68% to €1,439 million. At 44%, the tax rate was higher than in the first half of 2008 due to the higher proportion of income from the oil and gas business. Net income decreased by 71% to €718 million.

Earnings per share were €0.78 in the first half of 2009 compared with €2.63 in the same period of 2008. Earnings per share adjusted for special items and amortization of intangible assets amounted to €1.34 (first half of 2008: €2.92).

→ **See page 33 for the calculation of the adjusted earnings per share**

EARNINGS IN THE 1ST HALF OF 2009

- Second-quarter EBIT before special items improved compared with the first quarter of 2009
- Income before taxes and minority interests 68% lower than in the first half of 2008
- Net income 71% lower than in the first half of 2008
- Earnings per share of €0.78 (first half of 2008: €2.63)
- Adjusted earnings per share of €1.34 (first half of 2008: €2.92)

BASF ON THE CAPITAL MARKET

Overview of BASF shares

		2nd Quarter 2009	1st Half 2009
Performance (with dividends reinvested)			
Investment in BASF shares	%	32.7	9.0
DAX 30	%	17.7	0.0
DJ EURO STOXX 50	%	19.0	(0.8)
DJ Chemicals	%	24.0	15.5
MSCI World Chemicals	%	15.3	15.6
Share prices and trading (XETRA)			
Average	€	28.52	26.10
High	€	31.90	31.90
Low	€	22.79	20.71
Close (end of period)	€	28.33	28.33
Average daily trade	Million shares	5.59	5.74
Outstanding shares (end of period)	Million shares	918.5	918.5
Market capitalization (end of period)	Billion €	26.0	26.0

Market trend

BASF shares closed the second quarter at €28.33 per share, around 24% higher than at the end of the first quarter. With reinvestment of the dividend of €1.95 per share distributed on May 4, our share performance in the second quarter amounted to around 33%. As a result, BASF shares outperformed the German and European stock markets, the key indices of which – DAX 30 and DJ EURO STOXX 50 – rose by approximately 18% and 19%, respectively, over the same period. In the second quarter, BASF shares also outperformed the global industry indices DJ Chemicals and MSCI World Chemicals, which increased by 24% and 15%, respectively.

→ Up-to-date information on BASF shares is available on the Internet at basf.com/share

Financing

With an "A+/A-1/outlook negative" rating from rating agency Standard & Poor's and "A1/P-1/outlook stable" from Moody's, BASF has good credit ratings compared with its competitors in the chemical industry. In the second quarter of 2009, BASF issued a euro bond worth €1.35 billion with a coupon of 3.75% and also increased an outstanding euro bond by €500 million.

→ See page 32 for information on financial indebtedness and its maturities

Investor relations award

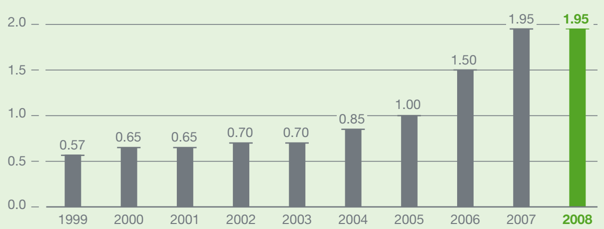
In June, BASF obtained for the third time in succession the Investor Relations Award presented by business magazine Capital. In this ranking, around 400 analysts and fund managers ranked BASF first among EURO STOXX 50 companies. BASF also took first place in the chemical sector in the Pan-European IR Excellence Awards 2009 presented by Thomson Extel.

BASF ON THE CAPITAL MARKET

- BASF shares clearly outperformed the German and European stock markets in the second quarter
- Good credit ratings compared with competitors in the chemical industry
- Euro bond worth €1.35 billion issued and outstanding euro bond increased by €500 million

→ You can reach our investor relations team by phoning +49 621 60-48230 or by e-mailing investorrelations@basf.com

Dividend per share [1] (€ per share)



[1] Adjusted for two-for-one stock split conducted in the second quarter of 2008.

SIGNIFICANT EVENTS AND ECONOMIC ENVIRONMENT

Integration of Ciba

Ciba Holding AG and BASF Specialty Chemicals Holding GmbH merged at the end of June 2009. For Ciba shares that were still outstanding, BASF paid cash compensation of CHF 50.00 per share. BASF has thus fully taken over Ciba.

The integration of the Ciba businesses acquired in April into the divisions of the Performance Products segment involves extensive restructuring. The paper business of Ciba and BASF will be combined in the newly established Paper Chemicals division. All of Ciba's Coatings Effects activities will be integrated into the Dispersions & Pigments division. All of Ciba's Plastic Additives business and the majority of its Water Treatment business will be integrated into the Performance Chemicals division. Ciba's Home & Personal Care business will be integrated into the existing structure of the Care Chemicals division.

The company will retain a strong presence in the Basel region: The Paper Chemicals division formed in April has been based in Basel since July 1, 2009. In addition, the European business unit for plastic additives and the global units responsible for technology management and the restructuring of the pigments business will also be located there. Furthermore, a new Business Center for sales, finance and human resources in Switzerland as well as a research center for coatings and printable electronics will be based in Basel.

→ Further details on the integration of Ciba can be found on page 15 and in the Notes on page 24

Other significant events

At the beginning of July 2009, the Chinese central government approved the Joint Feasibility Study Report submitted by BASF and Sinopec for the expansion of their joint chemical site in Nanjing. The site is operated by the joint venture BASF-YPC Co. Ltd. BASF and Sinopec will invest around $1.4 billion in increasing the capacity of the Verbund site, expanding the steam cracker, constructing 10 new plants and expanding three existing plants. The expansion will take place in stages. The majority of the new plants, which will produce higher value specialty chemicals for the Chinese market, will start operations from 2011 onwards.

At the end of June 2009, BASF closed down a polystyrene plant at its Ludwigshafen site due to the continued decline in demand. As a result, BASF has reduced its production capacity for this standard plastic in Europe by around 15%. Polystyrene will continue to be produced in Ludwigshafen, but primarily for the manufacture of the two insulation materials Styrodur® C und Neopor®.

In addition, BASF will close its Styropor® plant at the Tarragona/Spain site in August 2009.

Economic environment

In mid-2009, the global economy is in a deep recession. Following the sharp drop in economic performance in the fourth quarter of 2008, the global downturn further intensified in the first quarter of 2009. Although the economic environment remained difficult in the second quarter of 2009, the indications are that the situation is stabilizing at a low level.

Compared with the same period of the previous year, the global gross domestic product in the first half of the year shrank by around 4%. This development particularly affected industrial countries that are highly dependent on the automotive industry or construction sector. Worldwide industrial production dropped by around 13%.

We have therefore adjusted the underlying assumptions on which our forecast for 2009 is based.

→ The forecast for full year 2009 can be found on page 15

SIGNIFICANT EVENTS AND ECONOMIC ENVIRONMENT

- Extensive restructuring of the Ciba businesses during integration into the Performance Products segment; Basel remains a key site
- BASF and Sinopec to invest around $1.4 billion in expanding their Verbund site in Nanjing
- Closure of a polystyrene plant at the Ludwigshafen site and a Styropor® plant at the Tarragona/Spain site
- Global gross domestic product approximately 4% lower than in the first half of 2008; drop in worldwide industrial production (minus 13%)

CHEMICALS

Excellence in the Verbund, technology and cost leadership

Segment data (million €)

	2nd Quarter			1st Half		
	2009	2008	Change in %	**2009**	2008	Change in %
Sales to third parties	1,809	3,081	(41)	3,365	5,844	(42)
Thereof Inorganics	235	341	(31)	458	672	(32)
Petrochemicals	1,127	2,084	(46)	2,037	3,841	(47)
Intermediates	447	656	(32)	870	1,331	(35)
Income from operations before depreciation and amortization (EBITDA)	419	528	(21)	657	1,204	(45)
Income from operations (EBIT) before special items	258	377	(32)	342	909	(62)
Income from operations (EBIT)	258	377	(32)	341	909	(62)
Assets	5,817	6,861	(15)	–	–	–
Research expenses	32	36	(11)	66	72	(8)
Additions to property, plant and equipment and intangible assets	111	183	(39)	213	274	(22)

2nd quarter 2009

Compared with the same quarter of the previous year, sales in the Chemicals segment declined substantially as a result of falling volumes and prices (volumes –21%, prices –24%, portfolio 0%, currencies 4%). As a result of very weak demand and low capacity utilization rates at our plants, income from operations before special items decreased significantly. However, all divisions recorded higher earnings than in the first quarter of 2009. Our measures to cut costs and optimize production processes contributed to this.

Inorganics

The Inorganics division recorded a substantial decline in sales compared with the second quarter of 2008. This was due to lower business volumes in nearly all product lines as well as falling prices for methanol, urea and ammonia. Income from operations before special items fell due to weak volumes and lower margins.

Petrochemicals

The continued low level of demand and the significant decline in prices led to a sharp drop in sales in the Petrochemicals division compared with the second quarter of 2008. In Europe and North America in particular, the utilization rates at our plants were low. At the Ludwigshafen site, we temporarily shut down a steam cracker. Income from operations before special items was significantly lower than in the second quarter of 2008, mainly due to lower volumes. However, we recorded an increase in earnings compared with the first quarter of 2009.

Intermediates

In the Intermediates division, sales decreased substantially compared with the second quarter of 2008 due to lower volumes, particularly due to the weak demand from the textiles, coatings and plastics industries. In Asia, business developed positively compared with the first quarter of 2009 in several product lines. Thanks to falling raw material prices, margins improved slightly compared with the same period of the previous year. Income from operations before special items decreased significantly due to lower volumes.

CHEMICALS

- Sales decline due to lower volumes and prices
- Low demand negatively impacts earnings, nevertheless positive contribution from all divisions
- Successful cost-cutting measures

2ND QUARTER 2009

Change compared with 2nd quarter 2008

SALES

–41%

EBIT before special items

–32%

PLASTICS

Energy-efficient materials, innovative solutions

Segment data (million €)

	2nd Quarter			1st Half		
	2009	2008	Change in %	**2009**	2008	Change in %
Sales to third parties	1,750	2,495	(30)	3,213	4,885	(34)
Thereof Performance Polymers	750	1,100	(32)	1,347	2,164	(38)
Polyurethanes	1,000	1,395	(28)	1,866	2,721	(31)
Income from operations before depreciation and amortization (EBITDA)	247	380	(35)	325	826	(61)
Income from operations (EBIT) before special items	138	285	(52)	109	637	(83)
Income from operations (EBIT)	139	285	(51)	109	636	(83)
Assets	4,522	5,308	(15)	–	–	–
Research expenses	32	35	(9)	64	67	(4)
Additions to property, plant and equipment and intangible assets	64	111	(42)	127	183	(31)

2nd quarter 2009

Our business in the Plastics segment was shaped by the worldwide recession in our customer industries. As a result of lower volumes and lower prices, sales were substantially lower than in the second quarter of 2008 (volumes –19%, prices –15%, portfolio 0%, currencies 4%). Income from operations before special items was halved. In contrast to the first quarter of 2009, both operating divisions recorded positive earnings. This was due to our successful cost management and a slight recovery in demand, especially in Asia.

Performance Polymers

The Performance Polymers division recorded a sharp drop in sales compared with the second quarter of 2008 due to lower volumes and prices, especially in business with the automotive and electronics industries. As in the first quarter of 2009, the business environment remained weak, with the exception of a slight recovery in Asia. The large decline in sales prices was only partially offset by lower raw material costs. Income from operations before special items was nevertheless positive, but was considerably lower than in the second quarter of 2008. Fixed costs were reduced significantly.

Polyurethanes

In the Polyurethanes division, sales decreased substantially compared with the second quarter of 2008. This development was due to a considerable decline in business volumes in all regions as well as general falling prices. Continued weak demand in the construction and automotive industries resulted in overcapacities for basic products. Income from operations before special items was much lower than the excellent figure achieved in the second quarter of 2008, but higher than in the first quarter of 2009. We continued to impose strict cost management and reduced inventories.

PLASTICS

- Significant decline in sales due to lower prices and volumes
- Earnings halved compared with second quarter of 2008; second-quarter earnings improved compared with the first quarter 2009
- Substantial reduction in fixed costs

2ND QUARTER 2009

Change compared with 2nd quarter 2008

SALES	EBIT before special items
–30%	–52%

PERFORMANCE PRODUCTS

Innovative and high-growth specialties

Segment data (million €)

	2nd Quarter			1st Half		
	2009	2008	Change in %	**2009**	2008	Change in %
Sales to third parties	2,443	2,081	17	4,120	4,085	1
Thereof Dispersions & Pigments	559	651	(14)	1,031	1,244	(17)
Care Chemicals	767	912	(16)	1,565	1,800	(13)
Paper Chemicals	195	246	(21)	392	498	(21)
Performance Chemicals	216	272	(21)	426	543	(22)
Ciba	706	–	–	706	–	–
Income from operations before depreciation and amortization (EBITDA)	6	339	(98)	222	650	(66)
Income from operations (EBIT) before special items	80	221	(64)	203	430	(53)
Income from operations (EBIT)	(214)	244	.	(91)	461	.
Assets	10,131	5,693	78	–	–	–
Research expenses	77	55	40	126	109	16
Additions to property, plant and equipment and intangible assets	3,779	75	.	3,853	136	.

2nd quarter 2009

Sales increased as a result of the inclusion of the Ciba businesses (volumes –18%, prices –3%, portfolio 33%, currencies 5%). While volumes declined significantly, margins increased in almost all product lines and fixed costs were reduced. The acquired Ciba businesses had a negative impact on income from operations before special items. Negative special items arose, mostly from the use of inventory revalued at market prices at the time of acquisition and from the partial writedown of the Ciba IT system.

While prices remained largely stable, sales in the **Dispersions & Pigments** division were lower than in the second quarter of 2008 due to a decline in volumes. Earnings decreased only slightly, primarily due to improved margins.

Weaker demand in **Care Chemicals** led to a decline in sales, for example in products for detergents and formulators. Earnings were only slightly lower than in the second quarter of 2008. This division therefore made a key contribution to the segment's earnings.

The **Paper Chemicals** division recorded a substantial decrease in demand compared with the same quarter of the previous year. Thanks to improved margins, we were able to achieve positive earnings despite the difficult business environment.

Performance Chemicals recorded a significant decline in sales, primarily due to lower volumes. Despite stable margins and falling costs, earnings were substantially lower than in the second quarter of 2008. The loss posted in the first quarter of 2009 was almost offset by positive earnings in the second quarter.

The businesses acquired from **Ciba** are reported as a separate division in the second quarter. In a difficult business environment, earnings were negative despite massive measures to reduce costs.

PERFORMANCE PRODUCTS

- Increase in sales as a result of the inclusion of the Ciba businesses
- Substantial decline in earnings due to weak demand
- High special charges related to the Ciba acquisition

2ND QUARTER 2009

Change compared with 2nd quarter 2008

SALES

+17%

EBIT
before special items

–64%

FUNCTIONAL SOLUTIONS

Customer-specific products and system solutions

Segment data (million €)

	2nd Quarter			1st Half		
	2009	2008	Change in %	**2009**	2008	Change in %
Sales to third parties	1,755	2,490	(30)	3,323	4,884	(32)
Thereof Catalysts	677	1,265	(46)	1,328	2,578	(48)
Construction Chemicals	536	563	(5)	984	1,018	(3)
Coatings	542	662	(18)	1,011	1,288	(22)
Income from operations before depreciation and amortization (EBITDA)	129	193	(33)	176	420	(58)
Income from operations (EBIT) before special items	48	111	(57)	2	251	(99)
Income from operations (EBIT)	29	108	(73)	(16)	245	.
Assets	8,227	8,811	(7)	–	–	–
Research expenses	42	47	(11)	86	94	(9)
Additions to property, plant and equipment and intangible assets	40	36	11	76	82	(7)

2nd quarter 2009

Sales were substantially lower than in the second quarter of 2008 due to declining demand and lower prices (volumes –22%, prices –11%, portfolio 0%, currencies 3%). Income from operations before special items dropped sharply, primarily as a result of the lower volume of business. Our measures to increase efficiency helped us to post positive earnings again, following a loss in the first quarter of 2009.

Catalysts

In Catalysts, sales fell dramatically as a result of weak demand from the automotive and chemicals industries and a significant decline in precious metal prices. Precious metal trading contributed €261 million to sales (second quarter of 2008: €628 million). Adjusted for this, sales declined by around 35%. Our refinery catalysts business posted higher sales. The overall substantial decline in business volumes had a detrimental effect on earnings, which were negative despite lower fixed costs.

Construction Chemicals

In the Construction Chemicals division, the usual seasonal upturn in demand was subdued, especially in Europe and North America. Despite positive business development in Asia and the Middle East, sales did not quite reach the level recorded in the same quarter of the previous year. With slightly improved margins, income from operations before special items were higher thanks to our measures to reduce fixed costs. The loss in the first quarter of 2009 was offset.

Coatings

In the Coatings division, there was a substantial decline in sales due to lower volumes. The demand for automotive and industrial coatings was dramatically lower than in the second quarter of 2008. The drastic decline in earnings was dampened by stable margins, and lower fixed costs resulting from restructuring measures. The division again recorded positive earnings, following a loss in the first quarter of 2009.

FUNCTIONAL SOLUTIONS

- Significant decline in sales and earnings due to lower volumes and prices
- Positive earnings contribution from Coatings and Construction Chemicals
- Measures to reduce fixed costs are showing effect

2ND QUARTER 2009

Change compared with 2nd quarter 2008

SALES	EBIT before special items
–30%	–57%

AGRICULTURAL SOLUTIONS

Development of innovative active ingredients and solutions for plant health

Segment data (million €)

	2nd Quarter			1st Half		
	2009	2008	Change in %	**2009**	2008	Change in %
Sales to third parties	1,175	1,159	1	2,320	2,105	10
Income from operations before depreciation and amortization (EBITDA)	415	422	(2)	803	728	10
Income from operations (EBIT) before special items	367	363	1	711	622	14
Income from operations (EBIT)	366	363	1	706	622	14
Assets	5,118	4,631	11	–	–	–
Research expenses	86	82	5	167	154	8
Additions to property, plant and equipment and intangible assets	66	19	247	111	45	147

2nd quarter 2009

Sales were slightly increased compared with the second quarter of 2008 despite delayed planting in North America and in parts of Europe. Higher prices in North America and Europe in particular for fungicides and herbicides, positive currency effects as well as the inclusion of the Sorex Group, more than compensated for a decline in volumes (volumes –10%, prices 7%, portfolio 1%, currencies 3%). We slightly exceeded the good earnings figure for the second quarter of 2008. Higher expenses for distribution as well as for research and development were more than offset by positive currency effects.

Sales decreased in **Europe**. In particular, the delayed start to the season for cereals and canola (oilseed rape) led to a decline in the use of our fungicides.

We increased sales further in **North America**. However, demand for our plant health products (Headline®) was reduced by weather conditions.

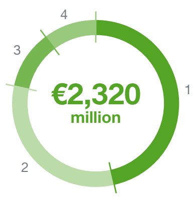
Sales in **Asia** increased moderately, primarily due to our business in China.

Sales in **South America** declined slightly due to the severe drought in Argentina. Moreover, we are observing that our customers are increasingly ordering our products shortly before they intend to use them.

1st half 2009 – Sales by indication

1 -- **Fungicides:** 49%
2 -- **Herbicides:** 35%
3 -- **Insecticides and other:** 16%

1st half 2009 – Sales by region (location of customer)



1 -- **Europe:** 47%
2 -- **North America:** 32%
3 -- **Asia Pacific:** 10%
4 -- **South America, Africa, Middle East:** 11%

AGRICULTURAL SOLUTIONS

- Sales slightly above the level of the second quarter of 2008, despite delayed planting in North America and parts of Europe
- Earnings slightly higher
- Increase in research and development expenditures as planned to secure our future businesses

2ND QUARTER 2009

Change compared with 2nd quarter 2008

SALES	EBIT before special items
+1%	+1%

OIL & GAS

Exploration and production of crude oil and natural gas; trading, transportation, and storage of natural gas

Segment data (million €)

	2nd Quarter			1st Half		
	2009	2008	Change in %	**2009**	2008	Change in %
Sales to third parties	2,452	3,201	(23)	6,346	6,945	(9)
Thereof Exploration & Production	946	1,388	(32)	1,983	2,771	(28)
Natural Gas Trading	1,506	1,813	(17)	4,363	4,174	5
Income from operations before depreciation and amortization (EBITDA)	625	1,167	(46)	1,464	2,285	(36)
Thereof Exploration & Production	552	1,086	(49)	1,100	1,996	(45)
Natural Gas Trading	73	81	(10)	364	289	26
Income from operations (EBIT) before special items	506	1,026	(51)	1,231	2,010	(39)
Thereof Exploration & Production	469	980	(52)	940	1,792	(48)
Natural Gas Trading	37	46	(20)	291	218	33
Income from operations (EBIT)	506	1,026	(51)	1,231	2,010	(39)
Thereof Exploration & Production	469	980	(52)	940	1,792	(48)
Natural Gas Trading	37	46	(20)	291	218	33
Assets	7,979	6,881	16	–	–	–
Thereof Exploration & Production	4,942	4,060	22	–	–	–
Natural Gas Trading	3,037	2,821	8	–	–	–
Exploration expenses	31	62	(50)	51	108	(53)
Additions to property, plant and equipment and intangible assets	270	143	89	462	258	79
Income taxes on oil-producing operations non-compensable with German corporate income tax	226	577	(61)	380	1,035	(63)
Net income	181	202	(10)	394	443	(11)

2nd quarter 2009

We recorded a substantial decline in sales in the Oil & Gas segment. This was mainly due to a 50% decrease in the oil price as well as lower natural gas volumes (volumes –10%, prices/currencies –14%, portfolio 1%). Income from operations before special items did not reach the high value achieved in the second quarter of 2008 as a result of the fall in oil prices.

In **Exploration & Production**, overall production increased thanks to higher volumes from the Yuzhno Russkoye natural gas field, despite a decline in oil production. Sales and earnings decreased due to lower prices: Compared with the same period of the previous year the average price of Brent crude fell by around 50% to $59 per barrel (by –44% to €43 per barrel in euro terms).

In **Natural Gas Trading**, natural gas sales volumes to third parties fell by around 10% due to the crisis. As a result of the delayed adjustment of sales prices to purchase prices, we recorded slightly higher margins, but this was not sufficient to compensate for significantly lower volumes. As a result, earnings decreased compared with the second quarter of 2008.

OIL & GAS

- Decline in sales and earnings, in particular resulting from a steep decline in oil prices due to the crisis
- Weaker demand in Natural Gas Trading

→ **More information on net income in the Oil & Gas segment can be found in the Notes on page 25**

2ND QUARTER 2009

Change compared with 2nd quarter 2008

SALES

–23%

EBIT before special items

–51%

REGIONS

1st Half 2009

Overview of regions (million €)

	Sales by location of company			Sales by location of customer			EBIT before special items		
	2009	2008	Change in %	2009	2008	Change in %	2009	2008	Change in %
2nd Quarter									
Europe	7,296	9,881	(26)	6,749	9,382	(28)	696	1,931	(64)
Thereof Germany	5,031	6,873	(27)	2,350	3,405	(31)	446	1,437	(69)
North America	2,562	3,382	(24)	2,621	3,349	(22)	184	174	6
Asia Pacific	1,994	2,337	(15)	2,220	2,540	(13)	193	231	(16)
South America, Africa, Middle East	650	705	(8)	912	1,034	(12)	67	72	(7)
	12,502	**16,305**	**(23)**	**12,502**	**16,305**	**(23)**	**1,140**	**2,408**	**(53)**
1st Half									
Europe	15,303	19,961	(23)	14,393	18,979	(24)	1,493	3,717	(60)
Thereof Germany	11,096	14,101	(21)	5,589	7,180	(22)	872	2,797	(69)
North America	4,701	6,284	(25)	4,780	6,226	(23)	255	443	(42)
Asia Pacific	3,475	4,589	(24)	3,829	4,952	(23)	246	454	(46)
South America, Africa, Middle East	1,242	1,392	(11)	1,719	2,069	(17)	131	148	(11)
	24,721	**32,226**	**(23)**	**24,721**	**32,226**	**(23)**	**2,125**	**4,762**	**(55)**

In **Europe**, sales fell by 23% in the first half of the year. Earnings decreased significantly by €2,224 million to €1,493 million. Due to weak demand and falling prices, sales and earnings fell in almost all segments. We recorded a slight increase in sales in Performance Products as a result of the inclusion of the Ciba businesses. Sales and earnings in Agricultural Solutions were at the same level as in the first half of the previous year. This segment made a major contribution to earnings.

In the first half of the year, sales in **North America** decreased by 34% in dollar terms and by 25% in euro terms. Overall earnings declined by €188 million to €255 million, due to the weak first quarter in almost all segments. Earnings in the second quarter were slightly higher than in the same period of the previous year. Agricultural Solutions recorded an increase in earnings thanks to higher margins.

In **Asia Pacific**, sales decreased by 32% in local currency terms and by 24% in euro terms. Earnings fell substantially by €208 million to €246 million. The decline in earnings affected almost all segments and was due in particular to the sharp fall in our customers' export business. Earnings in Agricultural Solutions increased thanks to rising demand in China and India. Overall, demand in this region improved in the second quarter.

Sales in **South America, Africa, Middle East** decreased by 11% in local currency and euro terms. Earnings declined by €17 million to €131 million. Together with Chemicals and Oil & Gas, the Performance Products segment was also affected by the decline in earnings due to the weak textile and leather chemicals business. In contrast, Agricultural Solutions was able to further increase earnings.

REGIONS: 1ST HALF 2009

- Decline in sales and earnings in all regions
- Substantial decline in earnings in almost all segments in Europe; Agricultural Solutions at the same level as in the previous year
- Earnings improve in North America over the course of the first half year
- Slight recovery in demand in Asia Pacific
- Higher earnings in Agricultural Solutions in South America, Africa, Middle East

OVERVIEW OF OTHER TOPICS

Research and development

In June 2009, the European Food Safety Authority (EFSA) reconfirmed that the npt2 gene contained in Amflora® is safe and that no further scientific studies on this matter are necessary. The EU Commission's prerequisite for the approval of BASF's genetically engineered potato has thus been met. The Commission declared in May 2008 that it would approve Amflora as soon as EFSA confirms that the product is safe. Starch obtained from Amflora can be used for a broad range of possible applications – it makes paper glossier, strengthens yarn and keeps glue liquid for longer.

Under the guidance of BASF Future Business GmbH, 18 partners from industry and science have joined forces to form the cross-sector consortium HE-Lion, with the goal of developing and marketing more efficient, higher-performing and safer lithium-ion batteries by 2015. The batteries are to be used in plug-in hybrid automobiles and in electric-powered vehicles. The German Ministry of Education and Research (BMBF) is further supporting project funding with €21 million.

In the Organic Electronics Forum, a cluster of excellence also supported by the BMBF, BASF scientists are developing nano-structured functional materials and new production processes for printed electronics, i.e., for electronic components that can be printed on elastic carrier materials. For example, the production of labels fitted with sensors, also known as smart labels, which can be used to measure among other things temperature and humidity – an important aspect in the transportation and storage of goods. The goal is to present initial functional materials that greatly improve the process of printing electronic components within three years.

Employees

As a result of the acquisition of Ciba, the number of BASF Group employees increased by 9,743 and amounted to 106,667 on June 30, 2009. Without the Ciba acquisition, the headcount would have been 94,816. On June 30, 2009, 64% of BASF Group employees worked in Europe, around 15% in North America, around 15% in Asia Pacific, and 6% in South America, Africa, Middle East.

Compared with the first half of 2008, personnel costs in the first half of 2009 increased by 5.5% to €3,335 million as a result of the acquisition.

In Europe, as of June 30, 2009 around 3,700 employees at 19 BASF Group sites were working shorter hours. Outside of Europe too, the working hours of our employees are being tailored to reduced production in accordance with the respective local requirements.

RESEARCH AND DEVELOPMENT

- EFSA reconfirms the safety of Amflora; prerequisite for approval by EU Commission met
- Development of more efficient lithium-ion batteries by BASF Future Business and 18 partners
- Development of new production processes and nano-based functional materials for printed electronics

EMPLOYEES BY REGION

	June 30, 2009	Dec. 31, 2008	Change in %
Europe	68,248	61,889	10
North America (NAFTA)	16,456	15,168	8
Asia Pacific	15,543	13,734	13
South America, Africa, Middle East	6,420	6,133	5
	106,667	**96,924**	**10**

OUTLOOK

The result of the extremely difficult business environment caused by the global economic crisis is that BASF has to face some exceptional challenges in 2009. All segments except for Agricultural Solutions are affected by the recession. However, the indications are that the situation is stabilizing at a low level. In North America the slump appears to be bottoming out and China is again beginning to see stronger growth. Nevertheless, a sustained upturn is not yet in sight. Restocking in several industries and regions as well as economic stimulus packages are improving demand but generally only in the short term. The global financial system remains fragile; overcapacity and rising unemployment are also depressing the situation further.

Opportunities and risks

One of our strengths is that we act quickly and decisively even in difficult times. We have started to respond to the plummeting demand early on – with capacity adjustments, plant shutdowns, flexible work models and short-time working. We apply these measures with just as much rigor as our strict cost management policy, ongoing optimization of working capital and our longer-term programs for boosting efficiency. In this way, we secure our strong cash flow and our solid financing structure.

In order to secure our future business, we are maintaining our research and development expenditure at a high level in 2009. We are adjusting our expenditure on property, plant and equipment to the changed market conditions whilst exploiting the opportunities open to us globally in growth markets.

The integration of the acquired Ciba businesses involves extensive restructuring. We expect this to yield synergies of at least €400 million a year from 2012 onwards. By the end of 2010, annual savings of approximately €300 million are to be achieved. Overall, the integration process is expected to entail cash costs totaling approximately €550 million, thereof €150 million in 2009. We are also expecting that the integration process will entail non-cash costs totaling approximately €400 million in 2009, with €300 million of these costs included as special items in the income for the first half of the year. The restructuring plans include a reduction of around 3,700 positions by 2013. We are reviewing options – including sale, restructuring or closure – for 23 of the 55 former Ciba production sites worldwide: decisions will be made about these sites by the end of the first quarter of 2010.

Particular factors to take into account in the current business environment are the growing risks arising from overcapacities, corporate insolvencies and a further increase in unemployment. Overall, the statements on risks made in the BASF Report 2008 remain valid. Our assessment of the current situation is that there are no significant individual risks and all risks combined do not post a threat to the continued existence of the BASF Group.

→ More information can be found in the BASF Report 2008, under Risk Report, pages 112–119

Forecast

We have updated our expectations with regard to the underlying economic conditions worldwide in 2009:

- Decline in gross domestic product (–3%)
- Decline in industrial production (–10%)
- Decline in chemical production (excluding pharmaceuticals) (–8%)
- An average euro/dollar exchange rate of $1.35 per euro
- Average oil price of $55 per barrel in 2009

In view of the current economic environment and the expenses resulting from the Ciba integration, we anticipate a significant decline in sales and earnings. Therefore, BASF is unlikely to earn its cost of capital in 2009.

OUTLOOK

- No lasting improvement in the economic situation expected in the second half of the year; restocking and economic stimulus packages generally provide only temporary improvement in demand
- Further capacity adjustments, short-time working and reduction of positions remain necessary
- Ciba integration expected to lead to synergies of at least €400 million per year by 2012; expected Ciba integration costs in 2009: cash costs of approximately €150 million, non-cash costs of around €400 million
- Goal of earning cost of capital is unlikely to be achieved in 2009

INTERIM FINANCIAL STATEMENTS CONSOLIDATED STATEMENTS OF INCOME

Consolidated Statements of Income (million €)

	2nd Quarter			1st Half		
	2009	2008	Change in %	**2009**	2008	Change in %
Sales	**12,502**	**16,305**	**(23.3)**	**24,721**	**32,226**	**(23.3)**
Cost of sales	8,963	11,852	(24.4)	18,081	23,411	(22.8)
Gross profit on sales	**3,539**	**4,453**	**(20.5)**	**6,640**	**8,815**	**(24.7)**
Selling expenses	1,461	1,434	1.9	2,754	2,792	(1.4)
General and administrative expenses	288	268	7.5	546	525	4.0
Research expenses	352	340	3.5	677	667	1.5
Other operating income	123	256	(52.0)	543	593	(8.4)
Other operating expenses	789	308	156.2	1,506	762	97.6
Income from operations	**772**	**2,359**	**(67.3)**	**1,700**	**4,662**	**(63.5)**
Income from companies accounted for using the equity method	60	3	.	16	11	45.5
Other income from participations	69	43	60.5	73	47	55.3
Other expenses from participations	3	6	(50.0)	4	7	(42.9)
Interest income	37	45	(17.8)	58	83	(30.1)
Interest expense	201	149	34.9	339	293	15.7
Other financial result	(21)	26	.	(65)	(1)	.
Financial result	**(59)**	**(38)**	**(55.3)**	**(261)**	**(160)**	**(63.1)**
Income before taxes and minority interests	**713**	**2,321**	**(69.3)**	**1,439**	**4,502**	**(68.0)**
Income taxes	362	951	(61.9)	631	1,849	(65.9)
Income before minority interests	**351**	**1,370**	**(74.4)**	**808**	**2,653**	**(69.5)**
Minority interests	8	73	(89.0)	90	186	(51.6)
Net income	**343**	**1,297**	**(73.6)**	**718**	**2,467**	**(70.9)**
Earnings per share (€)						
Undiluted	**0.37**	**1.39**	**(73.4)**	**0.78**	**2.63**	**(70.3)**
Diluted	0.37	1.39	(73.4)	0.78	2.63	(70.3)

CONSOLIDATED BALANCE SHEETS

Assets (million €)

	June 30, 2009	June 30, 2008	Change in %	Dec, 31, 2008	Change in %
Intangible assets	11,106	8,997	23.4	9,889	12.3
Property, plant and equipment	17,065	13,831	23.4	15,032	13.5
Investments accounted for using the equity method	1,226	935	31.1	1,146	7.0
Other financial assets	1,629	2,776	(41.3)	1,947	(16.3)
Deferred tax assets	1,035	587	76.3	930	11.3
Other receivables and miscellaneous short-term assets	842	797	5.6	642	31.2
Long-term assets	**32,903**	**27,923**	**17.8**	**29,586**	**11.2**
Inventories	6,299	6,704	(6.0)	6,763	(6.9)
Accounts receivable, trade	8,106	9,647	(16.0)	7,752	4.6
Other receivables and miscellaneous short-term assets	2,851	3,310	(13.9)	3,948	(27.8)
Marketable securities	117	42	178.6	35	234.3
Cash and cash equivalents	2,909	879	230.9	2,776	4.8
Assets of disposal groups	–	603	–	–	–
Short-term assets	**20,282**	**21,185**	**(4.3)**	**21,274**	**(4.7)**
Total assets	**53,185**	**49,108**	**8.3**	**50,860**	**4.6**

Stockholders’ equity and liabilities (million €)

	June 30, 2009	June 30, 2008	Change in %	Dec, 31, 2008	Change in %
Subscribed capital	1,176	1,193	(1.4)	1,176	–
Capital surplus	3,246	3,218	0.9	3,241	0.2
Retained earnings	12,331	14,042	(12.2)	13,250	(6.9)
Other comprehensive income	8	640	(98.8)	(96)	.
Equity of shareholders of BASF SE	**16,761**	**19,093**	**(12.2)**	**17,571**	**(4.6)**
Minority interests	1,099	1,074	2.3	1,151	(4.5)
Stockholders’ equity	**17,860**	**20,167**	**(11.4)**	**18,722**	**(4.6)**
Provisions for pensions and similar obligations	2,268	1,263	79.6	1,712	32.5
Other provisions	3,166	2,847	11.2	2,757	14.8
Deferred tax liabilities	2,202	2,041	7.9	2,167	1.6
Financial indebtedness	13,124	6,655	97.2	8,290	58.3
Other long-term liabilities	1,060	911	16.4	917	15.6
Long-term liabilities	**21,820**	**13,717**	**59.1**	**15,843**	**37.7**
Accounts payable, trade	2,976	3,825	(22.2)	2,734	8.9
Provisions	2,935	2,669	10.0	3,043	(3.5)
Tax liabilities	958	1,279	(25.1)	860	11.4
Financial indebtedness	4,063	5,198	(21.8)	6,224	(34.7)
Other short-term liabilities	2,573	2,235	15.1	3,434	(25.1)
Liabilities of disposal groups	–	18	–	–	–
Short-term liabilities	**13,505**	**15,224**	**(11.3)**	**16,295**	**(17.1)**
Total stockholders’ equity and liabilities	**53,185**	**49,108**	**8.3**	**50,860**	**4.6**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Consolidated Statements of Cash Flows (million €)

	1st Half	
	2009	2008
Net income	718	2,467
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	1,480	1,329
Changes in net working capital	1,523	(1,186)
Miscellaneous items	(74)	19
Cash provided by operating activities	**3,647**	**2,629**
Payments related to property, plant and equipment and intangible assets	(1,298)	(1,049)
Acquisitions/divestitures	(1,501)	35
Financial investments and other items	(109)	(17)
Cash used in investing activities	**(2,908)**	**(1,031)**
Capital increases/repayments, share repurchases	(95)	(1,000)
Changes in financial liabilities	1,484	1,497
Dividends	(1,986)	(1,988)
Cash used in financing activities	**(597)**	**(1,491)**
Net changes in cash and cash equivalents	142	107
Cash and cash equivalents as of beginning of year and other changes	2,767	772
Cash and cash equivalents at end of period	**2,909**	**879**

Cash provided by operating activities

Cash provided by operating activities amounted to €3,647 million in the first half of 2009, which was higher by €1,018 million than in the first half of 2008. This increase was achieved despite the much lower net income, thanks to the high level of funds released by the reduction of current assets. Since the end of 2008, inventories and trade accounts receivables declined by €110 million in total to €14,405 million despite the contribution of €1,482 million from the acquisition of Ciba.

Cash used in investing activities

A total of €2,908 million was used in investing activities in the first half of the year, compared with €1,031 million in the same period of the previous year. For the acquisition of Ciba Holding AG, liquid funds of €1,746 million were invested when the takeover offer was executed on April 9, 2009. At the same time, cash and cash investments of €241 million were obtained from Ciba. Ciba shares worth €88 million were purchased in 2009 prior to the change of control. This amount was shown under financial investments and miscellaneous items, as were expenses of €344 million for Ciba shares in the second half of 2008. Payments related to property, plant and equipment and intangible assets were again significantly below the corresponding level of depreciation and amortization.

Cash used in financing activities

Cash used in financing activities amounted to €597 million. Dividends amounting to €1,791 million were paid out to shareholders in BASF SE and €195 million to minority shareholders in Group companies.

The acquisition of the remaining outstanding shares in Ciba Holding AG following the change of control on April 9, 2009 led to expenses of €95 million, which have been treated as an equity transaction between the shareholders.

Cash and cash equivalents amounted to €2,909 million on June 30, 2009, compared with €2,776 million at the end of 2008. Financial indebtedness, not taking account of the financial liabilities of Ciba taken on at the time of acquisition, increased by €1,365 million in the first half of 2009.

Net debt on June 30, 2009 amounted to €14,278 million compared with €11,738 million on December 31, 2008.

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE

Consolidated Statements of Recognized Income and Expense (million €)

	1st Half	
	2009	2008
Income before minority interests	**808**	**2,653**
Actuarial gains/losses from pensions and other obligations; asset ceiling	197	.
Foreign currency translation adjustment	12	(384)
Fair value changes in available-for-sale securities	(10)	856
Cash flow hedges	159	3
Revaluation due to acquisition of majority of shares	(1)	(1)
Deferred taxes	(56)	(48)
Minority interests	26	(27)
Total income and expense recognized in equity	**327**	**399**
Total income and expense for the period	**1,135**	**3,052**
Thereof BASF	1,019	2,893
Thereof minority interests	116	159

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

	Retained earnings	Other comprehensive income					Total income and expense recognized directly in equity
	Actuarial gains/losses; asset ceiling	Foreign currency translation adjustment	Fair value changes in available-for-sale securities	Cash flow hedges	Revaluation due to acquisition of majority of shares	Total of other comprehensive income	
As of January 1, 2009	**(1,511)**	**(637)**	**668**	**(137)**	**10**	**(96)**	**(1,607)**
Additions	197	12	–	159	–	171	368
Releases	–	–	(10)	–	(1)	(11)	(11)
Deferred taxes	–	.	(1)	(55)	–	(56)	(56)
As of June 30, 2009	**(1,314)**	**(625)**	**657**	**(33)**	**9**	**8**	**(1,306)**
As of January 1, 2008	**(874)**	**(497)**	**680**	**(21)**	**12**	**174**	**(700)**
Additions	–	–	856	3	–	859	859
Releases	–	(384)	–	–	(1)	(385)	(385)
Deferred taxes	(40)	6	(13)	(1)	–	(8)	(48)
As of June 30, 2008	**(914)**	**(875)**	**1,523**	**(19)**	**11**	**640**	**(274)**

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

1st Half 2009 (million €)

	Number of subscribed shares outstanding	Subscribed capital	Capital surplus	Retained earnings	Other comprehensive income [2]	**Equity of shareholders of BASF SE**	Minority interests	**Stockholders' equity**
As of January 1, 2009	**918,478,694**	**1,176**	**3,241**	**13,250**	**(96)**	**17,571**	**1,151**	**18,722**
Cancellation of own shares	–	–	6	(6)	–	**–**	–	–
Effect of acquisitions achieved in stages	–	–	–	(35)	–	**(35)**	–	(35)
Capital withdrawal/contribution	–	–	–	–	–	**–**	–	–
Dividends paid	–	–	–	(1,791)	–	**(1,791)**	(195) [3]	(1,986)
Net income	–	–	–	718	–	**718**	90	808
Change in income and expense recognized directly in equity	–	–	–	197	104	**301**	26	327
Changes in scope of consolidation and other changes	–	–	(1)	(2)	–	**(3)**	27	24
As of June 30, 2009	**918,478,694**	**1,176**	**3,246**	**12,331**	**8**	**16,761**	**1,099**	**17,860**

1st Half 2008 (million €)

	Number of subscribed shares outstanding[1]	Subscribed capital	Capital surplus	Retained earnings	Other comprehensive income [2]	**Equity of shareholders of BASF SE**	Minority interests	**Stockholders' equity**
As of January 1, 2008	**956,370,000**	**1,224**	**3,173**	**14,556**	**174**	**19,127**	**971**	**20,098**
Share buyback and cancellation of own shares including own shares intended to be cancelled	(24,480,000)	(31)	45	(1,114)	–	**(1,100)**	–	(1,100)
Capital withdrawal/contribution	–	–	–	–	–	**–**	100	100
Dividends paid	–	–	–	(1,831)	–	**(1,831)**	(157) [3]	(1,988)
Net income	–	–	–	2,467	–	**2,467**	186	2,653
Change in income and expense recognized directly in equity	–	–	–	(40)	466	**426**	(27)	399
Changes in scope of consolidation and other changes	–	–	–	4	–	**4**	1	5
As of June 30, 2008	**931,890,000**	**1,193**	**3,218**	**14,042**	**640**	**19,093**	**1,074**	**20,167**

[1] The number of outstanding shares was adjusted following the two-for-one stock split carried out in the second quarter of 2008.
[2] Details are provided in the Consolidated Statements of Recognized Income and Expense on page 19.
[3] Including profit and loss transfers

SEGMENT REPORTING BASF GROUP

2nd Quarter (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2009	2008	Change in %	2009	2008	Change in %	2009	2008	Change in %	2009	2008	Change in %
Chemicals	1,809	3,081	(41.3)	419	528	(20.6)	258	377	(31.6)	258	377	(31.6)
Plastics	1,750	2,495	(29.9)	247	380	(35.0)	138	285	(51.6)	139	285	(51.2)
Performance Products	2,443	2,081	17.4	6	339	(98.2)	80	221	(63.8)	(214)	244	.
Functional Solutions	1,755	2,490	(29.5)	129	193	(33.2)	48	111	(56.8)	29	108	(73.1)
Agricultural Solutions	1,175	1,159	1.4	415	422	(1.7)	367	363	1.1	366	363	0.8
Oil & Gas	2,452	3,201	(23.4)	625	1,167	(46.4)	506	1,026	(50.7)	506	1,026	(50.7)
Other	1,118	1,798	(37.8)	(265)	4	.	(257)	25	.	(312)	(44)	.
	12,502	**16,305**	**(23.3)**	**1,576**	**3,033**	**(48.0)**	**1,140**	**2,408**	**(52.7)**	**772**	**2,359**	**(67.3)**

2nd Quarter (million €)

	Research expenses			Assets			Additions to long-term assets [1]			Amortization and depreciation [2]		
	2009	2008	Change in %	2009	2008	Change in %	2009	2008	Change in %	2009	2008	Change in %
Chemicals	32	36	(11.1)	5,817	6,861	(15.2)	111	183	(39.3)	161	151	6.6
Plastics	32	35	(8.6)	4,522	5,308	(14.8)	64	111	(42.3)	108	95	13.7
Performance Products	77	55	40.0	10,131	5,693	78.0	3,779	75	.	220	95	131.6
Functional Solutions	42	47	(10.6)	8,227	8,811	(6.6)	40	36	11.1	100	85	17.6
Agricultural Solutions	86	82	4.9	5,118	4,631	10.5	66	19	247.4	49	59	(16.9)
Oil & Gas	3	1	200.0	7,979	6,881	16.0	270	143	88.8	119	141	(15.6)
Other	80	84	(4.8)	11,391	10,923	4.3	60	23	160.9	47	48	(2.1)
	352	**340**	**3.5**	**53,185**	**49,108**	**8.3**	**4,390**	**590**	**.**	**804**	**674**	**19.3**

[1] Investments in intangible assets and property, plant and equipment
[2] Depreciation and amortization of intangible assets and property, plant and equipment

1st Half (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2009	2008	Change in %	2009	2008	Change in %	2009	2008	Change in %	2009	2008	Change in %
Chemicals	3,365	5,844	(42.4)	657	1,204	(45.4)	342	909	(62.4)	341	909	(62.5)
Plastics	3,213	4,885	(34.2)	325	826	(60.7)	109	637	(82.9)	109	636	(82.9)
Performance Products	4,120	4,085	0.9	222	650	(65.8)	203	430	(52.8)	(91)	461	.
Functional Solutions	3,323	4,884	(32.0)	176	420	(58.1)	2	251	(99.2)	(16)	245	.
Agricultural Solutions	2,320	2,105	10.2	803	728	10.3	711	622	14.3	706	622	13.5
Oil & Gas	6,346	6,945	(8.6)	1,464	2,285	(35.9)	1,231	2,010	(38.8)	1,231	2,010	(38.8)
Other	2,034	3,478	(41.5)	(484)	(125)	.	(473)	(97)	.	(580)	(221)	.
	24,721	**32,226**	**(23.3)**	**3,163**	**5,988**	**(47.2)**	**2,125**	**4,762**	**(55.4)**	**1,700**	**4,662**	**(63.5)**

1st Half (million €)

	Research expenses			Assets			Additions to long-term assets [1]			Amortization and depreciation [2]		
	2009	2008	Change in %	2009	2008	Change in %	2009	2008	Change in %	2009	2008	Change in %
Chemicals	66	72	(8.3)	5,817	6,861	(15.2)	213	274	(22.3)	316	295	7.1
Plastics	64	67	(4.5)	4,522	5,308	(14.8)	127	183	(30.6)	216	190	13.7
Performance Products	126	109	15.6	10,131	5,693	78.0	3,853	136	.	313	189	65.6
Functional Solutions	86	94	(8.5)	8,227	8,811	(6.6)	76	82	(7.3)	192	175	9.7
Agricultural Solutions	167	154	8.4	5,118	4,631	10.5	111	45	146.7	97	106	(8.5)
Oil & Gas	5	5	–	7,979	6,881	16.0	462	258	79.1	233	275	(15.3)
Other	163	166	(1.8)	11,391	10,923	4.3	73	35	108.6	96	96	–
	677	**667**	**1.5**	**53,185**	**49,108**	**8.3**	**4,915**	**1,013**	**385.2**	**1,463**	**1,326**	**10.3**

[1] Investments in intangible assets and property, plant and equipment

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

Other (million €)

	2nd Quarter			1st Half		
	2009	2008	Change in %	2009	2008	Change in %
Sales	**1,118**	**1,798**	**(37.8)**	**2,034**	**3,478**	**(41.5)**
Thereof Styrenics	604	972	(37.9)	1,121	1,859	(39.7)
Thereof Other business reported under “Other”	514	826	(37.8)	913	1,619	(43.6)
EBIT before special items	**(257)**	**25**	**.**	**(473)**	**(97)**	**.**
Thereof Group corporate costs	(56)	(60)	6.7	(110)	(117)	6.0
Corporate research costs	(78)	(82)	4.9	(159)	(160)	0.6
Currency results, hedges and other valuation effects	(236)	169	.	(429)	236	.
Styrenics, fertilizers, other business	107	32	234.4	216	135	60.0
Special items	(55)	(69)	20.3	(107)	(124)	13.7
EBIT	**(312)**	**(44)**	**.**	**(580)**	**(221)**	**.**

NOTES TO THE INTERIM FINANCIAL STATEMENTS OF BASF GROUP

1 -- Basis of presentation

The Consolidated Financial Statements of the BASF Group for the year ending December 31, 2008 were prepared according to the International Financial Reporting Standards (IFRS) valid as of the balance sheet date. The Interim Financial Statements as of June 30, 2009 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 Analysis have been neither audited nor subject to an auditor's review.

→ The BASF Report 2008 containing the Consolidated Financial Statements as of December 31, 2008 can be found on the Internet at: basf.com/report

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 development of the number of fully and proportionally consolidated companies is shown in the table.

There have been 72 first-time consolidations since the beginning of 2009 – 69 as a result of the acquisition of Ciba Holding AG and 3 due to the increasing importance of these companies.

Nine companies have been deconsolidated since the beginning of 2009, as a result of mergers with other BASF companies, sale to third parties or decreased significance.

Scope of consolidation

	2009	2008
As of January 1	293	297
Thereof proportionally consolidated	19	18
First-time consolidations	72	6
Thereof proportionally consolidated	–	1
Deconsolidations	9	12
Thereof proportionally consolidated	–	–
As of June 30	**356**	**291**
Thereof proportionally consolidated	19	19

3 -- Acquisitions/Divestitures

Effect of acquisition of Ciba Holding AG on BASF Group assets at the time of the acquisition

	Million €	Effect in %
Long-term assets	3,666	11.1
Thereof goodwill	832	14.9
other intangible assets	752	13.6
property, plant and equipment	2,069	12.1
Short-term assets	2,011	9.9
Thereof inventories	1,091	17.3
trade receivables	391	4.8
other receivables and other assets	287	10.1
Assets	**5,677**	**10.7**

On April 9, BASF completed the acquisition of Ciba Holding AG. The purchase price was €2,178 million (CHF 3,314 million). Following the acquisition, a purchase price allocation must be performed in accordance with IFRS 3. This can be adjusted within one year. The assets of Ciba Holding AG have been included in the Interim Financial Statements as of June 30, 2009, taking account of a provisional, indicative purchase price allocation.

4 -- Segments

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

Chemicals consists of the Inorganics, Petrochemicals and Intermediates divisions. On January 1, 2009, the activities of BASF Fuel Cell GmbH were transferred from Other to the Inorganics operating division, and the figures for the previous year were adjusted accordingly.

Plastics is composed of the Performance Polymers and Polyurethanes divisions. On January 1, 2009, the styrene copolymers business from the Performance Polymers division was transferred to Styrenics. Styrenics does not belong to a segment, but rather is shown under Other.

In the first quarter of 2009, Performance Products included the Acrylics & Dispersions, Care Chemicals and Performance Chemicals operating divisions. The businesses of Ciba Holding AG, which was acquired on April 9, 2009, were managed as a separate division in the Performance Products segment. As of the third quarter of 2009, the former Ciba businesses will be integrated into the operating divisions of Performance Products.

In order to accommodate the changes to our portfolio as a result of the acquisition of Ciba Holding AG, the divisions in the Performance Products segment have been restructured as of April 1, 2009. This segment has been assigned the new Paper Chemicals division consisting of BASF's paper chemicals and binders business as well as the kaolin minerals business, which were previously part of the Acrylics & Dispersions division. Ciba's business with products for paper manufacturing will be integrated into the Paper Chemicals division as of the third quarter of 2009.

The Acrylics & Dispersions division has been renamed Dispersions & Pigments. This division consists of BASF's business with raw materials for the coating and paint industry. In addition, the dispersions business has been supplemented by the pigments and resins business of the Performance Chemicals division. The acrylic monomers business has been assigned to the Petrochemicals division, which consequently encompasses the key steps in the propylene value-adding chain. The superabsorbents business has been assigned to the Care Chemicals division. All of Ciba's Coating Effects activities will be integrated into the Dispersions & Pigments division as of the third quarter of 2009.

In the Care Chemicals division, BASF combines all businesses in the areas of personal care and hygiene in addition to the human and animal nutrition units and pharmaceuticals business. The assignment of the superabsorbents business to Care Chemicals has strengthened the division's portfolio with consumer-related products for personal care. Ciba's Home & Personal Care business will be integrated into the Care Chemicals division as of the third quarter of 2009.

The Performance Chemicals division now primarily offers innovative and specific solutions for a broad range of industries including the plastics processing industry, automotive suppliers, refineries, users of oil field and mining chemicals, as well as leather and textiles processers. Ciba's Plastic Additives business and the majority of Ciba's Water Treatment business will be integrated into the Performance Chemicals division as of the third quarter of 2009.

Functional Solutions comprises the Catalysts, Construction Chemicals and Coatings divisions.

Agricultural Solutions contains the Crop Protection division.

Oil & Gas 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, Styrenics as well as our fertilizer activities. In addition, the sale of raw materials, engineering and other services, rental income and leases are reported under Other.

Group corporate costs consist of the expenses for steering the BASF Group and are not allocated to the segments but reported under Other.

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.

Earnings 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.

In addition, earnings resulting from hedging for raw material price risks that are not allocated to the segments are recorded in Other.

Transfers between the segments are almost always 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.

Assets of Other (million €)

	1st Half	
	2009	2008
Assets of businesses included under Other	2,434	3,147
Financial assets	2,855	3,711
Deferred tax assets	1,035	587
Cash and cash equivalents, marketable securities	3,026	921
Defined benefit assets	328	527
Miscellaneous receivables/prepaid expenses	1,713	2,030
	11,391	**10,923**

Reconciliation reporting for Oil & Gas (million €)

	2nd Quarter		1st Half	
	2009	2008	**2009**	2008
Income from operations	**506**	**1,026**	**1,231**	**2,010**
Income from participations	73	8	24	10
Other income	(94)	(19)	(211)	(25)
Income before taxes and minority interests	**485**	**1,015**	**1,044**	**1,995**
Income taxes	317	773	590	1,430
Thereof income taxes on oil-producing operations non-compensable with German corporate income tax	226	577	380	1,035
Income before minority interests	**168**	**242**	**454**	**565**
Minority interests	(13)	40	60	122
Net income	**181**	**202**	**394**	**443**

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.

Other income includes all expenses and income not included in income from operations of the segment, the interest result and the miscellaneous financial result.

The increase in income from participations in the second quarter resulted chiefly from foreign currency gains on loans denominated in U.S. dollars and euros at OAO Severneftegazprom (which is accounted for using the equity method) due to the appreciation of the Russian ruble. The decrease in other income related chiefly to results from foreign currency hedging not allocated to the Oil & Gas segment, that are reported under Other.

5 -- Other operating income

Million €	2nd Quarter		1st Half	
	2009	2008	**2009**	2008
Income from currency conversion and foreign currency transactions	(5)	19	99	126
Disposal of property, plant and equipment	15	13	22	20
Reversal/usage of provisions	(32)	2	9	4
Reversal of allowances for doubtful receivables	22	21	33	25
Revenue from miscellaneous business activities	20	(9)	34	34
Other	103	210	346	384
Other operating income	**123**	**256**	**543**	**593**

Provisions for the BASF Option Program that were reversed in the first quarter of 2009 had to be increased in the second quarter due to the higher share price. The decline in Other in the first half of 2009 resulted from income from hedging against raw material price risks in the first half of 2008.

6 -- Other operating expenses

Million €	2nd Quarter		1st Half	
	2009	2008	2009	2008
Losses from currency conversion and foreign currency transactions	79	22	378	97
Oil and gas exploration expenses	31	62	51	108
Other	679	224	1,077	557
Other operating expenses	**789**	**308**	**1,506**	**762**

In the first half of 2009, Other included special charges of €431 million (first half of 2008: €124 million), €375 million of which were in the second quarter (second quarter of 2008: €64 million). This was primarily the result of the integration of Ciba, in particular due to the use of inventory valued at market prices at the time of the acquisition.

7 -- Financial result

Million €	2nd Quarter		1st Half	
	2009	2008	2009	2008
Income from companies accounted for using the equity method	**60**	**3**	**16**	**11**
Income from participations in affiliated and associated companies	67	38	68	39
Income from the disposal of participations	–	2	–	4
Income from profit transfer agreements	2	2	4	3
Income from tax allocation to participating interests	–	1	1	1
Other income from participations	**69**	**43**	**73**	**47**
Losses from loss transfer agreements	(1)	(6)	(1)	(7)
Write-downs of/losses from the sale of participations	(2)	–	(3)	–
Other expenses from participations	**(3)**	**(6)**	**(4)**	**(7)**
Interest income from cash and cash equivalents	30	30	44	53
Interest and dividend income from securities and loans	7	15	14	30
Interest income	**37**	**45**	**58**	**83**
Interest expense	**(201)**	**(149)**	**(339)**	**(293)**
Write-ups/profits from the sale of securities and loans	16	–	16	–
Expected income from plan assets to cover pensions and similar obligations	174	169	322	340
Income from plan assets to cover other long-term personnel obligations	(2)	3	6	13
Income from construction interest	15	11	28	22
Other financial income	**203**	**183**	**372**	**375**
Write-downs/losses from the disposal of securities and loans	(9)	(4)	(10)	(5)
Interest accrued on pension obligations and similar obligations	(195)	(164)	(361)	(325)
Expenses from other long-term personnel obligations	(6)	(8)	(20)	(24)
Interest accrued on other long-term personnel provisions	(11)	(9)	(21)	(18)
Other financial expenses	(3)	28	(25)	(4)
Other financial result	**(224)**	**(157)**	**(437)**	**(376)**
Financial result	**(59)**	**(38)**	**(261)**	**(160)**

The positive result in the second quarter of 2009 from companies accounted for using the equity method primarily resulted from gains on loans in U.S. dollars and euros at OAO Severneftegazprom due to the appreciation of the Russian ruble.

The higher negative interest result can be attributed in particular to the higher level of debt. However, lower interest levels in the United States and in Europe had a counteractive effect. The decline in interest income was due in particular to the partial repayment of the loan granted to OAO Severneftegazprom in the previous year.

The lower level of expected income can be attributed to the decline in pension plan assets compared with the previous year.

8 -- Income taxes

Income before taxes and minority interests (million €)

	2nd Quarter		1st Half	
	2009	2008	**2009**	2008
Germany	91	538	116	1,173
Foreign oil production branches of German companies	298	751	495	1,336
Other foreign	324	1,032	828	1,993
	713	**2,321**	**1,439**	**4,502**

Income taxes (million €)

	2nd Quarter		1st Half	
	2009	2008	**2009**	2008
Germany	20	67	45	233
Foreign oil production branches of German companies	270	688	453	1,232
Thereof non-compensable	226	577	380	1,035
Other foreign	72	196	133	384
	362	**951**	**631**	**1,849**
Tax rate (%)	50.8	41.0	43.8	41.1

Foreign income taxes for oil production decreased as a result of the lower oil price. The contribution of the Oil & Gas segment towards BASF Group income before taxes and minority interests amounted to 72.6% (same period of previous year: 43.4%). Due to the higher earnings contribution of the highly taxed Oil & Gas segment, the tax rate of the BASF Group increased in particular in the second quarter compared to the same period of the previous year.

9 -- Minority interests

Million €	2nd Quarter		1st Half	
	2009	2008	**2009**	2008
Minority interests in profits	19	75	106	191
Minority interests in losses	(11)	(2)	(16)	(5)
	8	**73**	**90**	**186**

Minority interests in profits resulted primarily from natural gas trading companies as well as Gazprom’s stake in the German Wintershall subsidiary that holds production and exploration rights in Libya.

10 -- Earnings per share

		2nd Quarter		1st Half	
		2009	2008	2009	2008
Net income	Million €	343	1,297	718	2,467
Number of outstanding shares (weighted average)	1,000	918,479	935,760	918,479	939,168
Earnings per share	**€**	**0.37**	**1.39**	**0.78**	**2.63**

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 half of 2009, and in the corresponding period of 2008, there was no dilutive effect; undiluted earnings per share were the same as the diluted value per share.

11 -- Long-term assets

Development (million €)

	1st Half 2009		
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method and other financial assets
Acquisition costs			
Balance as of January 1	12,408	49,147	3,424
Additions	1,703	3,212	299
Disposals	384	297	564
Exchange differences	(94)	(133)	(22)
Balance as of June 30	**13,633**	**51,929**	**3,137**
Amortization and depreciation			
Balance as of January 1	2,519	34,115	331
Additions	335	1,128	17
Disposals	329	297	66
Exchange differences	2	(82)	–
Balance as of June 30	**2,527**	**34,864**	**282**
Net book value as of June 30	**11,106**	**17,065**	**2,855**

Development (million €)

	1st Half 2008		
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method and other financial assets
Acquisition costs			
Balance as of January 1	11,517	45,757	3,101
Additions	73	997	1,070
Disposals	67	312	103
Exchange differences	(360)	(699)	(45)
Balance as of June 30	**11,163**	**45,743**	**4,023**
Amortization and depreciation			
Balance as of January 1	1,958	31,542	315
Additions	313	1,042	3
Disposals	65	273	6
Exchange differences	(40)	(399)	–
Balance as of June 30	**2,166**	**31,912**	**312**
Net book value as of June 30	**8,997**	**13,831**	**3,711**

Additions to property, plant and equipment from January to June 2009, arose from a number of investments. The most significant additions to property, plant and equipment and intangible assets resulted from the acquisition of Ciba Holding AG. Other significant additions are the expansion of plants to scrub synthesis gas in Ludwigshafen, the construction of natural gas pipelines, the construction of a resins plant in Wyandotte, Michigan, and a polyol plant in Geismar, Louisiana.

12 -- Inventories

Million €	**June 30, 2009**	Dec. 31, 2008
Raw materials and factory supplies	1,741	1,769
Work-in-process, finished goods and merchandise	4,460	4,924
Advance payments and services-in-process	98	70
	6,299	**6,763**

Work-in-process and 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.

13 -- Stockholders’ equity

Subscribed capital (million €)

	Shares	Subscribed capital
Outstanding shares as of December 31, 2008	923,128,567	1,182
Shares cancelled by June 30, 2008	(4,649,873)	(6)
Issued shares as disclosed in the financial statements	**918,478,694**	**1,176**

The Board of Executive Directors received approval at the Annual Meeting on April 24, 2008 to buy back BASF shares to a maximum amount of 10% of subscribed capital by October 23, 2009. The shares will be purchased on the stock exchange or through a public purchase offer addressed 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 by BASF 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 April 26, 2007.

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

Share buybacks were stopped in the fourth quarter of 2008 due to the financial and economic crisis.

In the second quarter of 2009, the own shares held by BASF SE were cancelled. Reclassification of the amount of the calculated par value of the cancelled shares took place from the retained earnings to capital surplus. On June 30, 2009, no own shares were held by BASF SE.

Transfers from Other retained earnings increased legal reserves by €5 million in the first half year. The offsetting of actuarial gains and losses, as well as the asset ceiling, resulted in an increase in retained earnings of €197 million.

Reserves (million €)

	June 30, 2009	Dec. 31, 2008
Legal reserves	427	420
Other retained earnings	11,904	12,830
	12,331	**13,250**

14 -- Provisions for pensions

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

	Germany		Foreign	
	June 30, 2009	Dec. 31, 2008	June 30, 2009	Dec. 31, 2008
Discount rate	6.00	6.00	5.53	5.84
Projected increase of wages and salaries	2.75	2.75	3.69	4.37
Projected pension increase	2.00	2.00	0.80	0.57

Assumptions used to determine expenses for pension benefits (from January 1 through June 30 of the respective year; weighted average %)

	Germany		Foreign	
	June 30, 2009	Dec. 31, 2008	June 30, 2009	Dec. 31, 2008
Discount rate	6.00	5.25	5.33	5.82
Projected increase of wages and salaries	2.75	2.75	3.69	4.50
Projected pension increase	2.00	2.00	0.80	0.68
Expected return on plan assets	5.42	5.18	6.58	7.20

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.

The first-time recognition of the pension obligations taken over from Ciba, the majority of which are denominated in Swiss francs, led in the first half of 2009 to a reduction of the average weighted discount rate.

15 -- Other provisions

Million €	June 30, 2009	June 30, 2008	Dec. 31, 2008
Other long-term provisions	3,166	2,847	2,757
Short-term provisions	2,935	2,669	3,043
	6,101	**5,516**	**5,800**

In the first half of 2009, other provisions increased compared with the end of 2008. This increase can primarily be attributed to the addition of provisions from the acquisition of Ciba Holding AG.

16 -- Liabilities

Liabilities (million €)

	June 30, 2009		June 30, 2008		Dec. 31, 2008	
	Less than one year	More than one year	Less than one year	More than one year	Less than one year	More than one year
Accounts payable, trade	**2,976**	**–**	**3,825**	**–**	**2,734**	**–**
Bonds and other liabilities to the capital market	3,479	11,934	4,695	6,170	5,346	7,227
Liabilities to credit institutions	584	1,190	503	485	878	1,063
Financial indebtedness	**4,063**	**13,124**	**5,198**	**6,655**	**6,224**	**8,290**
Tax liabilities	**958**	**–**	**1,279**	**–**	**860**	**–**
Advances received on orders	55	–	55	–	116	–
Liabilities on bills	77	24	20	26	11	27
Liabilities related to social security	169	13	131	17	151	16
Miscellaneous liabilities	2,050	857	1,857	697	3,018	711
Deferred income	222	166	172	171	138	163
Other liabilities	**2,573**	**1,060**	**2,235**	**911**	**3,434**	**917**

Financial indebtedness (million €)

	Nominal value	Effective interest rate	Carrying amounts based on effective interest method: June 30, 2009	Dec. 31, 2008	June 30, 2008
3.5% Euro Bond 2003/2010 of BASF SE	1,000	3.63 %	999	998	997
4% Euro Bond 2006/2011 of BASF SE	1,000	4.05 %	999	999	999
3.375% Euro Bond 2005/2012 of BASF SE	1,400	3.42 %	1,398	1,398	1,398
3.75% Euro Bond 2009/2012 of BASF SE	1,350	3.97 %	1,341	–	–
4.5% Euro Bond 2006/2016 of BASF SE	500	4.62 %	497	496	496
5.875% GBP Bond 2009/2017 of BASF SE	400	6.04 %	465	–	–
3-Month EURIBOR Bond 2006/2009 of BASF SE	500	variable	–	500	500
3.25% CHF Bond 2008/2011 of BASF Finance Europe N.V.	300	3.39 %	196	201	186
6% Euro Bond 2008/2013 of BASF Finance Europe N.V.	1,250	6.15 %	1,243	1,242	–
5% Euro Bond 2007/2014 of BASF Finance Europe N.V.	1,000	5.09 %	996	996	996
5% Euro Bond 2007/2014 of BASF Finance Europe N.V.	250	4.83 %	252	252	253
3.625% CHF Bond 2015/2011 of BASF Finance Europe N.V.	200	3.77 %	130	134	124
5.125% Euro Bond 2009/2015 of BASF Finance Europe N.V.	1,500	5.30 %	1,487	–	–
5.125% Euro Bond 2009/2015 of BASF Finance Europe N.V.	500	4.38 %	519	–	–
4.5% Euro Medium Term Note 2009/2016 of BASF Finance Europe N.V.	150	4.56 %	149	–	–
USD Extendible Floating Rate Notes of BASF Finance Europe N.V.		4.51 %	314	330	856
3.25% CHF Bond 2006/2012 of Ciba Spezialitätenchemie Finanz AG	225	3.32 %	151	–	–
4.875% Euro Bond 2003/2018 of Ciba Spec. Chem. Finance Luxembourg S.A.	500	4.88 %	506	–	–
USD Commercial Papers	4,458		3,150	4,406	3,545
Other bonds			621	621	515
Bonds and other liabilities to the capital market			**15,413**	**12,573**	**10,865**
Liabilities to credit institutions			1,774	1,941	988
			17,187	**14,514**	**11,853**

17 -- Related-party transactions

Material supply relationships exist for the supply of oil and gas between companies of the BASF Group and the proportionally consolidated joint venture companies Wintershall Erdgas Handelshaus GmbH & Co. KG, Berlin, and Wintershall Erdgas Handelshaus Zug AG, Zug, Switzerland. These transactions are conducted at arm's length prices and business terms. The unconsolidated portion of these supplies amounted to €383 million in the first half of 2009 and €798 million in the same period of 2008.

In addition, there are material supply relationships with Ellba C.V., Netherlands, and Ellba Eastern Private Ltd., Singapore. The unconsolidated portion of these supplies amounted to €109 million in the first half of 2009 and €249 million in the same period of 2008.

There were no reportable related party transactions with members of the Board of Executive Directors or the Supervisory Board. BASF has not issued loans to members of the Board of Executive Directors or the Supervisory Board.

Calculation of adjusted earnings per share

		2nd Quarter		1st Half	
		Million €	Million €	**Million €**	Million €
		2009	2008	**2009**	2008
Income before taxes and minority interests		713	2,321	1,439	4,502
Special items		368	49	425	100
Amortization of intangible assets		205	147	335	286
Amortization of intangible assets contained in the special items		(59)	–	(59)	–
Adjusted income before taxes and minority interests		**1,227**	**2,517**	**2,140**	**4,888**
Adjusted income taxes		490	1,005	812	1,957
Adjusted income before minority interests		**737**	**1,512**	**1,328**	**2,931**
Adjusted minority interests		10	75	94	189
Adjusted net income		**727**	**1,437**	**1,234**	**2,742**
Weighted average number of outstanding shares	(thousands)	918,479	935,760	918,479	939,168
Adjusted earnings per share	**(€)**	**0.79**	**1.54**	**1.34**	**2.92**

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

The special items are primarily the result of the integration of acquired businesses, restructuring measures, impairment losses and losses resulting from divestitures. This involves expenses and income that do not arise in conjunction with ordinary business activities. Intangible assets primarily result from purchase price allocation following acquisitions. The amortization of intangible assets is therefore of a temporary nature.

The special items and amortization of intangible assets in the reporting period were primarily incurred in Group companies with a tax rate that is lower than the average tax rate of the BASF Group. The adjustment of these expenses therefore caused a relatively low tax effect. As a result, the tax rate based on the adjusted earnings is below the tax rate determined in accordance with International Financial Reporting Standards (IFRS).

The calculation of earnings per share in accordance with IFRS is presented in the Notes on page 28. The adjusted income before taxes and minority interests, the adjusted net income and the adjusted earnings per share are indicators that are not defined in IFRS. They should not be viewed in isolation, but rather treated as supplementary information.

Statement in accordance with Section 37y and Section 37w para. 2 No. 3 of the German Securities Trading Act

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Ludwigshafen, July 27, 2009
BASF SE
The Board of Executive Directors

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 112 to 119 in the BASF Report 2008. The BASF Report can be found on the Internet at: basf.com/report. We do not assume any obligation to update the forward-looking statements contained in this report.

3RD QUARTER RESULTS 2009

Oct. 29, 2009

FULL-YEAR RESULTS 2009

Feb. 25, 2010

ANNUAL MEETING 2010 / 1ST QUARTER RESULTS 2010

April 29, 2010

1ST HALF RESULTS 2010

July 29, 2010

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