Interim Report
1st Quarter 2012 (January – March)

BASF with solid start to the year

- Sales rise; earnings slightly below same quarter of previous year
- Strong contribution from Oil & Gas segment
- Outlook for 2012 confirmed: increase in sales and earnings targeted

BASF
The Chemical Company

BASF Group
1st Quarter 2012

Million €		1st Quarter		
		2012	2011	Change in %
Sales		20,590	19,361	6.3
Income from operations before depreciation and amortization (EBITDA)		3,890	3,365	15.6
Income from operations (EBIT) before special items		2,532	2,732	(7.3)
Income from operations (EBIT)		3,120	2,550	22.4
Financial result		(73)	830	.
Income before taxes and minority interests		3,047	3,380	(9.9)
Net income		1,724	2,411	(28.5)
Earnings per share	€	1.88	2.62	(28.2)
Adjusted earnings per share[1]	€	1.57	1.94	(19.1)
Cash provided by operating activities		1,571	2,255	(30.3)
Additions to long-term assets[2]		739	522	41.6
Research and development expenses		406	380	6.8
Amortization and depreciation[2]		770	815	(5.5)
Segment assets (as of March 31)[3]		52,547	48,507	8.3
Personnel costs		2,394	2,184	9.6
Number of employees (as of March 31)		111,533	109,589	1.8

[1] For further information, see page 32

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

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

Contents

[4] This section is not part of the Interim Management's Analysis.

1st Quarter 2012

Sales
Change compared with 1st quarter 2011

+6%

EBIT before special items
(Change compared with 1st quarter 2011)
Million €

2,532 (–200)

← **The cover photo shows** schoolchildren experimenting in BASF's hands-on laboratory. At BASF Kids' Labs and Teens' Labs, children and young people explore scientific phenomena in everyday life.

BASF's Segments

Chemicals → Page 5

In the Chemicals segment, we supply products to customers in the chemical, electronics, construction, textile, automotive, pharmaceutical and agricultural industries as well as many others. We also ensure that other BASF segments are supplied with chemicals for producing downstream products. Our portfolio ranges from basic chemicals, glues and electronic chemicals for the semiconductor and solar cell industries, to solvents and plasticizers, as well as starting materials for detergents, plastics, textile fibers, paints and coatings, and pharmaceuticals.

Plastics → Page 6

The Plastics segment includes a broad range of products, system solutions and services. We offer a number of engineering plastics for the automotive and electrical industries as well as for use in household appliances and sports and leisure products. Our styrenic foams are used as insulating materials in the construction industry and in packaging. Our polyurethanes are extremely versatile: As soft foams, for example, they improve car seats and mattresses, and as insulating rigid foams they increase the energy efficiency of refrigerators.

Performance Products → Page 7

Performance Products lend stability and color to countless everyday items and help to improve their application profile. Our product portfolio includes vitamins and food additives as well as ingredients for pharmaceuticals and for hygiene, home and personal care items. Other Performance Products improve processes in the paper industry, oil and gas production, mining and water treatment. They can also enhance the efficiency of fuels and lubricants, the effectiveness of adhesives and coatings, and the stability of plastics.

Functional Solutions → Page 9

In the Functional Solutions segment, we bundle tailor-made system solutions and innovative products for specific sectors and customers, in particular for the automotive, chemical and construction industries. Our portfolio comprises automotive and industrial catalysts, automotive and industrial coatings and concrete admixtures as well as construction systems such as tile adhesives and decorative paints.

Agricultural Solutions → Page 10

Our crop protection products guard against fungal diseases, insects and weeds and they 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.

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

Oil & Gas → Page 11

As the largest German producer of oil and gas, we focus our exploration and production on 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 transport, storage and trading of natural gas in Europe.

Tinuvin XT 200: Greenhouses need sun protection, too

→ **Light stabilizer Tinuvin XT 200 prolongs the service life of films in agriculture**

A greenhouse offers plants optimal growing conditions: It guards them against wind and weather while still admitting the light they need to grow. Increasingly, conventional glass greenhouses are being replaced by simple frames covered with plastic films, as this affords both lower cost and greater flexibility. The disadvantage: Stress from intense sunlight and heat limits the service life of films, which are usually made from polyethylene. This is where BASF's wide range of light stabilizers, offered under the trade name Tinuvin®, come to the rescue. Applied to plastic films, these light stabilizers significantly increase the films' durability.

In addition to UV absorbers, sterically hindered amines are also important for protecting greenhouse films against weathering. They capture the free radicals created by UV rays and the heat of the metal greenhouse frame, preventing the destruction of the polyethylene's molecule chains. The plastic film would otherwise become brittle and cloudy within a few weeks.

How long this protective effect lasts can be controlled by selecting a particular stabilizer additive: With the long-established Tinuvin NOR™ 371, greenhouse films withstand weathering for three to four years; Tinuvin XT 200 offers a service life of at least 24 months at a lower cost.

With Tinuvin, greenhouse films are also well-equipped to meet the special challenges associated with organic farming. Conventional light stabilizers are easily deactivated by the sulfur used here for crop protection. Tinuvin NOR 371 and Tinuvin XT 200, however, are especially resistant to sulfur compounds and other agrochemicals, providing reliable protection against the sun's rays and heat in organic agriculture, as well.

Tinuvin light stabilizers for greenhouse films thus enable farmers to produce profitably throughout the entire growing season.

Light stabilizers from our Tinuvin line keep films from breaking down too quickly and extend their service life.

Greenhouses made of plastic films offer impressive advantages: They prolong the growing season, are cost effective, provide high-quality yields and help to save water.

Innovations in the chemical industry – Tinuvin XT 200

- The light stabilizer Tinuvin XT 200 prolongs the service life of greenhouse films
- UV absorbers and free radical interceptors protect the films against weathering
- Tinuvin XT 200 and Tinuvin NOR 371 are particularly resistant to sulfur and other agrochemicals

BASF Group Business Review 1st Quarter 2012

After a weaker fourth quarter in 2011, our business recovered in the first quarter of 2012. Sales rose in almost all segments and amounted to €20.6 billion, an increase of 6% compared with the same quarter of the previous year. This was primarily attributable to higher sales prices and positive currency effects.

By contrast, income from operations before special items decreased as expected, declining by €200 million to €2.5 billion. Increased raw material costs could not be fully passed on in all business areas, which put pressure on margins.

Our sales volumes matched the level of the first quarter of 2011. Volumes increased in the Oil & Gas and Agricultural Solutions segments; however, sales volumes declined in the chemicals business[1]. Adjusted for effects resulting from the optimization of our supply chain for steam cracker products, total volumes were slightly above the level of the previous first quarter. We were partly able to pass on increased raw material costs by raising our sales prices in several business areas. Positive currency effects also contributed to sales growth. Portfolio measures reduced sales by 1%, a result of the divestiture of our styrenics business, which was contributed to the Styrolution joint venture as of October 1, 2011.

Factors influencing sales (% of sales)

	1st Quarter
Volumes	–
Prices	5
Portfolio measures	(1)
Currencies	2
	6

Sales increased in the **Chemicals** segment, mainly thanks to positive currency effects and sales to Styrolution Group companies. Sales volumes decreased as a result of the optimization of our supply chain for steam cracker products, carried out in the third quarter of 2011. Higher raw material costs resulted in declining margins, which led to earnings significantly below the very good level of the previous first quarter.

In the **Plastics** segment, sales were slightly reduced compared with the first quarter of 2011. Higher prices and currency effects made a positive contribution to sales development; sales volumes were weaker. Lower margins led to a significant decline in earnings. Furthermore, the scheduled shutdown of our MDI and TDI production in Geismar, Louisiana, negatively impacted earnings in the Polyurethanes division.

First-quarter sales (million €)

Chemicals	**2012**	**3,484**	**6%**
	2011	3,276	
Plastics	**2012**	**2,678**	**(4%)**
	2011	2,788	
Performance Products	**2012**	**3,999**	**0%**
	2011	3,982	
Functional Solutions	**2012**	**2,845**	**1%**
	2011	2,818	
Agricultural Solutions	**2012**	**1,327**	**8%**
	2011	1,230	
Oil & Gas	**2012**	**4,975**	**44%**
	2011	3,455	
Other	**2012**	**1,282**	**(29%)**
	2011	1,812	

Sales in the **Performance Products** segment were at the level of the very good previous first quarter. Demand was slightly lower. Higher sales prices and positive currency effects were able to offset this decrease in volumes. Sharply increased raw material costs put pressure on margins; earnings decreased as a result.

BASF Group 1st Quarter 2012

– After weaker fourth quarter 2011, business recovers in first quarter 2012
– Sales increase by 6% to €20.6 billion owing to higher prices and positive currency effects
– Volumes grow in Oil & Gas and Agricultural Solutions segments; adjusted for effects of supply chain optimization for steam cracker products, total sales volumes slightly above level of previous first quarter
– Increased raw material costs cannot be fully passed on in all business areas
– Income from operations before special items decreases by 7% to €2.5 billion
– At €1.6 billion, operating cash flow below level of previous first quarter; net debt reduced by €1.5 billion to €9.4 billion since beginning of 2012

[1] Our chemicals business includes the Chemicals, Plastics, Performance Products and Functional Solutions segments.

We slightly increased sales in the **Functional Solutions** segment as a result of higher demand from the automotive and construction industries. The sales contribution from precious metal trading declined. In addition to portfolio measures, currency effects also contributed positively to sales development. Earnings increased, thanks in particular to the contribution from the Catalysts division.

The **Agricultural Solutions** segment had a very successful start to 2012. Sales growth was particularly driven by higher sales volumes and prices. Currency effects also had a positive impact on sales. We significantly increased our earnings.

Increased production and sales volumes as well as higher crude oil and gas prices led to significantly improved sales in the **Oil & Gas** segment. Natural gas trading volumes grew mainly as a result of weather conditions. After the production stoppage in Libya from February to October of the previous year, we were able to continuously produce crude oil there during the first quarter of 2012. Earnings considerably surpassed the level of the same period of the previous year.

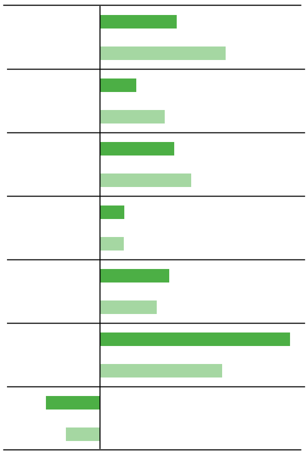
Other posted a decline in sales, mostly due to the divestiture of our styrenics business, which was contributed to the Styrolution joint venture as of October 1, 2011. As a result of both this transaction and higher costs from the long-term incentive program, earnings in Other were also below the level of the previous first quarter.

Special items in EBIT amounting to €588 million (first quarter of 2011: minus €182 million) resulted primarily from gains of €645 million on the disposal of our fertilizer business.

Compared with the first quarter of the previous year, **EBIT** grew by 22% to €3,120 million. **EBITDA** rose by €525 million to €3,890 million.

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

Chemicals	**2012**	**467**	**(298)**
	2011	765	
Plastics	**2012**	**219**	**(174)**
	2011	393	
Performance Products	**2012**	**452**	**(102)**
	2011	554	
Functional Solutions	**2012**	**148**	**+6**
	2011	142	
Agricultural Solutions	**2012**	**419**	**+76**
	2011	343	
Oil & Gas	**2012**	**1,157**	**+413**
	2011	744	
Other	**2012**	**(330)**	**(121)**
	2011	(209)	



At minus €73 million, the **financial result** was €903 million lower than in the same quarter of 2011. In the previous year, the financial result included special income of €887 million from the sale of our shares in K+S Aktiengesellschaft.

Income before taxes and minority interests decreased by €333 million in the first quarter of 2012 to €3,047 million. At 39.6%, the tax rate was far higher than in the first quarter of 2011. This increase is the result of a higher earnings contribution from the Oil & Gas segment in 2012 as well as the largely tax-free gain on the sale of shares in K+S Aktiengesellschaft in the previous year.

Net income decreased by €687 million to €1,724 million. **Earnings per share** were €1.88 in the first quarter of 2012, compared with €2.62 in the same period of 2011. Adjusted for special items and amortization of intangible assets, earnings per share amounted to €1.57 (first quarter of 2011: €1.94).

→ **Information on the calculation of adjusted earnings per share can be found on page 32.**

Special items reported in earnings before taxes (million €)

	2012	2011
1st quarter	588	705
2nd quarter		(49)
3rd quarter		(117)
4th quarter		429
Full year		**968**

Adjusted earnings per share (€)

	2012	2011
1st quarter	1.57	1.94
2nd quarter		1.75
3rd quarter		1.52
4th quarter		1.05
Full year		**6.26**

BASF on the Capital Market

Overview of BASF shares

		1st Quarter 2012	Full Year 2011
Performance (with dividends reinvested)			
BASF	%	21.7	(6.7)
DAX 30	%	17.8	(14.7)
DJ EURO STOXX 50	%	7.4	(14.5)
DJ Chemicals	%	15.2	(10.6)
MSCI World Chemicals	%	15.6	(7.8)
Share prices and trading (XETRA)			
Average	€	62.12	57.02
High	€	67.98	69.40
Low	€	53.89	43.66
Close (end of period)	€	65.59	53.89
Average daily trade	million shares	3.5	4.7
Outstanding shares (end of period)	million shares	918.5	918.5
Market capitalization (end of period)	billion €	60.2	49.5

Market trend

At the end of the first quarter of 2012, BASF shares traded at €65.59, an increase of 21.7% compared with the closing price at the end of 2011. The BASF stock thus outperformed both the German stock index DAX 30 and the European benchmark index DJ EURO STOXX 50, which rose during the same period by 17.8% and 7.4%, respectively. In the first three months of 2012, the global industry indexes DJ Chemicals and MSCI World Chemicals rose by 15.2% and 15.6%, respectively.

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

Dividend increase to €2.50 per share

The Board of Executive Directors and the Supervisory Board proposed to the Annual Shareholders' Meeting that a dividend of €2.50 per share be paid for the 2011 business year. We are thus standing by our ambitious dividend policy and plan to pay out around €2.3 billion to our shareholders. Based on the year-end share price for 2011, BASF shares offer a high dividend yield of 4.6%. BASF is part of the DivDAX share index, which contains the 15 companies with the highest dividend yield in the DAX 30. We continue to aim to increase our dividend each year, or at least maintain it at the previous year's level.

Good credit ratings and solid financing

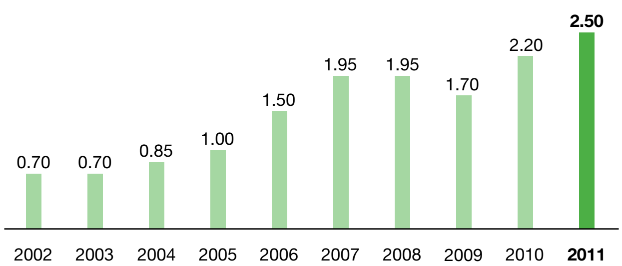
With "A+/A-1 outlook stable" from rating agency Standard & Poor's and "A1/P-1 outlook stable" from Moody's, BASF has good credit ratings, especially compared with its competitors in the chemical industry. BASF has very solid financing. With cash provided by operating activities at just under €1.6 billion, BASF has been able to further reduce its net debt by €1,535 million to around €9.4 billion since the beginning of the year.

BASF on the Capital Market

– Proposed dividend of €2.50 per share; increase of 13.6% compared with previous year
– High dividend yield of 4.6%
– Good credit ratings and very solid financing; net debt reduced by €1,535 million

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

BASF completed the sale of its fertilizer activities in Antwerp, Belgium, to EuroChem as of March 31, 2012, as planned. The antitrust authorities responsible gave their approval for the transaction. The total purchase price amounts to around €830 million. In addition, BASF sold its 50% share in the fertilizer producer PEC-Rhin in Ottmarsheim, France, to its joint venture partner, GPN. The transactions led to pre-tax disposal gains totalling €645 million in the first quarter of 2012.

PETRONAS and BASF have taken the next steps in the expansion of their partnership in Malaysia. The two companies signed an agreement for the construction of a new site in Pengerang. A new joint venture, in which BASF will hold a 60% share, will construct and operate the planned production facilities for isononanol, highly reactive polyisobutylene, non-ionic surfactants, methanesulfonic acid and precursor materials. Furthermore, PETRONAS and BASF are conducting a feasibility study to explore the possible expansion of their joint venture at the Verbund site in Kuantan.

BASF continued to strengthen its battery materials activities in the first quarter of 2012. After acquiring a share in Sion Power, the market leader in lithium-sulfur battery development, in December 2011, BASF acquired the Ovonic Battery Company in February 2012. The U.S. company is a license provider for nickel metal hydride (NiMH) battery technologies and produces cathode materials for this battery type. The purchase of Ovonic provides BASF with a leadership position in NiMH battery technology. The acquired activities will be integrated into the Battery Materials business unit, which was established in the Catalysts division at the beginning of January to combine BASF's battery activities for electric mobility into one unit.

BASF is additionally expanding its portfolio of battery material technologies with the purchase of the electrolytes business from German company Merck, which was announced in February and completed in April. The acquisition includes a complete line of finished electrolyte formulations as well as a variety of additives for electrolytes used in producing lithium-ion batteries. Merck's research portfolio for novel electrolytes and additives is also part of the acquisition.

Significant Events

- BASF completes sale of fertilizer activities in Antwerp, Belgium, and in Ottmarsheim, France
- PETRONAS and BASF sign agreement for the construction of a new site in Pengerang, Malaysia
- BASF continues to strengthen its newly established Battery Materials business unit with acquisition of Ovonic Battery Company
- BASF purchases electrolyte activities from Merck, additionally expanding its portfolio of battery material technologies

Chemicals

Excellence in the Verbund, technology and cost leadership

Segment data Chemicals (million €)

	1st Quarter		
	2012	2011	Change in %
Sales to third parties	3,484	3,276	6
Thereof Inorganics	354	353	.
Petrochemicals	2,447	2,214	11
Intermediates	683	709	(4)
Income from operations before depreciation and amortization (EBITDA)	634	926	(32)
Income from operations (EBIT) before special items	467	765	(39)
Income from operations (EBIT)	467	765	(39)
Assets (as of March 31)	7,217	6,684	8
Research and development expenses	38	32	19
Additions to property, plant and equipment and intangible assets	146	110	33

1st Quarter 2012

Sales in the Chemicals segment were higher than in the same period of the previous year (volumes –4%, prices –1%, portfolio 8%, currencies 3%). In addition to positive currency effects, portfolio effects related to the divestiture of our styrenics activities were primarily responsible for this growth. The optimization of our supply chain for steam cracker products, carried out in the third quarter of 2011, reduced sales volumes. Adjusted for this effect, volumes increased slightly. Higher raw material costs led to lower margins; as a result, income from operations before special items was significantly weaker than in the very good first quarter of the previous year.

Inorganics

The Inorganics division’s sales were at the level of the first quarter of 2011. With lower sales prices in some areas, rising raw material costs led to declining margins, especially for important basic products such as ammonia and methanol. Earnings were therefore significantly below the very good level of the previous first quarter.

Petrochemicals

Sales grew significantly in the Petrochemicals division, mainly as a result of supplying raw materials to Styrolution; these transactions have been reported as sales to third parties since the establishment of the joint venture in October 2011. A swap agreement introduced in the third quarter of 2011 to optimize the logistics of our value chain for steam cracker products reduced sales volumes, which did not impact earnings. Because of lower margins in all product lines, earnings were considerably below the very good level of the first quarter of 2011.

Intermediates

In the Intermediates division, demand was high from key customer sectors such as the plastics and coatings industries, yet did not match the very good level of the previous first quarter. Sales therefore declined due to lower sales volumes, despite positive currency effects. We were not fully able to pass higher raw material costs on to our customers. Lower margins and higher fixed costs, due in part to the scheduled shutdown of several plants in Geismar, Louisiana, resulted in earnings significantly below the strong level of the first quarter of 2011.

Chemicals

– Sales rise compared with previous first quarter
– Optimization of supply chain for steam cracker products in third quarter of 2011 leads to reduced volumes
– Earnings decrease considerably due to lower margins

1st Quarter 2012

Sales
Change compared with 1st quarter 2011

+6%

EBIT before special items
(Change compared with 1st quarter 2011)
Million €

467 (–298)

Plastics

Energy-efficient products and system solutions for our customers

Segment data Plastics (million €)

		1st Quarter	
	2012	**2011**	**Change in %**
Sales to third parties	2,678	2,788	(4)
Thereof Performance Polymers	1,269	1,309	(3)
Polyurethanes	1,409	1,479	(5)
Income from operations before depreciation and amortization (EBITDA)	334	497	(33)
Income from operations (EBIT) before special items	219	393	(44)
Income from operations (EBIT)	230	393	(41)
Assets (as of March 31)	5,489	5,337	3
Research and development expenses	38	36	6
Additions to property, plant and equipment and intangible assets	112	40	180

1st Quarter 2012

In the Plastics segment, sales were slightly below the level of the first quarter of 2011. Increased sales prices in numerous business areas and positive currency effects were not fully able to offset the decline in sales volumes (volumes –9%, prices 2%, portfolio 1%, currencies 2%). Particularly as a result of lower margins for caprolactam and adipic acid as well as for MDI and TDI, income from operations before special items decreased considerably compared with the first quarter of the previous year.

Performance Polymers

Sales in the Performance Polymers division decreased slightly, primarily as a result of weaker sales volumes. Positive currency effects, portfolio measures and price increases partly offset this development. In the United States, we were able to raise sales volumes considerably for our engineering plastics thanks to strong demand from the automotive industry. In Asia, however, lower demand for fibers led to a reduced need for caprolactam. Margins for caprolactam and adipic acid decreased compared with the extraordinarily good margins of the previous first quarter, and as a result, our earnings were considerably below the strong level of the first quarter of 2011.

Polyurethanes

Sales in the Polyurethanes division were below the level of the previous first quarter due to reduced sales volumes. The scheduled shutdown of our MDI and TDI production in Geismar, Louisiana, contributed to this decrease in volumes. Business with the construction industry was seasonally weaker, while demand for our products was especially good from the automotive industry. We successfully implemented price increases in our system houses. Lower margins resulting from higher raw material costs, in particular for MDI and TDI, as well as the shutdown of our MDI and TDI production in Geismar, led to a significantly lower earnings level than in the previous first quarter.

Plastics

– Sales decrease slightly due to lower sales volumes
– Strong demand from the automotive industry
– Earnings significantly below level of first quarter of 2011 particularly as a result of lower margins in some areas

1st Quarter 2012

Sales
Change compared with 1st quarter 2011

–4%

EBIT before special items
(Change compared with 1st quarter 2011)
Million €

219 (–174)

Performance Products
Innovative, fast-growing and cyclically resilient

Segment data Performance Products (million €)

		1st Quarter	
	2012	2011	Change in %
Sales to third parties	3,999	3,982	0
Thereof Dispersions & Pigments	930	849	10
Care Chemicals	1,283	1,376	(7)
Nutrition & Health	476	469	1
Paper Chemicals	410	393	4
Performance Chemicals	900	895	1
Income from operations before depreciation and amortization (EBITDA)	636	647	(2)
Income from operations (EBIT) before special items	452	554	(18)
Income from operations (EBIT)	429	407	5
Assets (as of March 31)	13,666	13,251	3
Research and development expenses	80	78	3
Additions to property, plant and equipment and intangible assets	125	101	24

1st Quarter 2012
Sales in the Performance Products segment were at the very good level of the previous first quarter. Higher sales prices resulting from increased raw material costs as well as positive currency effects both compensated for lower volumes (volumes –5%, prices 3%, currencies 2%). Income from operations before special items was below the level of the same period of the previous year. This was mainly due to lower margins resulting from sharply increased raw material costs. By contrast, considerably reduced special charges for the Cognis integration led to a higher level of income from operations.

Dispersions & Pigments
Sales in the Dispersions & Pigments division grew compared with the first quarter of 2011, particularly due to higher volumes. Only in the pigments business and in the Asia Pacific region was demand weaker compared with the high level of the previous first quarter. In addition to the growth in sales volumes, price increases and currency effects also had a positive effect on sales.

Costs of idle capacity resulting from inventory optimization measures led to earnings lower than the very good level of the previous first quarter.

Care Chemicals
In the Care Chemicals division, we posted a decline in sales, due in large part to weaker sales volumes. Business development remained behind that of the strong previous first quarter, particularly for ingredients for personal care products. Higher sales prices and positive exchange rate effects partially offset lower volumes. Increased raw material costs could not be fully passed on to the market. Earnings were therefore reduced compared with the first quarter of 2011.

Performance Products

– Sales at the level of the previous first quarter
– Higher sales prices and positive currency effects compensate for decline in sales volumes
– Earnings decrease due to lower margins

1st Quarter 2012

Sales
Change compared with 1st quarter 2011

0%

EBIT before special items
(Change compared with 1st quarter 2011)
Million €

452 (–102)

Nutrition & Health

Sales in the Nutrition & Health division rose slightly year-on-year. Positive currency effects and higher sales prices more than offset a decline in volumes. Weaker business with the pharmaceutical industry was the main reason for lower sales volumes. We were only partly able to pass on sharply increased raw material costs, which had a negative impact on margins. Higher fixed costs also resulted in earnings below the very good level of the previous first quarter.

Paper Chemicals

In a business environment which remains challenging, we were able to increase sales in the Paper Chemicals division. Overall, volumes declined slightly year-on-year due to the restructuring measures carried out since the first quarter of 2011; however, we improved sales volumes in our continuing operations. Higher sales prices and positive currency effects were able to more than offset this negative development in volumes. We have made good progress in restructuring our business. As a result, and thanks to our ongoing measures for reducing fixed costs, we were able to surpass the earnings level of the previous first quarter.

Performance Chemicals

We slightly improved our sales in the Performance Chemicals division. The rigorous application of our value-over-volume strategy as well as weaker demand led to a decline in volumes; however, higher prices and positive currency effects were able to compensate for reduced sales volumes. Because of lower volumes, earnings were below the level of the first quarter of 2011.

Performance Products

– Dispersions & Pigments: sales improve thanks to higher sales volumes; earnings decline year-on-year
– Care Chemicals: sales decrease due to lower sales volumes; earnings below level of previous first quarter
– Nutrition & Health: sales rise slightly; earnings decline due to lower margins and higher fixed costs
– Paper Chemicals: sales and earnings increase in a business environment that remains challenging
– Performance Chemicals: sales improve slightly; earnings decline due to lower volumes

Functional Solutions

Customer-specific products and system solutions

Segment data Functional Solutions (million €)

		1st Quarter	
	2012	2011	Change in %
Sales to third parties	2,845	2,818	1
Thereof Catalysts	1,630	1,677	(3)
Construction Chemicals	502	469	7
Coatings	713	672	6
Income from operations before depreciation and amortization (EBITDA)	258	238	8
Income from operations (EBIT) before special items	148	142	4
Income from operations (EBIT)	169	142	19
Assets (as of March 31)	9,758	8,899	10
Research and development expenses	55	45	22
Additions to property, plant and equipment and intangible assets	123	25	392

1st Quarter 2012

In the Functional Solutions segment, we were able to slightly increase sales. Demand for our automotive coatings and mobile emissions catalysts grew compared with the previous first quarter. Lower volumes and prices in precious metal trading both had a negative effect on volume and price development for the segment; however, portfolio measures and currency effects contributed to sales growth (volumes –4%, prices –1%, portfolio 4%, currencies 2%). Income from operations before special items increased, thanks in particular to the contribution from the Catalysts division.

Catalysts

The chemical catalysts business developed successfully compared with the first quarter of 2011. Demand also grew for our mobile emissions catalysts. Positive portfolio effects were particularly due to the inclusion of the Heesung Catalysts Corporation in Seoul, South Korea. The contribution of €668 million from precious metal trading was significantly reduced (first quarter of 2011: €862 million) due to lower volumes and prices; despite this, sales decreased only slightly. We achieved higher earnings year-on-year thanks to the improved earnings contribution from our chemical catalysts business.

Construction Chemicals

In the Construction Chemicals division, sales exceeded the level of the previous first quarter. Price increases, exchange rate effects and portfolio measures had a positive effect on sales development. Demand improved slightly in North America, Asia and South America. In parts of Europe, however, we posted a weather-related decline in sales volumes, especially at the beginning of the year. We were able to slightly increase earnings compared with the first quarter of 2011.

Coatings

Demand remained strong for our automotive coatings. In Asia and Europe in particular, sales volumes grew overall. By contrast, demand for our decorative paints weakened in South America compared with the very good level of the previous first quarter; as a result, total sales volumes were at the level of the first quarter of 2011. Sales grew thanks to higher sales prices. We were largely able to pass on increased raw material costs to our customers. Due to higher fixed costs, earnings were below the level of the previous first quarter.

Functional Solutions

- Sales increase slightly as a result of portfolio measures and positive currency effects
- Demand grows for automotive coatings and mobile emissions catalysts
- Earnings improve, especially thanks to contribution from Catalysts division

1st Quarter 2012

Sales
Change compared with 1st quarter 2011

+1%

EBIT before special items
(Change compared with 1st quarter 2011)
Million €

148 (+6)

Agricultural Solutions
Innovations for the health of crops

Segment data Agricultural Solutions (million €)

	1st Quarter		
	2012	**2011**	**Change in %**
Sales to third parties	1,327	1,230	8
Income from operations before depreciation and amortization (EBITDA)	459	384	20
Income from operations (EBIT) before special items	419	343	22
Income from operations (EBIT)	419	343	22
Assets (as of March 31)	6,189	5,705	8
Research and development expenses	93	97	(4)
Additions to property, plant and equipment and intangible assets	31	23	35

1st Quarter 2012

We began 2012 very successfully in the Agricultural Solutions segment. The early start to the season in North America due to weather conditions led to an improvement in sales, particularly for herbicides. The season also began positively in Europe. The higher level of sales compared with the first quarter of 2011 is attributable to increased sales volumes and prices, as well as to positive currency effects (volumes 3%, prices 3%, currencies 2%).

The growing season started positively in **Europe**. Our new fungicide, Xemium®, was successfully launched in Germany, France and the United Kingdom. Higher sales prices also contributed to sales growth. We continued to strengthen our business in the growth markets of Eastern Europe.

We improved sales in **North America**, thanks in particular to an early start to the herbicide season. Our business with products for plant health also developed well. Positive currency effects additionally supported sales growth.

We posted a slight decline in sales in **Asia**. Higher demand in China was not able to fully compensate for the weaker season in Japan.

We increased sales in **South America** thanks to strong demand for insecticides based on the active ingredient fipronil. However, sustained drought in the southern regions had a negative effect on sales development.

Income from operations before special items improved considerably compared with the previous first quarter, particularly due to higher sales volumes and prices. The earnings increase was additionally boosted by positive currency effects.

Agricultural Solutions

– Very successful start to 2012
– Sales increase thanks to higher sales volumes and prices
– Earnings significantly above level of first quarter of 2011

1st Quarter 2012

Sales
Change compared with 1st quarter 2011

+8%

EBIT before special items
(Change compared with 1st quarter 2011)
Million €

419 (+76)

Oil & Gas

Exploration and production of oil and natural gas;
Trading, transport and storage of natural gas

Segment data Oil & Gas (million €)

		1st Quarter		
		2012	2011	Change in %
Sales to third parties		4,975	3,455	44
Thereof	Exploration & Production	1,336	1,068	25
	Natural Gas Trading	3,639	2,387	52
Income from operations before depreciation and amortization (EBITDA)		1,289	874	47
Thereof	Exploration & Production	1,043	723	44
	Natural Gas Trading	246	151	63
Income from operations (EBIT) before special items		1,157	744	56
Thereof	Exploration & Production	955	626	53
	Natural Gas Trading	202	118	71
Income from operations (EBIT)		1,157	744	56
Thereof	Exploration & Production	955	626	53
	Natural Gas Trading	202	118	71
Assets (as of March 31)		10,228	8,631	19
Thereof	Exploration & Production	5,691	5,033	13
	Natural Gas Trading	4,537	3,598	26
Exploration expenses		23	53	(57)
Additions to property, plant and equipment and intangible assets		161	191	(16)
Income taxes on oil-producing operations non-compensable with German corporate income tax		451	280	61
Net income		416	306	36

1st Quarter 2012

In the Oil & Gas segment, sales were significantly above the level of the previous first quarter as a result of increased production and sales volumes as well as higher crude oil and gas prices (volumes 22%, prices/currencies 23%, portfolio –1%). Volumes grew in natural gas trading, mainly due to weather conditions. During the first quarter of 2012, we were able to continuously produce crude oil in Libya; production there had been shut down from February to October 2011. Income from operations before special items therefore significantly exceeded the level of the previous first quarter while net income grew, as well.

→ **More information on net income in the Oil & Gas segment can be found in the Notes on page 24.**

In the **Exploration & Production** business sector, higher prices for crude oil and natural gas were the main drivers for sales growth. The average price for Brent crude oil was $119 per barrel, compared with $105 per barrel (+13%) in the first quarter of 2011. Production volumes rose, principally as a result of the continuous production of crude oil in Libya. We were able to significantly increase earnings compared with the previous first quarter.

Sales in the **Natural Gas Trading** business sector considerably exceeded the level of the first quarter of 2011, due in large part to higher gas prices as well as weather-related increases in sales volumes. Earnings were considerably above the level of the previous first quarter, thanks to improved margins as well as contributions from the OPAL pipeline.

Oil & Gas

– Sales improve significantly year-on-year
– Higher volumes and prices in both Exploration & Production and Natural Gas Trading business sectors
– Earnings significantly above the level of the previous first quarter

1st Quarter 2012

Sales
Change compared with 1st quarter 2011

+44%

EBIT before special items
(Change compared with 1st quarter 2011)
Million €

1,157 (+413)

Regional Results
1st Quarter 2012

Overview of regions (million €)

	Sales Location of company			Sales Location of customer			EBIT before special items		
	2012	2011	Change in %	2012	2011	Change in %	2012	2011	Change in %
1st Quarter									
Europe	12,440	11,150	12	11,939	10,656	12	1,864	1,832	2
Thereof Germany	8,971	7,919	13	4,430	4,042	10	1,298	1,214	7
North America	3,847	3,851	.	3,752	3,676	2	370	393	(6)
Asia Pacific	3,290	3,389	(3)	3,514	3,682	(5)	219	416	(47)
South America, Africa, Middle East	1,013	971	4	1,385	1,347	3	79	91	(13)
	20,590	**19,361**	**6**	**20,590**	**19,361**	**6**	**2,532**	**2,732**	**(7)**

Due to higher prices and volumes, sales in **Europe** were up 12% compared with the same quarter of the previous year. The Oil & Gas segment posted a significant increase in sales as a result of increased production and sales volumes as well as higher crude oil and gas prices. The season started well in the Agricultural Solutions segment. Income from operations before special items rose by €32 million to €1,864 million, mainly due to significantly improved earnings in the Oil & Gas segment compared with the first quarter of 2011.

Sales in **North America** declined by 4% in U.S. dollars, remaining at the level of the previous first quarter in euro terms. The optimization of our supply chain for steam cracker products in the third quarter of 2011 led to a decline in volumes. Higher sales prices and positive currency effects offset this decline. We posted a significant sales increase in the Performance Products segment. At €370 million, earnings were €23 million below the level of the previous first quarter. This was due to lower earnings contributions from the Chemicals and Plastics segments resulting from lower margins and the scheduled shutdown of several plants in Geismar, Louisiana.

Sales in the **Asia Pacific** region decreased by 8% in local-currency terms and by 3% in euro terms. Along with lower sales prices, particularly in the Chemicals segment, the contribution of our styrenics activities to the Styrolution joint venture was largely responsible for this development. Decreased volumes, especially in the Plastics segment, also contributed to the decline in sales. Currency effects, however, had a positive impact. Especially as a result of weaker margins for basic products, earnings were reduced by €197 million to €219 million.

In **South America, Africa, Middle East**, sales were up year-on-year by 4% in both local-currency as well as euro terms. Our business with crop protection products was very successful. We were also able to significantly increase sales in the Oil & Gas segment thanks to higher sales prices. Earnings were reduced by €12 million to €79 million, primarily due to the lower contribution from the Functional Solutions segment.

1st Quarter 2012

- Europe: sales increase as a result of higher prices and volumes; earnings improve, thanks in particular to considerably higher contribution from Oil & Gas
- North America: sales at previous first-quarter level; earnings decline primarily as a result of lower contribution from Chemicals and Plastics segments
- Asia Pacific: sales decrease, due in part to contribution of styrenics activities to Styrolution joint venture; earnings decline, particularly as a result of weaker margins for basic products
- South America, Africa, Middle East: sales grow, partly owing to strong business with crop protection products; earnings decline, mainly as a result of lower contribution from Functional Solutions segment

Overview of Other Topics

Research and development

At the research press conference held in Ludwigshafen at the end of March, we provided a comprehensive description of our future research orientation. This is based on the “We create chemistry” strategy, through which we are intensifying our focus on sustainability and innovation as growth drivers. In close collaboration with key sectors, we will concentrate even more on growth fields such as heat management, water treatment and organic electronics. To this end, we are expanding our product and technology portfolio and establishing a more global presence in research. We plan to increase our research and development spending in 2012 to €1.7 billion (2011: €1.6 billion).

In January, we signed a three-year partnership agreement with Teck Resources, one of the world’s largest producers of zinc, to jointly develop innovative zinc solutions to supplement staple foods. Around two billion people do not get enough zinc in their diet, making them susceptible to serious illnesses. Our collaboration with Teck aims to reduce zinc deficiency among 100 million people in developing countries by 2015. In this way, we help to provide healthy food and nutrition to a growing world population.

The VIB Department for Plant Systems Biology at Ghent University in Belgium and BASF Plant Science have signed a cooperation agreement in plant biotechnology. The project, designated TopYield, will develop a novel technology to identify genes and gene networks that control crop yield. The project’s goal is to better understand the synergistic effect of gene networks on crop characteristics. TopYield aims to help advance the development of high-yield crops for sustainable agriculture.

We have expanded our line of biodegradable plastics with the addition of Ecovio® F Mulch, a grade that can be used in the manufacture of agricultural films. In contrast to conventional agricultural films made of polyethylene (PE), film made of Ecovio F Mulch is biodegradable. It is no longer necessary for farmers to dispose of or recycle the film after the harvest; instead, they can plow it under along with the plant residue. This saves time and reduces costs. Producing the film is also cost-efficient, since it can be manufactured at a lighter gauge than conventional PE film without compromising performance. Ecovio F Mulch has been available in commercial quantities around the world since February.

SUPERPAN® STAR is a material we have developed together with Finsa, a renowned producer of wood-based products. It combines the benefits of Finsa’s SUPERPAN wood panel, which is more resistant to bending than conventional chipboard, with BASF’s innovative Kaurit® Light technology. The Kaurit Light polymer is first foamed in a pre-foamer, then added to wood chips and a bonding agent to form the middle layer of the wood panel. The result is a 30% reduction in weight. The market launch of SUPERPAN STAR is planned for 2012.

Employees

Compared with the end of 2011, the number of BASF Group employees rose by 392 to a total of 111,533 as of March 31, 2012. On this date, 63.6% of BASF Group employees were employed in Europe, while North America accounted for 14.5% of employees, Asia Pacific for 15.6% and South America, Africa, Middle East for 6.3%.

Compared with the same period of the previous year, personnel costs in the first quarter of 2012 rose by 9.6% to €2,394 million. This was mainly due to the increased number of employees, higher expenses for the long-term incentive program and effects from salary adjustments in the previous year.

Research and development

- Advancing research activities: stronger focus on future issues, global markets and customer industries
- Development of new zinc solutions together with Teck
- TopYield project: BASF Plant Science and Ghent University perform joint research on plant gene networks
- Ecovio F Mulch: biodegradable plastic for agricultural films
- Finsa and BASF develop light yet sturdy wood material

Employees by region

	March 31, 2012	Dec. 31, 2011
Europe	70,911	70,664
North America	16,187	16,167
Asia Pacific	17,393	17,342
South America, Africa, Middle East	7,042	6,968
	111,533	**111,141**

Outlook

After a weak fourth quarter in 2011, our business recovered in the first quarter of 2012. However, we were only partly able to pass on increased raw material costs.

We expect global economic growth to continue over the course of 2012. Uncertainty on the financial markets dampens growth prospects, however. Positive stimulus for the chemical industry will mainly come from the emerging markets. We confirm our outlook for 2012: We continue to aim to exceed the 2011 record levels in sales and income from operations.

Opportunities and risks

In 2012, we may be presented with opportunities arising from stronger growth in the global economy and our customer industries. Furthermore, a stronger U.S. dollar would have positive effects on our earnings.

We also see opportunities in the implementation of our “We create chemistry” strategy, further improving our operational excellence and strengthening our research and development activities. We will continue to concentrate on portfolio optimization, restructuring and increasing efficiency as well as on product innovations and expanding our business in growth markets. For example, the new strategic excellence program STEP serves to strengthen our competitiveness and profitability. It is expected to contribute around €1 billion to earnings each year by the end of 2015. STEP – which follows on from our excellence program NEXT, completed in 2011 – comprises more than 100 projects that aim to lower costs and raise profit margins.

However, there are also risks to the development of our business. Economic growth could be impaired by the national debt crises in Europe and the United States as well as by inflationary trends in Asia. Increasing raw material costs could also negatively affect our margins and dampen demand.

The statements on opportunities and risks made in the BASF Report 2011 remain valid.

→ **More detailed information can be found in the BASF Report 2011, in the Opportunities and Risks Report on pages 104–112.**

Forecast

Our expectations for the global economy in 2012 remain unchanged:

- Growth of gross domestic product: 2.7%
- Growth in industrial production: 4.1%
- Growth in chemical production: 4.1%
- An average euro/dollar exchange rate of $1.30 per euro
- An average oil price of $110/barrel in 2012

Excluding the effects of acquisitions and divestitures, we aim to increase our sales volumes. We will strive to exceed the 2011 record levels in sales and income from operations. Our forecast will be especially supported by the resumption of our crude oil production in Libya as well as by growing volumes in the chemicals business.

In the first half of 2012, we are unlikely to match the extraordinarily good levels of the same period of the previous year. For the second half, however, we expect an increase in sales and earnings compared with the second half of 2011. We aim to earn a high premium on our cost of capital once again in 2012.

Outlook for 2012

- Outlook confirmed: we aim to improve sales and earnings and expect to earn a high premium on our cost of capital
- Opportunities can arise from stronger growth in the global economy and in our customer industries
- New strategic excellence program, STEP, will help strengthen our competitiveness and profitability
- Risks arise from, for example, the national debt crises in Europe and the United States as well as from inflationary trends in Asia

Interim Financial Statements of the BASF Group
Consolidated Statements of Income

Consolidated Statements of Income BASF Group (million €)

	Further information in Note	1st Quarter		
		2012	2011	Change in %
Sales		**20,590**	**19,361**	**6.3**
Cost of sales		(15,203)	(13,825)	(10.0)
Gross profit on sales		**5,387**	**5,536**	**(2.7)**
Selling expenses		(1,818)	(1,760)	(3.3)
General and administrative expenses		(322)	(298)	(8.1)
Research and development expenses		(406)	(380)	(6.8)
Other operating income	[5]	1,025	285	259.6
Other operating expenses	[5]	(746)	(833)	10.4
Income from operations		**3,120**	**2,550**	**22.4**
Income from companies accounted for using the equity method		72	58	24.1
Other income from participations		12	895	(98.7)
Other expenses from participations		(2)	(1)	(100.0)
Interest income		43	28	53.6
Interest expense		(184)	(180)	(2.2)
Other financial result		(14)	30	.
Financial result	**[6]**	**(73)**	**830**	**.**
Income before taxes and minority interests		**3,047**	**3,380**	**(9.9)**
Income taxes	[7]	(1,206)	(834)	(44.6)
Income before minority interests		**1,841**	**2,546**	**(27.7)**
Minority interests	[8]	(117)	(135)	13.3
Net income		**1,724**	**2,411**	**(28.5)**
Earnings per share (€)	**[9]**			
Undiluted		**1.88**	**2.62**	**(28.2)**
Diluted		1.88	2.62	(28.2)

Consolidated Balance Sheets

Assets (million €)

Further information in Note		March 31, 2012	March 31, 2011	Change in %	Dec. 31, 2011	Change in %
Intangible assets	[10]	11,863	11,908	(0.4)	11,919	(0.5)
Property, plant and equipment	[10]	17,842	16,780	6.3	17,966	(0.7)
Investments accounted for using the equity method		1,933	1,363	41.8	1,852	4.4
Other financial assets		831	786	5.7	848	(2.0)
Deferred tax assets		1,162	1,072	8.4	941	23.5
Other receivables and miscellaneous short-term assets		658	743	(11.4)	561	17.3
Long-term assets		**34,289**	**32,652**	**5.0**	**34,087**	**0.6**
Inventories	[11]	9,825	8,690	13.1	10,059	(2.3)
Accounts receivable, trade	[11]	12,932	11,132	16.2	10,886	18.8
Other receivables and miscellaneous short-term assets	[11]	3,611	3,908	(7.6)	3,781	(4.5)
Marketable securities	[11]	29	15	93.3	19	52.6
Cash and cash equivalents	[11]	3,759	2,788	34.8	2,048	83.5
Assets of disposal groups		–	1,010	.	295	.
Short-term assets		**30,156**	**27,543**	**9.5**	**27,088**	**11.3**
Total assets		**64,445**	**60,195**	**7.1**	**61,175**	**5.3**

Equity and liabilities (million €)

Further information in Note		March 31, 2012	March 31, 2011	Change in %	Dec. 31, 2011	Change in %
Subscribed capital	[12]	1,176	1,176	–	1,176	–
Capital surplus	[12]	3,203	3,216	(0.4)	3,203	–
Retained earnings	[12]	20,805	18,210	14.3	19,446	7.0
Other comprehensive income		183	(303)	.	314	(41.7)
Equity of shareholders of BASF SE		**25,367**	**22,299**	**13.8**	**24,139**	**5.1**
Minority interests		1,258	1,209	4.1	1,246	1.0
Equity		**26,625**	**23,508**	**13.3**	**25,385**	**4.9**
Provisions for pensions and similar obligations	[13]	3,660	2,688	36.2	3,189	14.8
Other provisions	[14]	3,506	3,456	1.4	3,335	5.1
Deferred tax liabilities		2,751	2,461	11.8	2,628	4.7
Financial indebtedness	[15]	8,943	11,613	(23.0)	9,019	(0.8)
Other long-term liabilities	[15]	1,162	938	23.9	1,142	1.8
Long-term liabilities		**20,022**	**21,156**	**(5.4)**	**19,313**	**3.7**
Accounts payable, trade		5,705	5,051	12.9	5,121	11.4
Provisions	[14]	3,455	3,704	(6.7)	3,210	7.6
Tax liabilities		1,781	1,523	16.9	1,038	71.6
Financial indebtedness	[15]	4,237	2,302	84.1	3,985	6.3
Other short-term liabilities	[15]	2,620	2,678	(2.2)	3,036	(13.7)
Liabilities of disposal groups		–	273	.	87	.
Short-term liabilities		**17,798**	**15,531**	**14.6**	**16,477**	**8.0**
Total equity and liabilities		**64,445**	**60,195**	**7.1**	**61,175**	**5.3**

Consolidated Statements of Cash Flows

Consolidated Statements of Cash Flows for the BASF Group (million €)

	1st Quarter	
	2012	**2011**
Net income	1,724	2,411
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	770	815
Changes in net working capital	(431)	260
Miscellaneous items	(492)	(1,231)
Cash provided by operating activities	**1,571**	**2,255**
Payments related to property, plant and equipment and intangible assets	(720)	(547)
Acquisitions/divestitures	683	–
Financial investments and other items	196	804
Cash provided by investing activities	**159**	**257**
Capital increases/repayments, share repurchases	(5)	–
Changes in financial liabilities	54	(1,073)
Dividends	(77)	(127)
Cash used in financing activities	**(28)**	**(1,200)**
Net changes in cash and cash equivalents	1,702	1,312
Cash and cash equivalents as of beginning of year and other changes	2,057	1,476
Cash and cash equivalents at end of quarter	**3,759**	**2,788**

Cash provided by operating activities amounted to €1,571 million in the first quarter of 2012. The change in net working capital was particularly due to an increase in trade accounts receivable. The negative value for miscellaneous items resulted primarily from the reclassification of the gain on the disposal of our fertilizer activities to cash provided by investing activities.

Cash provided by investing activities was €159 million, as compared with €257 million in the same period of the previous year. Proceeds from acquisitions and divestitures amounted to €683 million, primarily related to the disposal of the fertilizer activities. Payments for property, plant and equipment and intangible assets amounted to €720 million, which approximated the level of depreciation.

Financing activities led to a cash outflow of €28 million, compared with €1,200 million in the previous year. Payments to minority shareholders of Group companies amounted to €77 million. Financial liabilities rose by €54 million. By contrast, in the same period of the previous year, €1,073 million was used to repay financial liabilities, particularly to scale back BASF SE's U.S. dollar-denominated commercial paper program.

Cash and cash equivalents amounted to €3,759 million as of March 31, 2012, compared with €2,048 million at the end of 2011. Net debt was reduced to €9,421 million at the end of the first quarter 2012, compared with €10,956 million as of December 31, 2011.

Consolidated Statements of Recognized Income and Expense

Consolidated statements of recognized income and expense (million €)

	1st Quarter	
	2012	**2011**
Income before minority interests	**1,841**	**2,546**
Actuarial gains/losses and asset ceiling for defined benefit assets	(584)	4
Foreign currency translation adjustment	(120)	(495)
Fair value changes in available-for-sale securities[1]	2	(1,014)
Cash flow hedges	(13)	(22)
Hedges of net investments in foreign operations	1	9
Revaluation due to acquisition of majority of shares	(1)	(1)
Deferred taxes	212	13
Minority interests	(24)	(55)
Total income and expense recognized in equity	**(527)**	**(1,561)**
Total income and expense for the period	**1,314**	**985**
Thereof BASF	1,221	905
Thereof minority interests	93	80

[1] Following the disposal of shares in K+S Aktiengesellschaft in 2011, the realized fair value changes were reclassified in the financial result.

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**	**Hedges of net investments in foreign operations**	**Revaluation due to acquisition of majority of shares**	**Total of other comprehensive income**	
As of January 1, 2012	**(2,108)**	**373**	**10**	**(71)**	**(2)**	**4**	**314**	**(1,794)**
Additions	(584)	–	2	(13)	–	–	(11)	(595)
Releases	–	(120)	–	–	1	(1)	(120)	(120)
Deferred taxes	212	2	.	(2)	–	–	–	212
As of March 31, 2012	**(2,480)**	**255**	**12**	**(86)**	**(1)**	**3**	**183**	**(2,297)**
As of January 1, 2011	**(1,526)**	**190**	**1,009**	**(3)**	**(7)**	**6**	**1,195**	**(331)**
Additions	–	–	–	(22)	–	–	(22)	(22)
Releases	4	(495)	(1,014)	–	9	(1)	(1,501)	(1,497)
Deferred taxes	(12)	7	13	5	–	–	25	13
As of March 31, 2011	**(1,534)**	**(298)**	**8**	**(20)**	**2**	**5**	**(303)**	**(1,837)**

Consolidated Statements of Equity

1st Quarter 2012 (million €)

	Number of subscribed shares outstanding	Subscribed capital	Capital surplus	Retained earnings	Other comprehensive income[1]	Equity of shareholders of BASF SE	Minority interests	Equity
As of January 1, 2012	**918,478,694**	**1,176**	**3,203**	**19,446**	**314**	**24,139**	**1,246**	**25,385**
Effects from change-of-control	–	–	–	–	–	**–**	(5)	**(5)**
Dividends paid	–	–	–	–	–	**–**	(77)[2]	**(77)**
Net income	–	–	–	1,724	–	**1,724**	117	**1,841**
Change in income and expense recognized directly in equity	–	–	–	(372)	(131)	**(503)**	(24)	**(527)**
Changes in scope of consolidation and other changes	–	–	–	7	–	**7**	1	**8**
As of March 31, 2012	**918,478,694**	**1,176**	**3,203**	**20,805**	**183**	**25,367**	**1,258**	**26,625**

1st Quarter 2011 (million €)

	Number of subscribed shares outstanding	Subscribed capital	Capital surplus	Retained earnings	Other comprehensive income[1]	Equity of shareholders of BASF SE	Minority interests	Equity
As of January 1, 2011	**918,478,694**	**1,176**	**3,216**	**15,817**	**1,195**	**21,404**	**1,253**	**22,657**
Effects from change-of-control	–	–	–	(1)	–	**(1)**	–	**(1)**
Dividends paid	–	–	–	–	–	**–**	(127)[2]	**(127)**
Net income	–	–	–	2,411	–	**2,411**	135	**2,546**
Change in income and expense recognized directly in equity	–	–	–	(8)	(1,498)	**(1,506)**	(55)	**(1,561)**
Changes in scope of consolidation and other changes	–	–	–	(9)	–	**(9)**	3	**(6)**
As of March 31, 2011	**918,478,694**	**1,176**	**3,216**	**18,210**	**(303)**	**22,299**	**1,209**	**23,508**

[1] Details are provided in “Development of income and expense recognized directly in equity of shareholders of BASF SE” on page 18.

[2] Including profit and loss transfers

Segment Reporting

1st Quarter (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2012	2011	Change in %	2012	2011	Change in %	2012	2011	Change in %	2012	2011	Change in %
Chemicals	3,484	3,276	6.3	634	926	(31.5)	467	765	(39.0)	467	765	(39.0)
Plastics	2,678	2,788	(3.9)	334	497	(32.8)	219	393	(44.3)	230	393	(41.5)
Performance Products	3,999	3,982	0.4	636	647	(1.7)	452	554	(18.4)	429	407	5.4
Functional Solutions	2,845	2,818	1.0	258	238	8.4	148	142	4.2	169	142	19.0
Agricultural Solutions	1,327	1,230	7.9	459	384	19.5	419	343	22.2	419	343	22.2
Oil & Gas	4,975	3,455	44.0	1,289	874	47.5	1,157	744	55.5	1,157	744	55.5
Other	1,282	1,812	(29.2)	280	(201)	.	(330)	(209)	(57.9)	249	(244)	.
	20,590	**19,361**	**6.3**	**3,890**	**3,365**	**15.6**	**2,532**	**2,732**	**(7.3)**	**3,120**	**2,550**	**22.4**

1st Quarter (million €)

	Research expenses			Assets			Additions to long-term assets[1]			Amortization and depreciation[2]		
	2012	2011	Change in %	2012	2011	Change in %	2012	2011	Change in %	2012	2011	Change in %
Chemicals	38	32	18.8	7,217	6,684	8.0	146	110	32.7	167	161	3.7
Plastics	38	36	5.6	5,489	5,337	2.8	112	40	180.0	104	104	–
Performance Products	80	78	2.6	13,666	13,251	3.1	125	101	23.8	207	240	(13.8)
Functional Solutions	55	45	22.2	9,758	8,899	9.7	123	25	392.0	89	96	(7.3)
Agricultural Solutions	93	97	(4.1)	6,189	5,705	8.5	31	23	34.8	40	41	(2.4)
Oil & Gas	3	3	–	10,228	8,631	18.5	161	191	(15.7)	132	130	1.5
Other	99	89	11.2	11,898	11,688	1.8	41	32	28.1	31	43	(27.9)
	406	**380**	**6.8**	**64,445**	**60,195**	**7.1**	**739**	**522**	**41.6**	**770**	**815**	**(5.5)**

1 Investments in intangible assets and property, plant and equipment

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

Other[3] (million €)

	1st Quarter		
	2012	2011	Change in %
Sales	**1,282**	**1,812**	**(29.2)**
Thereof Styrenics	–	843	(100.0)
Thereof Other business included under Other	1,282	969	32.3
EBIT before special items	**(330)**	**(209)**	**(57.9)**
Thereof Group corporate costs	(58)	(55)	(5.5)
Corporate research	(95)	(83)	(14.5)
Currency results, hedges and other valuation effects	(189)	(78)	(142.3)
Styrenics, fertilizers, other business	121	185	(34.6)
Special items	579	(35)	.
EBIT	**249**	**(244)**	**.**

3 Further information about Other can be found in the Notes on page 23.

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, 2011 were prepared according to the International Financial Reporting Standards (IFRS) valid as of the balance sheet date. The Interim Financial Statements as of March 31, 2012 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 2011 containing the Consolidated Financial Statements as of December 31, 2011 can be found online at: basf.com/report**

Selected exchange rates

	Closing rates		Average rates	
€1 equals	Mar. 31, 2012	Dec. 31, 2011	1st Quarter 2012	2011
Brazil (BRL)	2.43	2.42	2.32	2.28
China (CNY)	8.41	8.16	8.27	9.00
Great Britain (GBP)	0.83	0.84	0.83	0.85
Japan (JPY)	109.56	100.20	103.99	112.57
Malaysia (MYR)	4.09	4.11	4.01	4.17
Mexico (MXN)	17.02	18.05	17.02	16.50
The Russian Federation (RUB)	39.30	41.77	39.55	40.00
Switzerland (CHF)	1.20	1.22	1.21	1.29
South Korea (KRW)	1,512.98	1,498.69	1,482.75	1,530.79
United States (USD)	1.34	1.29	1.31	1.37

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 seven first-time consolidations since the beginning of 2012, six of which are due to reclassifications and one because of an acquisition.

Since the beginning of 2012, six companies have been deconsolidated as a result of mergers with other BASF companies, sale to third parties or decreased significance.

Scope of consolidation

	2012	2011
As of January 1	316	339
Thereof proportionally consolidated	24	21
First-time consolidations	7	13
Thereof proportionally consolidated	–	–
Deconsolidations	6	5
Thereof proportionally consolidated	1	–
As of March 31	**317**	**347**
Thereof proportionally consolidated	23	21

3 – Acquisitions/Divestitures

On February 13, 2012, BASF acquired the Ovonic Battery Company headquartered in Rochester Hills, Michigan. Ovonic is a license provider for nickel metal hydride (NiMH) battery technologies and the production of cathode active materials (CAMs) for this battery type. Furthermore, the company operates a research facility for battery materials in Troy, Michigan. Ovonic holds 97 patents and patent applications worldwide in the area of NiMH technology. Within BASF, the company was incorporated into the newly established Battery Materials business unit, a part of the Catalysts division.

BASF acquired B.C. Foam S.p.A.'s PET foams business (headquartered in Volpiano, Italy) effective February 29, 2012. The acquisition comprises production facilities and industrial property rights. This includes a special extrusion process which enables the production of PET high-performance foams with very high density. These PET foams are primarily used in wind turbine rotor blades. Moreover, high-quality PET foam panels are in demand in the automotive and aviation industries, as well as in shipbuilding.

Divestiture of fertilizer business

As of January 31, 2012, BASF sold its 50% share in the jointly controlled entity PEC-Rhin, Ottmarsheim, France to its joint venture partner GPN, Courbevoie, France. PEC-Rhin owns and operates production facilities for calcium ammonium nitrate and ammonium nitrate fertilizers, as well as production facilities for the intermediates ammonia and nitric acid. The net assets that had been reported as part of the fertilizer disposal group were deconsolidated as of the date of sale. The following table shows the calculation of gains on the disposal of BASF's share in PEC-Rhin:

Profit realization from the deconsolidation of PEC-Rhin (million €)

Proceeds from divestiture	34
Disposed net assets as part of the disposal group[1]	(13)
Reinstated receivables and payables, realized intercompany profits	4
Disposal gains	**25**

The sale of BASF's fertilizer activities in Antwerp, Belgium to EuroChem, Moscow, Russian Federation, which had been agreed upon on September 27, 2011, was completed on March 31, 2012, after approval was granted by anti-trust authorities. The sale comprises production facilities for calcium ammonium nitrate and ammonium nitrate fertilizers, NPK fertilizers (nitrogen, phosphate, potassium), nitrophosphoric acid and three related nitric acid plants. The sale resulted in the transfer of 330 employees.

The following table shows the disposed assets and liabilities as a result of the sale to EuroChem as of the date of disposal:

Fertilizer disposal group as of the date of disposal (million €)

Disposed assets as part of the disposal group[1]	237
Disposed liabilities as part of the disposal group[1]	(33)
Net assets	**204**

BASF's proceeds from the divestiture amounted to €670 million. In addition, EuroChem will pay BASF a cash compensation of €175 million in the period from 2012 to 2016. The fair value of this compensation amounts to €162 million.

In addition to the disposed assets and liabilities from the disposal group, transaction costs and expenses resulting from the carve-out of the fertilizer activities also reduced the amount of the disposal gains. The following overview shows the individual components of the calculation of disposal gains:

Profit realization from the sale of fertilizer activities (million €)

Proceeds from divestiture	670
Compensation claim	162
Disposed net assets of the disposal group[1]	(204)
Other effects of the divestiture	(8)
Disposal gains	**620**

Other effects resulted from contractual adjustment clauses and from expenses which arose in connection with the divestiture.

In our segment reporting, the entire fertilizer business had been previously reported under Other.

[1] On September 30, 2011 and December 31, 2011, the assets and liabilities of the fertilizer business were reported separately as part of the disposal group.

4 – Segment reporting

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

Chemicals consists of the Inorganics, Petrochemicals and Intermediates divisions. Its portfolio ranges from basic chemicals, glues and electronic chemicals to solvents and plasticizers, as well as starting materials for products such as detergents, plastics, textile fibers, paints and coatings and pharmaceuticals.

Plastics is composed of the Performance Polymers and Polyurethanes divisions.

Performance Products, which is made up of the Dispersions & Pigments, Care Chemicals, Nutrition & Health, Paper Chemicals and Performance Chemicals divisions, primarily offers customer-specific specialties alongside standard products.

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

Agricultural Solutions is made up of the Crop Protection division.

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

Activities not assigned to a particular division are reported in Other. In particular, these included our styrenics business, which was contributed to the Styrolution joint venture as of October 1, 2011, and our fertilizer business, which we divested in the first quarter of 2012. The remaining activities reported in Other particularly comprise the sale of raw materials, engineering and other services, rental income and leases.

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

Group corporate costs are not allocated to the segments, but rather reported under Other. These consist of the expenses for steering the BASF Group. Earnings from currency conversion that are not allocated to the segments are also reported under Other as are earnings from the hedging of raw materials prices and foreign currency exchange risks. Furthermore, expenses and revenues from the long-term incentive (LTI) program are reported here.

In the first quarter of 2012, sales in Other declined significantly compared with the previous first quarter as a result of the styrenics divestiture, as expected. Income from operations improved, however, in particular due to the positive special item arising from income of €645 million from the divestiture of our fertilizer business. Expenses from the LTI program were around €95 million higher than in the first quarter of the previous year.

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 Quarter	
	2012	**2011**
Assets of businesses included under Other	2,190	3,128
Financial assets	2,764	2,149
Deferred tax assets	1,162	1,072
Cash and cash equivalents / marketable securities	3,788	2,803
Defined benefit assets	128	328
Miscellaneous receivables / prepaid expenses	1,866	2,208
	11,898	**11,688**

Assets of businesses included under Other significantly declined due to the divestiture of our styrenics and fertilizer activities.

Reconciliation reporting for Oil & Gas (million €)

	1st Quarter	
	2012	**2011**
Income from operations	**1,157**	**744**
Income from participations	50	43
Other income	(39)	(4)
Income before taxes and minority interests	**1,168**	**783**
Income taxes	(665)	(412)
Thereof income taxes on oil-producing operations non-compensable with German corporate income tax	(451)	(280)
Income before minority interests	**503**	**371**
Minority interests	(87)	(65)
Net income	**416**	**306**

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 higher earnings level in the first quarter of 2012 is attributable to both higher production and sales volumes as well as higher crude oil and gas prices.

5 – Other operating income and expenses

Other operating income (million €)

	1st Quarter	
	2012	**2011**
Income from currency conversion and foreign currency transactions	46	110
Gains on the disposal of property, plant and equipment	13	11
Reversal/usage of provisions	1	1
Gains on the reversal of allowances for doubtful receivables	9	15
Revenue from miscellaneous typical business activities	36	22
Miscellaneous	920	126
Other operating income	**1,025**	**285**

Other operating expenses (million €)

	1st Quarter	
	2012	**2011**
Losses from currency conversion and foreign currency transactions	76	89
Losses on the disposal of property, plant and equipment	8	2
Expenses from the addition of allowances for doubtful receivables	11	12
Oil and gas exploration expenses	23	53
Miscellaneous	628	677
Other operating expenses	**746**	**833**

The decline in income from foreign currency transactions resulted in particular from lower gains from the hedging of projected sales denominated in U.S. dollars compared with the same quarter of the previous year.

The rise in income reported in Miscellaneous arose primarily from the €645 million gain on the disposal of our fertilizer business as well as from higher payments related to the previous year's earnings in the fertilizer business.

In addition, income from hedging for raw materials price risks was higher year-on-year.

The decline in losses from foreign currency transactions was mostly related to reduced losses from forward purchases in U.S. dollars.

Miscellaneous expenses decreased; the previous first quarter included special charges related to the integration of Cognis. By contrast, higher provisions for variable compensation were recognized in the first quarter of 2012.

6 – Financial result

Million €	1st Quarter	
	2012	2011
Income from companies accounted for using the equity method	**72**	**58**
Income from participations in affiliated and associated companies	6	4
Income from the disposal of participations	2	887
Income from profit transfer agreements	3	2
Income from tax allocation to participating interests	1	2
Other income from participations	**12**	**895**
Losses from loss transfer agreements	(1)	(1)
Write-downs of/losses from the sale of participations	(1)	–
Other expenses from participations	**(2)**	**(1)**
Interest income from cash and cash equivalents	40	25
Interest and dividend income from securities and loans	3	3
Interest income	**43**	**28**
Interest expense	**(184)**	**(180)**
Write-ups/profits from the sale of securities and loans	–	–
Expected income from plan assets to cover pensions and similar obligations	208	202
Income from plan assets to cover other long-term personnel obligations	15	8
Income from construction interest	14	21
Miscellaneous financial income	0	32
Other financial income	**237**	**263**
Write-downs/losses from the disposal of securities and loans	–	–
Interest accrued on pension obligations and other similar obligations	(215)	(206)
Expenses from other long-term employee obligations	(12)	(13)
Interest accrued on other long-term liabilities	(14)	(14)
Miscellaneous financial expenses	(10)	–
Other financial expenses	**(251)**	**(233)**
Financial result	**(73)**	**830**

The increase in income from companies accounted for using the equity method resulted primarily from the adoption of the equity method for Styrolution Holding GmbH as of the fourth quarter of 2011.

The interest result improved year-on-year due to higher interest income. The increase in interest income is mainly attributable to income from interest and currency swaps.

The higher level of expected income from pension plan assets can be attributed to the increase in pension plan assets compared with the same quarter of the previous year.

7 – Income taxes

Income before taxes and minority interests (million €)

	1st Quarter	
	2012	**2011**
Germany	718	1,584
Foreign oil production branches of German companies	578	366
Other foreign	1,751	1,430
Income before taxes and minority interests	**3,047**	**3,380**

Income taxes (million €)

	1st Quarter	
	2012	**2011**
Germany	183	198
Foreign oil production branches of German companies	538	334
Thereof non-compensable	451	280
Other foreign	485	302
	1,206	**834**
Tax rate (%)	39.6	24.7

The higher share of earnings from the highly taxed Oil & Gas segment led to an increase in the tax rate. The gain on the disposal of our fertilizer activities in Belgium was subject to the Belgian tax rate. The sale of our shares in K+S Aktiengesellschaft in the previous first quarter was nearly tax-free. As a result, the tax rate rose compared with the same quarter of the previous year.

8 – Minority interests

Million €	1st Quarter	
	2012	**2011**
Minority interests in profits	118	136
Minority interests in losses	(1)	(1)
Minority interests	**117**	**135**

Higher 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. In particular, at BASF PETRONAS Chemicals Sdn. Bhd., Malaysia, and BASF FINA Petrochemicals L. P., Port Arthur, Texas, there were lower minority interests in profits than in the previous first quarter.

9 – Earnings per share

		1st Quarter	
		2012	**2011**
Net income	million €	1,724	2,411
Number of outstanding shares (weighted average)	in thousands	918,479	918,479
Earnings per share	**€**	**1.88**	**2.62**

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 quarter of 2012, and in the corresponding period of 2011, there was no dilutive effect; undiluted earnings per share were the same as the diluted value per share.

10 – Long-term assets

Development (million €)

	1st Quarter 2012		
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method and other financial assets
Acquisition costs			
Balance as of January 1	15,113	57,403	2,967
Additions	69	670	27
Disposals	(361)	(154)	(13)
Transfers	97	34	42
Exchange differences	(78)	(510)	(1)
Balance as of March 31	**14,840**	**57,443**	**3,022**
Amortization and depreciation			
Balance as of January 1	3,194	39,437	267
Additions	152	618	0
Disposals	(357)	(130)	(6)
Transfers	4	6	(3)
Exchange differences	(16)	(330)	0
Balance as of March 31	**2,977**	**39,601**	**258**
Net book value as of March 31	**11,863**	**17,842**	**2,764**

Development (million €)

	1st Quarter 2011		
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method and other financial assets
Acquisition costs			
Balance as of January 1	15,232	54,732	3,544
Additions	13	509	5
Disposals	(251)	(143)	(1,139)
Transfers	145	26	17
Exchange differences	(344)	(915)	(36)
Balance as of March 31	**14,795**	**54,209**	**2,391**
Amortization and depreciation			
Balance as of January 1	2,987	37,491	263
Additions	202	613	–
Disposals	(243)	(135)	(1)
Transfers	(5)	7	(3)
Exchange differences	(54)	(547)	(17)
Balance as of March 31	**2,887**	**37,429**	**242**
Net book value as of March 31	**11,908**	**16,780**	**2,149**

Additions to property, plant and equipment in the first quarter of 2012 arose from a number of investments. Material investments were related to the construction of production facilities for L-menthol and methanesulfonic acid in Ludwigshafen, the construction of natural gas pipelines and storage facilities in Europe and investments for maintenance and expansion, in particular at the sites in Ludwigshafen; Geismar, Louisiana; Port Arthur, Texas; and Nanjing, China. The depreciation of property, plant and equipment includes €12 million in impairment charges.

In intangible assets, disposals are primarily related to the derecognition of fully amortized distribution and supply rights and IT licenses. Transfers includes the market value adjustments of emission rights as of the balance sheet date, which did not have an impact on earnings.

11 – Short-term assets

Million €	March 31, 2012	March 31, 2011	Dec. 31, 2011
Raw materials and factory supplies	3,031	2,439	2,922
Work-in-process, finished goods and merchandise	6,647	6,124	7,034
Advance payments and services-in-process	147	127	103
Inventories	**9,825**	**8,690**	**10,059**
Accounts receivables, trade	**12,932**	**11,132**	**10,886**
Other receivables and miscellaneous short-term assets	3,611	3,908	3,781
Marketable securities	29	15	19
Cash and cash equivalents	3,759	2,788	2,048
Assets of disposal groups	–	1,010	295
Other short-term assets	**7,399**	**7,721**	**6,143**
Short-term assets	**30,156**	**27,543**	**27,088**

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

Trade accounts receivable increased in comparison with year-end 2011 as a result of sales growth, in particular in the Oil & Gas segment, and seasonal effects in the Agricultural Solutions segment.

12 – Equity

Authorized capital

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

Retained earnings

Transfers from other retained earnings increased legal reserves by €307 million in the first quarter. The offsetting of actuarial gains and losses, as well as the asset ceiling, resulted in a reduction in retained earnings of €372 million in the first quarter of 2012 and a reduction of €8 million in the same period of 2011.

Reserves (million €)

	March 31, 2012	Dec. 31, 2011
Legal reserves	690	383
Other retained earnings	20,115	19,063
Retained earnings	**20,805**	**19,446**

13 – Provisions for pensions

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

	Germany		Foreign	
	March 31, 2012	**Dec. 31, 2011**	**March 31, 2012**	**Dec. 31, 2011**
Discount rate	4.50	5.00	4.09	4.34
Projected increase of wages and salaries	2.75	2.75	3.71	3.71
Projected pension increase	2.00	2.00	0.70	0.70

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

	Germany		Foreign	
	2012	**2011**	**2012**	**2011**
Discount rate	5.00	5.00	4.34	4.74
Projected increase of wages and salaries	2.75	2.75	3.71	3.79
Projected pension increase	2.00	1.75	0.70	1.00
Expected return on plan assets	5.28	5.28	5.66	5.49

The assumptions used to determine the defined benefit obligation as of December 31, 2011, are used in the reporting year 2012 to determine the expenses for pension plans.

The expected long-term rate of return is based on the target asset allocation and the weighted average rate of expected returns of each individual asset class. The forecasts are based on long-term historical average returns and take into consideration the current yield level and the inflation trend.

In the first quarter of 2012, developments in the capital markets led to a reduction of the average weighted discount rate in all currency denominations. In particular, the resulting actuarial losses of €1,072 million led to an increase in pension provisions as of March 31, 2012. The return on assets exceeded assumptions, leading to actuarial gains of €487 million.

14 – Other provisions

Million €	**March 31, 2012**	**March 31, 2011**	**Dec. 31, 2011**
Other long-term provisions	3,506	3,456	3,335
Short-term provisions	3,455	3,704	3,210
Other provisions	**6,961**	**7,160**	**6,545**

In the first quarter of 2012, other provisions increased compared with the end of 2011. This increase primarily pertains to short-term provisions for variable compensation. The utilization of sales provisions recognized in 2011 was lower than the recognition of new provisions in the first quarter of 2012, which led to an additional increase in other short-term provisions.

15 – Liabilities

Liabilities (million €)

	March 31, 2012		March 31, 2011		Dec. 31, 2011	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
Accounts payable, trade	**5,705**	**–**	**5,051**	**–**	**5,121**	**–**
Bonds and other liabilities to the capital market	2,977	7,345	1,549	10,206	2,942	7,358
Liabilities to credit institutions	1,260	1,598	753	1,407	1,043	1,661
Financial indebtedness	**4,237**	**8,943**	**2,302**	**11,613**	**3,985**	**9,019**
Tax liabilities	**1,781**	**–**	**1,523**	**–**	**1,038**	**–**
Advances received on orders	221	–	183	–	272	–
Liabilities on bills	48	4	58	2	46	4
Liabilities related to social security	150	25	170	24	152	23
Miscellaneous liabilities	1,993	945	2,001	698	2,438	942
Deferred income	208	188	266	214	128	173
Other liabilities	**2,620**	**1,162**	**2,678**	**938**	**3,036**	**1,142**

Financial indebtedness (million €)

			Carrying amounts based on effective interest method		
	Nominal value (million, in issuing currency)	Effective interest rate	March 31, 2012	Dec. 31, 2011	March 31, 2011
4% Euro Bond 2006/2011 of BASF SE	1,000	4.05 %	–	–	1,000
3.375% Euro Bond 2005/2012 of BASF SE	1,400	3.42 %	1,400	1,400	1,399
3.75% Euro Bond 2009/2012 of BASF SE	1,350	3.97 %	1,354[1]	1,356	1,346
4.5% Euro Bond 2006/2016 of BASF SE	500	4.62 %	498	498	497
4.25% Euro Bond 2009/2016 of BASF SE	200	4.40 %	199	199	199
5.875% GBP Bond 2009/2017 of BASF SE	400	6.04 %	476	475	449
4.625% Euro Bond 2009/2017 of BASF SE	300	4.69 %	299	299	299
3.25% CHF Bond 2008/2011 of BASF Finance Europe N.V.	300	3.39 %	–	–	231
6% Euro Bond 2008/2013 of BASF Finance Europe N.V.	1,250	6.15 %	1,247	1,247	1,246
5% Euro Bond 2007/2014 of BASF Finance Europe N.V.	1,000	5.09 %	998	998	997
5% Euro Bond 2007/2014 of BASF Finance Europe N.V.	250	4.83 %	251	251	251
3.625% CHF Bond 2008/2015 of BASF Finance Europe N.V.	200	3.77 %	165	164	153
5.125% Euro Bond 2009/2015 of BASF Finance Europe N.V.	1,500	5.30 %	1,492	1,492	1,490
5.125% Euro Bond 2009/2015 of BASF Finance Europe N.V.	500	4.38 %	511	511	514
4.5% Euro Medium Term Note 2009/2016 of BASF Finance Europe N.V.	150	4.56 %	150	150	150
3.25% CHF Bond 2006/2012 of Ciba Spezialitätenchemie Finanz AG	225	3.32 %	186	184	170
4.875% Euro Bond 2003/2018 of Ciba Spec. Chem. Finance Luxemburg S.A.	477	4.88 %	411	409	403
USD Commercial Paper	50		37	–	317
Other bonds			648	667	644
Bonds and other liabilities to the capital market			**10,322**	**10,300**	**11,755**
Liabilities to credit institutions			2,858	2,704	2,160
Financial indebtedness			**13,180**	**13,004**	**13,915**

[1] Interest rate swaps were performed in July 2011 to hedge against interest rate risks for the 3.75% Euro Bond of BASF SE. Fair value hedge accounting is applied in this context, resulting in an adjustment of the carrying amount of the bond by €6 million.

16 – 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 sales amounted to €281 million in the first quarter of 2012 and €218 million in the same period of 2011.

In addition, there are material supply relationships with the jointly-controlled entities Ellba C.V., the Netherlands, and Ellba Eastern Private Ltd., Singapore. The unconsolidated portion of these sales amounted to €134 million in the first quarter of 2012 and €115 million in the same period of 2011. Substantial sales with associated companies and other participations are related to Styrolution Belgium N.V., Antwerp, Belgium; and Styrolution South East Asia Pte. Ltd., Singapore; and Styrolution GmbH, Ludwigshafen, Germany. The unconsolidated portion of the sales with these companies amounted to €469 million in the first quarter of 2012. In the same period of 2011, sales amounted to €721 million. These companies were fully consolidated until September 30, 2011.

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

Calculation of Adjusted Earnings per Share

		1st Quarter	
		Million €	Million €
		2012	2011
Income before taxes and minority interests		3,047	3,380
Special items		(588)	(705)
Amortization of intangible assets		152	202
Amortization of intangible assets contained in the special items		–	(30)
Adjusted income before taxes and minority interests		**2,611**	**2,847**
Adjusted income taxes		1,053	925
Adjusted income before minority interests		**1,558**	**1,922**
Adjusted minority interests		120	137
Adjusted net income		**1,438**	**1,785**
Weighted average number of outstanding shares	in thousands	918,479	918,479
Adjusted earnings per share	**€**	**1.57**	**1.94**

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

Special items are primarily the result of the integration of acquired businesses, restructuring measures, impairment losses, and gains or losses resulting from divestitures and sales of participations. 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 calculation of earnings per share in accordance with the International Financial Reporting Standards (IFRS) is presented in the Notes on page 26. Adjusted income before taxes and minority interests, adjusted net income and adjusted earnings per share are key ratios that are not defined under IFRS. They should not be viewed in isolation, but rather treated as supplementary information.

Forward-looking Statements

This report contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed from pages 104 to 112 in the BASF Report 2011. The BASF Report can be found online at: basf.com/report. We do not assume any obligation to update the forward-looking statements contained in this report.

Interim Report 1st Half 2012

July 26, 2012

Interim Report 3rd Quarter 2012

Oct. 25, 2012

Full Year Results 2012

Feb. 26, 2013

Annual Shareholders' Meeting 2013 / Interim Report 1st Quarter 2013

April 26, 2013

Further Information

Published on April 27, 2012

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