Interim Report
3rd Quarter 2012 (July – September)

BASF maintains good business performance

- Sales and earnings increase
- Successful business development continues in Agricultural Solutions and Oil & Gas segments
- Earnings in chemicals business below third quarter of 2011
- Outlook: increase in sales and earnings targeted for 2012

BASF
The Chemical Company

BASF Group
3rd Quarter 2012

Million €		3rd Quarter			January – September		
		2012	2011	Change in %	2012	2011	Change in %
Sales		19,010	17,607	8.0	59,081	55,429	6.6
Income from operations before depreciation and amortization (EBITDA)		2,810	2,709	3.7	9,832	9,089	8.2
Income from operations (EBIT) before special items		2,070	1,964	5.4	7,092	6,933	2.3
Income from operations (EBIT)		2,002	1,882	6.4	7,351	6,649	10.6
Financial result		(114)	(161)	29.2	(299)	548	.
Income before taxes and minority interests		1,888	1,721	9.7	7,052	7,197	(2.0)
Net income		946	1,192	(20.6)	3,899	5,057	(22.9)
Earnings per share	€	1.03	1.30	(20.8)	4.25	5.51	(22.9)
Adjusted earnings per share[1]	€	1.19	1.52	(21.6)	4.36	5.21	(16.3)
Cash provided by operating activities		1,696	1,990	(14.8)	5,156	5,028	2.5
Additions to long-term assets[2]		1,022	853	19.8	2,932	2,234	31.2
Research and development expenses		452	405	11.6	1,284	1,176	9.2
Amortization and depreciation[2]		808	827	(2.3)	2,481	2,440	1.7
Segment assets (as of September 30)[3]		53,121	50,208	5.8	53,121	50,208	5.8
Personnel costs		2,432	2,032	19.7	6,940	6,489	7.0
Number of employees (as of September 30)		113,452	111,724	1.5	113,452	111,724	1.5

[1] For further information, see page 36
[2] Intangible assets and property, plant and equipment (including acquisitions)
[3] Intangible assets, property, plant and equipment, inventories and business-related receivables

Contents

Interim Management's Analysis

Interim Financial Statements

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

3rd Quarter 2012

Sales
Change compared with 3rd quarter 2011

+8%

EBIT before special items
(Change compared with 3rd quarter 2011)
Million €

2,070 (+106)

← **Cover photo:** BASF laboratory technicians at the Agricultural Center in Limburgerhof. They work on the crop protection of the future and experiment with new substances on test plants.

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, crop protection products 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.

Testing the limits in powder snow

→ **Synthetic fibers with PolyTHF® stay flexible even in the cold**

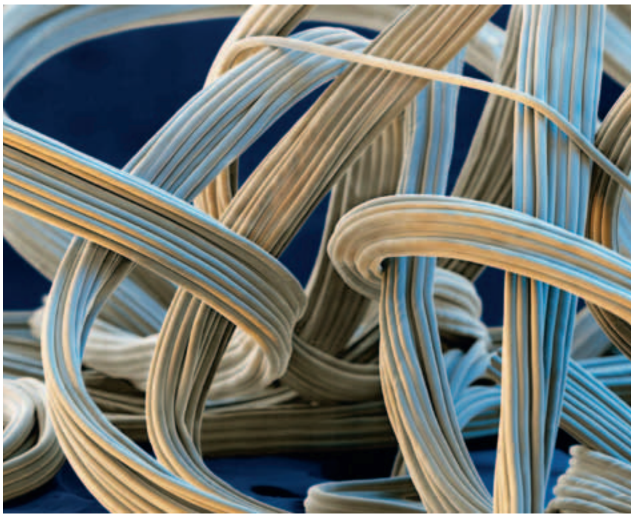
Crisp cold air, sparkling fresh-fallen snow and swift skis: That's all it takes to make winter athletes happy. As they speed down the slopes, it can get pretty warm inside their ski suits, even when the temperature is freezing outside. Their clothing must be able to handle both the cold and the athlete's sweat. Spandex fibers made from BASF's intermediate PolyTHF® are ideally suited to these extreme conditions: The textiles are breathable and retain their elasticity even at icy temperatures.

Spandex fibers are found in many of today's textiles. Sports jerseys and ski undergarments, for example, consist of 5 to 10% spandex fibers. The more stretch a fabric should have, the more PolyTHF® the fiber contains. Athletes benefit from the superior elasticity of a spandex fiber, which consists of about 80% PolyTHF®. Garments retain their fit even during a very wide range of motion, as the fibers can stretch up to seven times their original length. Another advantage of these fibers is their long-term dimensional stability: They always return to their original shape after stretching, even in cold conditions.

Coping with skiers' perspiration is a job that demands a fiber resistant to moisture. Textiles made from fibers with PolyTHF® are breathable and can be used in garments that come into direct contact with the skin. Furthermore, the arrangement of atoms in PolyTHF® molecules make them hard to digest for microorganisms, such as mites – which is especially important for allergy sufferers.

In addition to its application in spandex fibers, PolyTHF® can also serve as a chemical component in thermoplastic polyurethane, for example, which is used to produce hoses, films and cable sheathing. In light of growing demand, we have increased our global PolyTHF® production capacity to 250,000 metric tons per year. BASF is the most significant global provider of this intermediate product.

Spandex fibers in a ski suit provide perfect flexibility and stay elastic even in the cold.



The basis of these fibers – consisting of several filaments – is PolyTHF®.

BASF Innovations – PolyTHF®

- Spandex fibers made of PolyTHF® are particularly suitable for sports apparel and swimsuits, as well as for undergarments and outerwear
- Thanks to PolyTHF®, textiles are breathable and retain their elasticity even at low temperatures
- Spandex fibers made of PolyTHF® are safe for direct skin contact
- BASF has increased its PolyTHF® capacity to 250,000 metric tons per year and is the most significant global provider of this product

BASF Group Business Review 3rd Quarter 2012

After a solid first half, we maintained good business performance in the third quarter. We increased sales by 8% to €19 billion, particularly due to higher volumes. Sales volumes grew principally as a result of increased crude oil production. Positive currency effects also contributed to sales growth.

At just under €2.1 billion, income from operations before special items was €106 million above the level of the third quarter of 2011. The higher contribution from the Oil & Gas segment and our successful business with crop protection products more than offset lower earnings in the chemicals business.[1]

We raised our sales volumes compared with the previous third quarter. This was largely attributable to increased production volumes in the Oil & Gas segment. We were also able to improve sales volumes in the Chemicals and Agricultural Solutions segments. Currency effects had a positive impact on sales in all segments. Our sales prices were below the level of the previous third quarter. Portfolio measures reduced sales by 1%; this effect is primarily attributable to the divestiture of our styrenic plastics business, which was contributed to the Styrolution joint venture as of October 1, 2011.

Factors influencing sales (% of sales)

	3rd Quarter	Jan. – Sept.
Volumes	7	3
Prices	(4)	1
Portfolio measures	(1)	(1)
Currencies	6	4
	8	**7**

In the **Chemicals** segment, sales grew significantly in comparison with the previous third quarter. This was due in particular to sales to Styrolution Group companies in addition to positive currency effects and higher sales volumes. Earnings declined considerably, owing to lower margins as well as to plant shutdowns in the Petrochemicals division.

Sales rose in the **Plastics** segment, especially as a result of currency effects. In the Polyurethanes division, we also increased sales volumes and prices. Lower margins for polyamide precursors led to a considerable decline in earnings compared with the same period of the previous year.

Third-quarter sales (million €)

Chemicals	**2012**	**3,556**	**12%**
	2011	3,168	
Plastics	**2012**	**2,969**	**6%**
	2011	2,801	
Performance Products	**2012**	**4,015**	**1%**
	2011	3,991	
Functional Solutions	**2012**	**2,847**	**(2%)**
	2011	2,907	
Agricultural Solutions	**2012**	**1,008**	**11%**
	2011	908	
Oil & Gas	**2012**	**3,372**	**54%**
	2011	2,195	
Other	**2012**	**1,243**	**(24%)**
	2011	1,637	

Sales in the **Performance Products** segment were slightly above the level of the third quarter of 2011. This was mainly the result of positive currency effects. Lower volumes and sales prices weakened sales growth, however. Earnings declined as a result of higher costs due to idle capacity as well as increased spending on research and development.

BASF Group 3rd Quarter 2012

- BASF maintains good business performance in third quarter
- Sales volumes improve thanks to increased crude oil production
- Sales grow by 8% to €19 billion; increase also driven by positive currency effects
- Income from operations before special items rises by 5% to just under €2.1 billion
- Higher contributions from Oil & Gas and Agricultural Solutions segments lead to increased earnings despite lower earnings in chemicals business

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

Despite positive currency effects, sales fell in the **Functional Solutions** segment. This was mostly due to the lower contribution from precious metal trading as a result of reduced volumes and sales prices. Earnings did not match the level of the previous third quarter, particularly because of higher raw material costs.

We significantly increased our sales in the **Agricultural Solutions** segment. The start to the season in South America and our fall business in the Northern Hemisphere were both very successful. In addition to improved sales volumes, currency effects also contributed positively to sales development. Earnings were considerably above the level of the previous third quarter thanks to higher volumes.

Sales grew significantly in the **Oil & Gas** segment. We posted higher sales volumes in both business sectors. Greater demand on spot trading markets led to higher volumes in natural gas trading. After the suspension of production in Libya from February to October of the previous year, we were able to continuously produce crude oil there during the third quarter of 2012. Earnings therefore significantly exceeded the level of the previous third quarter, and net income grew considerably, as well.

Other posted a decline in sales, largely as a result of the divestiture of our styrenic plastics business, which was contributed to the Styrolution joint venture as of October 1, 2011. Earnings in Other declined significantly. In addition to the missing earnings contribution from the styrenic plastics business, the increase in provisions for the long-term incentive program resulting from a higher share price negatively impacted earnings. By contrast, the reversal of provisions for the long-term incentive program in the previous third quarter had led to an improvement in earnings.

Special items in EBIT amounting to minus €68 million (third quarter of 2011: minus €82 million) resulted primarily from various restructuring measures.

Compared with the previous third quarter, **EBIT** increased by €120 million to €2,002 million. **EBITDA** rose by €101 million to €2,810 million.

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

Chemicals	**2012**	**459**	**(162)**
	2011	621	
Plastics	**2012**	**218**	**(99)**
	2011	317	
Performance Products	**2012**	**347**	**(93)**
	2011	440	
Functional Solutions	**2012**	**138**	**(24)**
	2011	162	
Agricultural Solutions	**2012**	**171**	**76**
	2011	95	
Oil & Gas	**2012**	**1,068**	**718**
	2011	350	
Other	**2012**	**(331)**	**(310)**
	2011	(21)	

The **financial result** amounted to minus €114 million. It improved by €47 million due to higher income from participations than in the previous third quarter. In the previous year, the result from participations included special charges of €35 million.

Income before taxes and minority interests saw a year-on-year increase of €167 million, reaching €1,888 million. The tax rate was higher due to the resumption of crude oil production in Libya, which is highly taxed. At 45.9%, it was significantly above the level of the previous third quarter (23.2%).

Net income fell by €246 million to €946 million. **Earnings per share** were €1.03 in the third quarter of 2012, compared with €1.30 in the same quarter of 2011. Adjusted for special items and amortization of intangible assets, earnings per share amounted to €1.19 (third quarter of 2011: €1.52).

→ **Information on the calculation of adjusted earnings per share can be found on page 36.**

Special items reported in earnings before taxes (million €)

	2012	2011
1st quarter	588	705
2nd quarter	(261)	(49)
3rd quarter	(68)	(117)
4th quarter		429
Full year		**968**

Adjusted earnings per share (€)

	2012	2011
1st quarter	1.57	1.94
2nd quarter	1.60	1.75
3rd quarter	1.19	1.52
4th quarter		1.05
Full year		**6.26**

BASF on the Capital Market

Overview of BASF shares

		3rd Quarter 2012	Jan. – Sept. 2012
Performance (with dividends reinvested)			
BASF	%	20.0	26.7
DAX 30	%	12.5	22.3
DJ EURO STOXX 50	%	8.9	9.7
DJ Chemicals	%	7.5	14.4
MSCI World Chemicals	%	5.0	15.1
Share prices and trading (XETRA)			
Average	€	60.99	60.70
High	€	67.90	67.98
Low	€	54.66	51.89
Close (end of period)	€	65.65	65.65
Average daily trade	million shares	3.20	3.50
Outstanding shares (end of period)	million shares	918.5	918.5
Market capitalization (end of period)	billion €	60.3	60.3

Market trend

After declining development in the second quarter, stock markets recovered considerably in the third quarter of 2012. This was supported by the European Central Bank's resolution to purchase unlimited quantities of government bonds, subject to certain conditions.

Trading at €65.65 at the end of the quarter, BASF shares were 20% above their closing price in the previous quarter and outperformed the most important comparable indices. In the third quarter, the German benchmark index DAX 30 and the European DJ EURO STOXX 50 rose 12.5% and 8.9%, respectively. In the same period, the global industry indices DJ Chemicals and MSCI World Chemicals gained 7.5% and 5%, respectively.

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

Continued good credit ratings

With "A+/A-1 outlook stable" from rating agency Standard & Poor's and "A1/P-1 outlook stable" from Moody's, we continue to have good credit ratings, especially compared with competitors in the chemical industry. Our financing remains solid. As of September 30, 2012, net debt amounted to €11 billion. On October 1, 2012, we issued a €750 million bond with a coupon of 1.5% and a maturity of six years.

BASF a sustainable investment

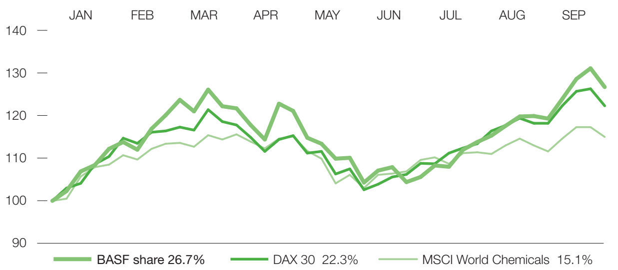
In September, BASF shares were included in the Dow Jones Sustainability World Index (DJSI World) for the twelfth year in succession. The analysts particularly recognized our commitment in the areas of climate strategy and risk and crisis management as well as human resources development. In addition, BASF was once again included in the Carbon Disclosure Leadership Index (CDLI) and the Carbon Performance Leadership Index (CPLI).

BASF on the Capital Market

- Stock markets recover; BASF shares trade at 20% above closing price in the previous quarter
- Good credit ratings; new bond issued
- BASF once again represented in most important sustainability indices

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

Change in value of an investment in BASF shares (Jan. – Sept. 2012)
(with dividends reinvested; indexed)



Significant Events

We plan to acquire Becker Underwood Inc. for $1.02 billion (€785 million). The company, headquartered in Ames, Iowa, is one of the leading global providers of technologies for biological seed treatment and seed treatment colors and polymers, as well as products in the areas of biological crop protection, turf and horticulture, animal nutrition and landscape design. The acquisition of Becker Underwood will strengthen our new Functional Crop Care global unit and further expand our range of integrated, sustainable solutions for agriculture. The purchase is still subject to approval by the appropriate authorities. The transaction is expected to close by the end of 2012.

Moreover, we are investing more than €200 million to scale up and further integrate production and formulation capacities for fungicides in order to meet constantly growing demand for fungicides such as F 500® und Xemium®. The investment will include the construction and expansion of plants at the Ludwigshafen and Schwarzheide sites in Germany and in Sparks, Georgia.

In light of high overcapacities and low margins in certain regions, we are focusing our global Styropor® (EPS: expandable polystyrene) activities on strategic markets and core products with better profitability. We expect to close our Styropor® production plants in Pasir Gudang, Malaysia, and Thane, India, at the end of 2012. Furthermore, we are exploring strategic options for our Styropor® business in South America. We will focus our future EPS investments on Neopor®, which has strong market potential thanks to its better insulation properties.

We aim to strengthen the competitiveness of our Construction Chemicals division in Europe and concentrate on the more attractive market segments. Measures comprise adjusting our business to declining markets, especially in southern Europe and the United Kingdom, improving our efficiency and focusing our organization even more on our customers. In addition, we plan to sell our businesses with sports flooring and with concrete spraying machines for tunnel construction and mining. Around 400 positions across Europe are affected by these measures. We are striving to offer employees positions within the BASF Group wherever possible.

In mid-August, we signed a contract with PROSOL Lacke + Farben GmbH for the sale of our Relius® decorative paints business in Germany and France. The sale includes the Memmingen site as well as around 30 distribution points in Germany and France. The transaction is expected to conclude on November 30, 2012.

Significant Events

– The planned acquisition of Becker Underwood strengthens our new Functional Crop Care global unit
– We increase our production and formulation capacities for fungicides
– Our global EPS business concentrates on strategic markets and core products with higher profitability
– We strengthen the competitiveness of our construction chemicals business in Europe
– We are selling our Relius® decorative paints business in Germany and France to PROSOL

Chemicals
Excellence in the Verbund, technology and cost leadership

Segment data Chemicals (million €)

		3rd Quarter			January – September		
		2012	2011	Change in %	2012	2011	Change in %
Sales to third parties		3,556	3,168	12	10,388	9,836	6
Thereof	Inorganics	485	356	36	1,265	1,060	19
	Petrochemicals	2,304	2,141	8	6,910	6,703	3
	Intermediates	767	671	14	2,213	2,073	7
Income from operations before depreciation and amortization (EBITDA)		633	848	(25)	1,873	2,621	(29)
Income from operations (EBIT) before special items		459	621	(26)	1,362	2,060	(34)
Income from operations (EBIT)		460	612	(25)	1,362	2,063	(34)
Assets (as of September 30)		7,245	6,974	4	7,245	6,974	4
Research and development expenses		39	35	11	109	100	9
Additions to property, plant and equipment and intangible assets		210	160	31	623	416	50

3rd Quarter 2012
In the Chemicals segment, sales were significantly above the level of the previous third quarter. Portfolio effects were mainly responsible for this development, in addition to positive currency effects and demand-driven higher sales volumes. Reduced sales prices had a negative effect on sales development (volumes 4%, prices –9%, portfolio 10%, currencies 7%). Lower margins as well as plant shutdowns in the Petrochemicals division led to a considerable decline in income from operations before special items.

Inorganics
Sales in the Inorganics division rose significantly in comparison with the third quarter of 2011, primarily from portfolio effects. After the divestiture of our fertilizer activities, the delivery of basic products for fertilizer production is now reported under sales to third parties. Positive currency effects as well as higher sales prices and volumes additionally supported sales growth. We were able to improve earnings especially as a result of higher margins for basic products.

Petrochemicals
Sales grew in the Petrochemicals division. This was largely attributable to portfolio effects from the divestiture of our styrenic plastics activities as well as to positive currency effects. By contrast, decreased sales prices had a negative impact on sales. Lower margins in almost all product lines as well as unscheduled shutdowns of the steam cracker in Port Arthur, Texas, resulted in earnings considerably below the level of the previous third quarter.

Intermediates
In the Intermediates division, we significantly increased sales volumes. Demand from key customer sectors, such as the agricultural and plastics industries, was stronger than in the previous third quarter. Currency and portfolio effects also contributed to an increase in sales, while lower prices had a negative effect. Due to scheduled plant shutdowns, earnings did not match the level of the third quarter of 2011.

Chemicals

- Sales significantly above level of previous third quarter
- Higher sales volumes as well as positive currency and portfolio effects largely responsible for sales growth
- Earnings decrease considerably due to weaker margins and plant shutdowns

3rd Quarter 2012

Sales
Change compared with 3rd quarter 2011

+12%

EBIT before special items
(Change compared with 3rd quarter 2011)
Million €

459 (–162)

Plastics

Energy-efficient products and system solutions for our customers

Segment data Plastics (million €)

	3rd Quarter			January – September		
	2012	2011	Change in %	2012	2011	Change in %
Sales to third parties	2,969	2,801	6	8,525	8,417	1
Thereof Performance Polymers	1,314	1,321	(1)	3,881	3,960	(2)
Polyurethanes	1,655	1,480	12	4,644	4,457	4
Income from operations before depreciation and amortization (EBITDA)	328	418	(22)	1,024	1,398	(27)
Income from operations (EBIT) before special items	218	317	(31)	693	1,093	(37)
Income from operations (EBIT)	218	315	(31)	704	1,091	(35)
Assets (as of September 30)	5,760	5,413	6	5,760	5,413	6
Research and development expenses	41	39	5	119	112	6
Additions to property, plant and equipment and intangible assets	149	74	101	413	165	150

3rd Quarter 2012

In the Plastics segment, sales rose compared with the previous third quarter, mostly as a result of currency effects (volumes 0%, prices –1%, portfolio 1%, currencies 6%). Higher sales volumes in the Polyurethanes division also contributed to sales growth. Falling margins in polyamide precursors led to considerably decreased income from operations before special items compared with the same period of 2011.

Performance Polymers

Sales in the Performance Polymers division decreased slightly despite positive currency effects. This was largely the result of lower volumes and sales prices. While demand from the automotive industry was high, especially in North America, sales volumes for polyamide precursors decreased, due in part to weaker demand from the Asian textile industry. Mostly due to lower margins for polyamide precursors, earnings were significantly below the level of the third quarter of 2011.

Polyurethanes

Sales in the Polyurethanes division considerably exceeded the level of the previous third quarter. In addition to positive currency effects, improved sales volumes and increased prices also contributed to sales growth. Demand for our products was especially high from the automotive industry. By contrast, sales volumes in the construction industry remained weak. As a result of increased volumes and higher margins, we were able to significantly increase our earnings compared with the previous third quarter.

Plastics

- Sales rise as a result of currency effects and higher sales volumes in Polyurethanes division
- Sales and earnings in Polyurethanes significantly above level of previous third quarter
- Earnings for the segment decrease considerably due to falling margins for polyamide precursors

3rd Quarter 2012

Sales
Change compared with 3rd quarter 2011

+6%

EBIT before special items
(Change compared with 3rd quarter 2011)
Million €

218 (–99)

Performance Products
Innovative and fast-growing

Segment data Performance Products (million €)

		3rd Quarter			January – September		
		2012	2011	Change in %	2012	2011	Change in %
Sales to third parties		4,015	3,991	1	12,136	12,068	1
Thereof	Dispersions & Pigments	947	928	2	2,882	2,714	6
	Care Chemicals	1,233	1,265	(3)	3,753	3,994	(6)
	Nutrition & Health	492	471	4	1,477	1,420	4
	Paper Chemicals	410	423	(3)	1,247	1,233	1
	Performance Chemicals	933	904	3	2,777	2,707	3
Income from operations before depreciation and amortization (EBITDA)		530	602	(12)	1,753	1,937	(9)
Income from operations (EBIT) before special items		347	440	(21)	1,245	1,507	(17)
Income from operations (EBIT)		325	403	(19)	1,136	1,266	(10)
Assets (as of September 30)		13,935	13,863	1	13,935	13,863	1
Research and development expenses		95	84	13	260	242	7
Additions to property, plant and equipment and intangible assets		179	201	(11)	524	432	21

3rd Quarter 2012
Compared with the previous third quarter, we slightly increased sales in the Performance Products segment. Reduced prices and lower sales volumes were more than offset by positive currency effects (volumes –2%, prices –2%, currencies 5%). Income from operations before special items declined, chiefly owing to higher costs due to idle capacity and increased spending on research and development.

Dispersions & Pigments
Sales in the Dispersions & Pigments division improved thanks to positive currency effects. Particularly in Asia, sales increased considerably due to currency effects and higher sales volumes. We posted a slight decrease in volumes overall. Lower demand for pigments was chiefly responsible for weaker sales volumes in Europe. Due to lower sales volumes of high-margin pigments as well as to increased fixed costs, earnings were significantly below the level of the previous third quarter.

Care Chemicals
Sales in the Care Chemicals division were lower than in the same period of 2011 despite positive currency effects. In a more competitive environment, volumes and sales prices declined. Business with ingredients for detergents, cleaners and personal care products was weak. Earnings were considerably below the level of the previous third quarter.

Nutrition & Health
We increased sales in the Nutrition & Health division, mainly owing to positive currency effects and demand-driven higher sales volumes in almost all business areas. Lower sales prices for vitamins, however, had a negative impact on sales and earnings. Increased raw material costs could only be partly passed on to the market, putting pressure on margins. Earnings were therefore significantly below the good level of the previous third quarter.

Performance Products

– Slight sales increase thanks to positive currency effects
– Sales volumes and prices down year-on-year
– Earnings decline due to higher costs

3rd Quarter 2012

Sales
Change compared with
3rd quarter 2011

+1%

EBIT before special items
(Change compared with
3rd quarter 2011)
Million €

347 (–93)

Paper Chemicals

In the Paper Chemicals division, sales were below the level of the previous third quarter, primarily as a result of reduced sales prices. Sales volumes fell slightly. Operational and strategic measures to reduce our fixed costs enabled us to improve earnings compared with the third quarter of 2011.

Performance Chemicals

In the Performance Chemicals division, sales surpassed the level of the previous third quarter thanks to positive currency effects. Declining volumes in Asia and Europe could be only partly offset by high demand in the oilfield and mining chemicals business. The continuation of our value-over-volume strategy and positive currency effects led to earnings considerably above the level of the third quarter of 2011.

Performance Products

– Dispersions & Pigments: sales rise thanks to positive currency effects; earnings decrease significantly
– Care Chemicals: sales and earnings below level of previous third quarter as a result of lower volumes and prices
– Nutrition & Health: currency effects and higher sales volumes lead to sales growth; earnings considerably below good level of previous third quarter
– Paper Chemicals: sales decrease mostly as a result of lower prices; earnings improvement thanks to measures to reduce fixed costs
– Performance Chemicals: sales grow due to currency effects; earnings rise considerably

Functional Solutions
Customer-specific products and system solutions

Segment data Functional Solutions (million €)

	3rd Quarter			January – September		
	2012	2011	Change in %	2012	2011	Change in %
Sales to third parties	2,847	2,907	(2)	8,666	8,491	2
Thereof Catalysts	1,446	1,608	(10)	4,696	4,785	(2)
Construction Chemicals	634	599	6	1,757	1,645	7
Coatings	767	700	10	2,213	2,061	7
Income from operations before depreciation and amortization (EBITDA)	229	258	(11)	711	754	(6)
Income from operations (EBIT) before special items	138	162	(15)	420	471	(11)
Income from operations (EBIT)	138	161	(14)	441	468	(6)
Assets (as of September 30)	10,057	9,785	3	10,057	9,785	3
Research and development expenses	65	48	35	183	143	28
Additions to property, plant and equipment and intangible assets	100	(3)[1]	.	425	212	100

[1] The negative value is a result of the adjustment of the preliminary purchase price allocation for the Heesung Catalysts Corporation.

3rd Quarter 2012
Sales in the Functional Solutions segment decreased in comparison with the previous third quarter. This was mostly due to the lower contribution from precious metal trading as a result of decreased sales volumes and prices. Positive currency effects and portfolio measures could not compensate for this development (volumes –5%, prices –5%, portfolio 2%, currencies 6%). Income from operations before special items declined, mainly due to higher raw material costs.

Catalysts
Sales in the Catalysts division were significantly below the level of the third quarter of 2011, particularly because of lower precious metal prices and trade volumes. The sales contribution from precious metal trading fell to €556 million (third quarter of 2011: €674 million). By contrast, currency effects and acquisitions to expand our battery materials activities had a positive effect on sales. Earnings were considerably below the level of the previous third quarter, predominantly due to raw material costs.

Construction Chemicals
Positive currency effects especially led to sales growth in the Construction Chemicals division. Our business developed successfully in North America, whereas construction activity continued to decline in southern Europe in particular. As a result of higher margins, earnings rose significantly compared with the previous third quarter.

Coatings
We improved sales in the Coatings division. Along with increased volumes, positive currency effects and higher sales prices due to increased raw material costs contributed to this rise in sales. In particular, demand grew considerably from Asia and North America for coatings for the automotive industry. In the automotive refinish coatings business, higher sales volumes in Asia and North America compensated for the decline in demand in southern Europe. Earnings were above the level of the previous third quarter thanks to higher volumes and currency effects.

Functional Solutions

- Sales decline primarily as a result of decreased volumes and prices in precious metal trading
- Sales rise in Construction Chemicals and Coatings divisions
- Earnings down for the segment, due primarily to higher raw material costs

3rd Quarter 2012

Sales
Change compared with 3rd quarter 2011

–2%

EBIT before special items
(Change compared with 3rd quarter 2011)
Million €

138 (–24)

Agricultural Solutions
Innovations for the health of crops

Segment data Agricultural Solutions (million €)

	3rd Quarter			January – September		
	2012	2011	Change in %	2012	2011	Change in %
Sales to third parties	1,008	908	11	3,802	3,343	14
Income from operations before depreciation and amortization (EBITDA)	204	137	49	1,112	894	24
Income from operations (EBIT) before special items	171	95	80	1,004	769	31
Income from operations (EBIT)	169	95	78	1,002	769	30
Assets (as of September 30)	5,533	4,941	12	5,533	4,941	12
Research and development expenses	111	101	10	308	293	5
Additions to property, plant and equipment and intangible assets	54	40	35	135	99	36

3rd Quarter 2012

Our business remained successful in the Agricultural Solutions segment in the third quarter of 2012. Sales were significantly above the level of the same period of 2011. This was largely due to the very good start to the season in South America and to our fall business in the Northern Hemisphere. In addition to increased volumes, currency effects also had a positive impact on sales (volumes 3%, prices 0%, currencies 8%).

In **Europe**, we began the fall season successfully; sales rose in all indications. Our business with fungicides and canola (oil-seed rape) herbicides in western Europe was particularly positive.

Sales in **North America** rose considerably, especially as a result of currency effects and higher volumes. While sales volumes for fungicides fell as a result of drought in the midwestern United States, our business with herbicides in particular developed very successfully.

In **Asia**, sales were slightly below the level of the previous third quarter due to lower volumes. Dry weather conditions in southern Asia were largely responsible for this. We were, however, able to raise our fungicide sales in China.

We improved sales in **South America** thanks to a very good start to the season. Demand was high for insecticides based on the active ingredient Fipronil and for the fungicide F 500®. Positive currency effects additionally supported sales growth.

As a result of higher sales volumes, income from operations before special items was considerably above the level of the previous third quarter.

Agricultural Solutions

- Very good start to the season in South America and successful fall business in Northern Hemisphere
- Sales rise considerably as a result of positive currency effects and higher volumes
- Earnings improve significantly thanks to higher volumes

3rd Quarter 2012

Sales
Change compared with 3rd quarter 2011

+11%

EBIT before special items
(Change compared with 3rd quarter 2011)
Million €

171 (+76)

Oil & Gas

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

Segment data Oil & Gas (million €)

		3rd Quarter			January – September		
		2012	2011	Change in %	2012	2011	Change in %
Sales to third parties		3,372	2,195	54	11,932	8,111	47
Thereof	Exploration & Production	1,360	534	155	3,947	2,165	82
	Natural Gas Trading	2,012	1,661	21	7,985	5,946	34
Income from operations before depreciation and amortization (EBITDA)		1,221	474	158	3,565	1,784	100
Thereof	Exploration & Production	1,079	317	240	3,045	1,378	121
	Natural Gas Trading	142	157	(10)	520	406	28
Income from operations (EBIT) before special items		1,068	350	205	3,105	1,426	118
Thereof	Exploration & Production	971	227	328	2,719	1,122	142
	Natural Gas Trading	97	123	(21)	386	304	27
Income from operations (EBIT)		1,068	350	205	3,025	1,426	112
Thereof	Exploration & Production	971	227	328	2,639	1,122	135
	Natural Gas Trading	97	123	(21)	386	304	27
Assets (as of September 30)		10,591	9,232	15	10,591	9,232	15
Thereof	Exploration & Production	5,663	5,008	13	5,663	5,008	13
	Natural Gas Trading	4,928	4,224	17	4,928	4,224	17
Exploration expenses		45	59	(24)	143	142	1
Additions to property, plant and equipment and intangible assets		268	351	(24)	681	818	(17)
Income taxes on oil-producing operations non-compensable with German corporate income tax		492	–	–	1,388	280	396
Net income		322	225	43	951	788	21

3rd Quarter 2012

Sales in the Oil & Gas segment considerably surpassed the level of the previous third quarter. This was largely the result of higher sales volumes in both business sectors (volumes 60%, prices/currencies –5%, portfolio –1%). Volumes grew in the Natural Gas Trading business sector thanks to greater demand on spot trading markets. We were able to continuously produce crude oil in Libya; production there had been shut down during the third quarter of the previous year. Income from operations before special items rose sharply as a result. Net income also increased considerably.

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

We significantly increased sales and earnings in the **Exploration & Production** business sector. Sales volumes grew considerably; production volumes rose mainly as a result of the continuous production of oil in Libya. The average price for Brent crude oil was $110 per barrel, compared with $113 per barrel (–3%) in the third quarter of 2011. In euro terms, however, the price of oil increased.

We posted considerable sales growth in the **Natural Gas Trading** business sector. This was due to increased volumes resulting from higher demand on spot trading markets. Despite improved sales volumes and contributions from the OPAL pipeline, earnings declined; the previous third quarter had included one-time gains from contractual revisions.

Oil & Gas

- Sales rise significantly
- Sales volumes in both business sectors higher than in previous third quarter
- Earnings improve sharply, thanks primarily to the continuous production of crude oil in Libya

3rd Quarter 2012

Sales
Change compared with 3rd quarter 2011

+54%

EBIT before special items
(Change compared with 3rd quarter 2011)
Million €

1,068 (+718)

Regional Results
3rd 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 %
3rd Quarter									
Europe	10,452	9,355	12	9,658	8,906	8	1,448	1,234	17
Thereof Germany	7,473	6,613	13	3,467	3,199	8	954	742	29
North America	3,653	3,545	3	3,726	3,372	10	229	301	(24)
Asia Pacific	3,582	3,424	5	3,843	3,663	5	236	259	(9)
South America, Africa, Middle East	1,323	1,283	3	1,783	1,666	7	157	170	(8)
	19,010	**17,607**	**8**	**19,010**	**17,607**	**8**	**2,070**	**1,964**	**5**
January – September									
Europe	34,038	30,720	11	32,094	29,305	10	5,189	4,476	16
Thereof Germany	24,194	21,496	13	11,645	10,839	7	3,673	2,709	36
North America	11,267	11,376	(1)	11,253	10,790	4	929	1,151	(19)
Asia Pacific	10,461	10,107	4	11,162	10,982	2	684	961	(29)
South America, Africa, Middle East	3,315	3,226	3	4,572	4,352	5	290	345	(16)
	59,081	**55,429**	**7**	**59,081**	**55,429**	**7**	**7,092**	**6,933**	**2**

Sales in **Europe** were 12% higher than the level of the third quarter of 2011. As a result of the continuous production of crude oil in Libya,[1] volumes in the Oil & Gas segment increased considerably. We also posted significant sales growth in the Chemicals segment, which was largely attributable to portfolio effects. We significantly boosted income from operations before special items thanks to the higher contribution from the Oil & Gas and Agricultural Solutions segments: At €1,448 million, this represented a year-on-year increase of €214 million.

In **North America**, sales decreased by 9% in U.S. dollars and rose by 3% in euro terms. This development was supported by positive currency effects and demand-driven higher sales volumes in the Plastics segment. Lower sales prices weakened sales growth, however. At €229 million, earnings were €72 million lower than in the third quarter of 2011 particularly owing to unscheduled plant shutdowns in the Petrochemicals division.

Sales in **Asia Pacific** fell by 6% in local-currency terms while growing by 5% in euro terms. Positive currency effects were able to more than offset declining sales prices. We improved sales volumes in the region thanks primarily to considerable volumes growth in the Chemicals segment. Earnings declined by €23 million to €236 million despite the significantly increased contribution from the Polyurethanes division. This was mostly due to higher depreciation and amortization on investments and increased spending on research and development.

In **South America, Africa, Middle East**, we increased sales by 1% in local currency terms and 3% in euro terms. Thanks to high sales volumes and currency effects, the Agricultural Solutions segment made a substantial contribution to sales growth. By contrast, sales declined in the Catalysts division and the Oil & Gas segment. At €157 million, earnings were €13 million below the level of the previous third quarter, largely as a result of the lower earnings contribution from the Oil & Gas segment.

3rd Quarter 2012

- Europe: sales and earnings up year-on-year primarily owing to increased contributions from Oil & Gas and Agricultural Solutions segments
- North America: sales growth thanks to positive currency effects; earnings decrease, mostly as a result of unscheduled plant shutdowns in Petrochemicals division
- Asia Pacific: sales rise due to currency effects; higher fixed costs lead to decline in earnings
- South America, Africa, Middle East: sales grow, thanks especially to strong business with crop protection products; earnings decrease, mainly because of lower contribution from Oil & Gas segment

[1] Crude oil production in Libya is operated by branches belonging to European BASF companies; sales and earnings from these activities are therefore reported in the region Europe.

Overview of Other Topics

Research and development

In Ludwigshafen, we opened a joint research and development platform with the Max Planck Institute for Polymer Research called the Carbon Materials Innovation Center (CMIC). There, we are researching the scientific principles and potential applications of graphene and other innovative carbon-based materials; these can be used in the future in batteries, solar cells or displays, for example. The total investment in the CMIC amounts to €10 million. The cooperation is initially scheduled to run for three years.

We have signed an agreement with Cargill and Novozymes to jointly develop technologies to produce acrylic acid from renewable raw materials. Acrylic acid is used in numerous products, such as superabsorbents and coatings. To date, it is produced through the oxidation of propylene, which is derived from crude oil. In the collaboration with Cargill and Novozymes, we aim to develop a biotechnology-based industrial production process for acrylic acid.

Since the middle of 2012, we have offered a range of engineering plastics for applications that come into contact with drinking water. The special requirements for these plastics include very low migration values and a high level of taste neutrality. They are therefore suitable for applications such as water meters, shower heads and pipe joint fittings.

We signed a cooperation agreement with the Cooperative Research Centre for Polymers in Australia. This collaboration aims to develop innovative polymers that allow farmers to better manage soil moisture and nutrient availability. Potential product developments include, for example, sprays for water-repellent soils. The five-year cooperation will further strengthen the research and business activities of our new Functional Crop Care global unit.

We received France’s Pierre Potier Prize in the process innovation category for our research achievements in metal organic frameworks (MOFs). The award honors sustainable innovations in chemistry. With this BASF-developed process, aluminum MOFs can be manufactured solvent-free for the first time on an industrial scale. MOFs are made up of a three-dimensional metal organic framework with nanoscale pores, and are suitable for use in the efficient storage of natural gas in gas-powered vehicles, for example.

Employees

Compared with the end of 2011, the number of BASF Group employees increased by 2,311 to a total of 113,452 as of September 30, 2012. On this date, 63.3% of BASF Group employees were employed in Europe while North America accounted for 14.6% of employees, Asia Pacific for 15.9% and South America, Africa, Middle East for 6.2%.

From January to September 2012, personnel costs were €6,940 million, an increase of 7% compared with the first nine months of the previous year. This was largely due to the higher number of employees and increased expenses for the long-term incentive program.

Research and development

- Max Planck Institute and BASF open joint research laboratory for graphene
- Project launched to develop biotechnology-based production process for acrylic acid
- Engineering plastics suitable for use with drinking water
- Cooperation with Australian research center to develop innovative polymers for agriculture
- Innovation award for research on aluminum MOFs

Employees by region

	Sept. 30, 2012	Dec. 31, 2011
Europe	71,843	70,664
North America	16,507	16,167
Asia Pacific	18,031	17,342
South America, Africa, Middle East	7,071	6,968
	113,452	**111,141**

Outlook

Our business maintained good performance in the third quarter. We were able to increase sales thanks to improved sales volumes and positive currency effects. Income from operations before special items rose as a result of the higher contribution from the Oil & Gas and Agricultural Solutions segments. In the chemicals business, however, earnings declined.

For the fourth quarter of 2012, we do not anticipate an upturn in the global economy. The outlook is clouded by continued uncertainty, especially in the eurozone, and by slower growth in Asia. Nevertheless, we still aim to exceed the 2011 record levels in sales and income from operations before special items.

Opportunities and risks

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

However, there are also risks to the development of our business. Economic growth could continue to be impaired by the ongoing debt crisis in the eurozone as well as by lower demand in Asia. Increasing raw material costs could also put pressure on our margins.

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

We have adjusted some of our expectations for the global economy (previous forecast in parentheses):

– Growth of gross domestic product: 2.2% (2.3%)
– Growth in industrial production: 2.8% (3.4%)
– Growth in chemical production: 2.9% (3.5%)
– An average euro/dollar exchange rate of $1.30 per euro
– An average oil price of $110/barrel in 2012

We do not anticipate an upturn in the global economy or in demand in our chemicals business for the fourth quarter of 2012; however, we still aim to exceed the 2011 record levels in sales and income from operations before special items. Our forecast is supported by the resumption of our crude oil production in Libya and by our successful business with crop protection products. Earnings from our chemicals business in 2012 will not match the level of the previous year.

Excluding the effects of acquisitions and divestitures, we strive to increase our sales volumes. 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 could arise from stronger growth in the global economy and in our customer industries
– STEP excellence program on schedule and will help strengthen our competitiveness and profitability
– Risks could arise from the debt crisis in the eurozone, lower demand in Asia and rising raw material costs

BASF Group Interim Financial Statements
Statement of Income

Statement of Income (million €)

	Further information in Note	3rd Quarter			January – September		
		2012	2011	Change in %	2012	2011	Change in %
Sales		**19,010**	**17,607**	**8.0**	**59,081**	**55,429**	**6.6**
Cost of sales		(13,758)	(13,022)	(5.7)	(43,137)	(40,349)	(6.9)
Gross profit on sales		**5,252**	**4,585**	**14.5**	**15,944**	**15,080**	**5.7**
Selling expenses		(1,929)	(1,823)	(5.8)	(5,649)	(5,396)	(4.7)
General and administrative expenses		(355)	(330)	(7.6)	(1,027)	(941)	(9.1)
Research and development expenses		(452)	(405)	(11.6)	(1,284)	(1,176)	(9.2)
Other operating income	[5]	197	238	(17.2)	1,393	808	72.4
Other operating expenses	[5]	(711)	(383)	(85.6)	(2,026)	(1,726)	(17.4)
Income from operations		**2,002**	**1,882**	**6.4**	**7,351**	**6,649**	**10.6**
Income from companies accounted for using the equity method		48	(24)	.	139	37	275.7
Other income from participations		1	19	(94.7)	43	947	(95.5)
Other expenses from participations		(3)	(3)	–	(8)	(21)	61.9
Interest income		40	40	–	124	110	12.7
Interest expense		(180)	(191)	5.8	(557)	(555)	(0.4)
Other financial result		(20)	(2)	.	(40)	30	.
Financial result	**[6]**	**(114)**	**(161)**	**29.2**	**(299)**	**548**	**.**
Income before taxes and minority interests		**1,888**	**1,721**	**9.7**	**7,052**	**7,197**	**(2.0)**
Income taxes	[7]	(866)	(400)	.	(2,898)	(1,779)	(62.9)
Income before minority interests		**1,022**	**1,321**	**(22.6)**	**4,154**	**5,418**	**(23.3)**
Minority interests	[8]	(76)	(129)	41.1	(255)	(361)	29.4
Net income		**946**	**1,192**	**(20.6)**	**3,899**	**5,057**	**(22.9)**
Earnings per share (€)	**[9]**						
Undiluted		**1.03**	**1.30**	**(20.8)**	**4.25**	**5.51**	**(22.9)**
Diluted		1.03	1.30	(20.8)	4.25	5.51	(22.9)

Statement of Recognized Income and Expense

Statement of recognized income and expense (million €)

	January – September 2012	2011
Income before minority interests	**4,154**	**5,418**
Actuarial gains/losses and asset ceiling for defined benefit assets	(2,347)	(829)
Foreign currency translation adjustment	65	(250)
Fair value changes in available-for-sale securities[1]	6	(1,019)
Cash flow hedges	(40)	(59)
Hedges of net investments in foreign operations	1	5
Revaluation due to acquisition of majority of shares	(2)	(2)
Deferred taxes	752	216
Minority interests	3	(26)
Total income and expense recognized in equity	**(1,562)**	**(1,964)**
Total income and expense for the period	**2,592**	**3,454**
Thereof shareholders of BASF SE	2,334	3,119
Thereof minority interests	258	335

[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	(2,347)	65	6	(40)	–	–	31	(2,316)
Releases	–	–	–	–	1	(2)	(1)	(1)
Deferred taxes	740	(1)	.	13	.	–	12	752
As of Sept. 30, 2012	**(3,715)**	**437**	**16**	**(98)**	**(1)**	**2**	**356**	**(3,359)**
As of January 1, 2011	**(1,526)**	**190**	**1,009**	**(3)**	**(7)**	**6**	**1,195**	**(331)**
Additions	–	–	–	–	5	–	5	5
Releases	(829)	(250)	(1,019)	(59)	–	(2)	(1,330)	(2,159)
Deferred taxes	190	4	15	7	–	–	26	216
As of Sept. 30, 2011	**(2,165)**	**(56)**	**5**	**(55)**	**(2)**	**4**	**(104)**	**(2,269)**

Balance Sheet

Assets (million €)

	Further information in Note	Sept. 30, 2012	Sept. 30, 2011	Change in %	Dec. 31, 2011	Change in %
Intangible assets	[10]	11,935	11,897	0.3	11,919	0.1
Property, plant and equipment	[10]	18,552	17,082	8.6	17,966	3.3
Investments accounted for using the equity method		1,964	1,259	56.0	1,852	6.0
Other financial assets		835	837	(0.2)	848	(1.5)
Deferred tax assets		1,616	1,082	49.4	941	71.7
Other receivables and miscellaneous short-term assets		603	642	(6.1)	561	7.5
Long-term assets		**35,505**	**32,799**	**8.3**	**34,087**	**4.2**
Inventories	[11]	10,693	10,174	5.1	10,059	6.3
Accounts receivable, trade	[11]	11,935	10,388	14.9	10,886	9.6
Other receivables and miscellaneous short-term assets	[11]	3,960	3,644	8.7	3,781	4.7
Marketable securities	[11]	25	26	(3.8)	19	31.6
Cash and cash equivalents	[11]	1,750	1,446	21.0	2,048	(14.6)
Assets of disposal groups		–	1,302	–	295	–
Short-term assets		**28,363**	**26,980**	**5.1**	**27,088**	**4.7**
Total assets		**63,868**	**59,779**	**6.8**	**61,175**	**4.4**

Equity and liabilities (million €)

	Further information in Note	Sept. 30, 2012	Sept. 30, 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]	19,452	18,249	6.6	19,446	.
Other comprehensive income		356	(104)	.	314	13.4
Equity of shareholders of BASF SE		**24,187**	**22,537**	**7.3**	**24,139**	**0.2**
Minority interests		1,195	1,256	(4.9)	1,246	(4.1)
Equity		**25,382**	**23,793**	**6.7**	**25,385**	**.**
Provisions for pensions and similar obligations	[13]	5,284	3,345	58.0	3,189	65.7
Other provisions	[14]	3,664	3,444	6.4	3,335	9.9
Deferred tax liabilities		2,634	2,501	5.3	2,628	0.2
Financial indebtedness	[15]	8,408	10,514	(20.0)	9,019	(6.8)
Other long-term liabilities	[15]	1,096	970	13.0	1,142	(4.0)
Long-term liabilities		**21,086**	**20,774**	**1.5**	**19,313**	**9.2**
Accounts payable, trade		5,705	4,489	27.1	5,121	11.4
Provisions	[14]	3,443	3,427	0.5	3,210	7.3
Tax liabilities		1,215	1,350	(10.0)	1,038	17.1
Financial indebtedness	[15]	4,342	2,538	71.1	3,985	9.0
Other short-term liabilities	[15]	2,695	3,043	(11.4)	3,036	(11.2)
Liabilities of disposal groups		–	365	–	87	–
Short-term liabilities		**17,400**	**15,212**	**14.4**	**16,477**	**5.6**
Total equity and liabilities		**63,868**	**59,779**	**6.8**	**61,175**	**4.4**

Statement of Cash Flows

Statement of Cash Flows (million €)

	January – September	
	2012	**2011**
Net income	3,899	5,057
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	2,481	2,441
Changes in net working capital	(667)	(1,337)
Miscellaneous items	(557)	(1,133)
Cash provided by operating activities	**5,156**	**5,028**
Payments related to property, plant and equipment and intangible assets	(2,780)	(2,101)
Acquisitions/divestitures	411	(22)
Financial investments and other items	288	1,166
Cash used in investing activities	**(2,081)**	**(957)**
Capital increases/repayments, share repurchases	(5)	–
Changes in financial liabilities	(797)	(1,727)
Dividends	(2,593)	(2,378)
Cash used in financing activities	**(3,395)**	**(4,105)**
Net changes in cash and cash equivalents	(320)	(34)
Cash and cash equivalents as of beginning of year and other changes	2,070	1,480
Cash and cash equivalents at end of quarter	**1,750**	**1,446**

At €5,156 million, cash provided by operating activities was €128 million higher in the first three quarters of 2012 than in the same period of the previous year. 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.

Investing activities resulted in a cash outflow of €2,081 million compared with an outflow of €957 million in the same period of the previous year. Cash received from acquisitions/divestitures amounted to €411 million. Cash received from divestitures amounting to €712 million was almost exclusively related to the fertilizer business; acquisitions resulted in a net cash outflow of €301 million. The cash inflow from financial assets and miscellaneous items declined year-on-year: In 2011, the cash inflow included proceeds of €972 million from the sale of our shares in K+S Aktiengesellschaft. At €2,780 million, payments for property, plant and equipment and intangible assets were higher than the level of depreciation.

Financing activities led to a cash outflow of €3,395 million, compared with an outflow of €4,105 million in the previous year. Dividends of €2,296 million were paid to shareholders of BASF SE and €297 million was paid to minority shareholders in Group companies.

Financial liabilities declined by €797 million. This decrease resulted primarily from the scheduled repayment of the 3.375% Euro Bond of BASF SE and was partly offset by BASF SE's renewed use of USD commercial paper.

Cash and cash equivalents amounted to €1,750 million as of September 30, 2012, compared with €2,048 million at the end of 2011. At €11,000 million, net debt at the end of the third quarter of 2012 was comparable to the year-end level (€10,956 million as of December 31, 2011).

Statement of Changes in Equity

January – September 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 of acquisitions achieved in stages	–	–	–	–	–	–	(5)	**(5)**
Dividend paid	–	–	–	(2,296)	–	**(2,296)**	(297)[2]	**(2,593)**
Net income	–	–	–	3,899	–	**3,899**	255	**4,154**
Change in income and expense recognized directly in equity	–	–	–	(1,607)	42	**(1,565)**	3	**(1,562)**
Changes in scope of consolidation and other changes	–	–	–	10	–	**10**	(7)	**3**
As of September 30, 2012	**918,478,694**	**1,176**	**3,203**	**19,452**	**356**	**24,187**	**1,195**	**25,382**

January – September 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 of acquisitions achieved in stages	–	–	–	34	–	**34**	–	**34**
Dividend paid	–	–	–	(2,021)	–	**(2,021)**	(357)[2]	**(2,378)**
Net income	–	–	–	5,057	–	**5,057**	361	**5,418**
Change in income and expense recognized directly in equity	–	–	–	(639)	(1,299)	**(1,938)**	(26)	**(1,964)**
Changes in scope of consolidation and other changes	–	–	–	1	–	**1**	25	**26**
As of September 30, 2011	**918,478,694**	**1,176**	**3,216**	**18,249**	**(104)**	**22,537**	**1,256**	**23,793**

[1] Details are provided in "Development of income and expense recognized directly in equity of shareholders of BASF SE" on page 16.

[2] Including profit and loss transfers

Segment Reporting

3rd 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	3,556	3,168	12.2	633	848	(25.4)	459	621	(26.1)	460	612	(24.8)
Plastics	2,969	2,801	6.0	328	418	(21.5)	218	317	(31.2)	218	315	(30.8)
Performance Products	4,015	3,991	0.6	530	602	(12.0)	347	440	(21.1)	325	403	(19.4)
Functional Solutions	2,847	2,907	(2.1)	229	258	(11.2)	138	162	(14.8)	138	161	(14.3)
Agricultural Solutions	1,008	908	11.0	204	137	48.9	171	95	80.0	169	95	77.9
Oil & Gas	3,372	2,195	53.6	1,221	474	157.6	1,068	350	205.1	1,068	350	205.1
Other	1,243	1,637	(24.1)	(335)	(28)	.	(331)	(21)	.	(376)	(54)	.
	19,010	**17,607**	**8.0**	**2,810**	**2,709**	**3.7**	**2,070**	**1,964**	**5.4**	**2,002**	**1,882**	**6.4**

3rd 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	39	35	11.4	7,245	6,974	3.9	210	160	31.3	173	236	(26.7)
Plastics	41	39	5.1	5,760	5,413	6.4	149	74	101.4	110	103	6.8
Performance Products	95	84	13.1	13,935	13,863	0.5	179	201	(10.9)	205	199	3.0
Functional Solutions	65	48	35.4	10,057	9,785	2.8	100	(3)	.	91	97	(6.2)
Agricultural Solutions	111	101	9.9	5,533	4,941	12.0	54	40	35.0	35	42	(16.7)
Oil & Gas	8	5	60.0	10,591	9,232	14.7	268	351	(23.6)	153	124	23.4
Other	93	93	–	10,747	9,571	12.3	62	30	106.7	41	26	57.7
	452	**405**	**11.6**	**63,868**	**59,779**	**6.8**	**1.022**	**853**	**19.8**	**808**	**827**	**(2.3)**

1 Investments in intangible assets and property, plant and equipment

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

January – September (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	10,388	9,836	5.6	1,873	2,621	(28.5)	1,362	2,060	(33.9)	1,362	2,063	(34.0)
Plastics	8,525	8,417	1.3	1,024	1,398	(26.8)	693	1,093	(36.6)	704	1,091	(35.5)
Performance Products	12,136	12,068	0.6	1,753	1,937	(9.5)	1,245	1,507	(17.4)	1,136	1,266	(10.3)
Functional Solutions	8,666	8,491	2.1	711	754	(5.7)	420	471	(10.8)	441	468	(5.8)
Agricultural Solutions	3,802	3,343	13.7	1,112	894	24.4	1,004	769	30.6	1,002	769	30.3
Oil & Gas	11,932	8,111	47.1	3,565	1,784	99.8	3,105	1,426	117.7	3,025	1,426	112.1
Other	3,632	5,163	(29.7)	(206)	(299)	31.1	(737)	(393)	(87.5)	(319)	(434)	26.5
	59,081	**55,429**	**6.6**	**9,832**	**9,089**	**8.2**	**7,092**	**6,933**	**2.3**	**7,351**	**6,649**	**10.6**

January – September (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	109	100	9.0	7,245	6,974	3.9	623	416	49.8	511	558	(8.4)
Plastics	119	112	6.3	5,760	5,413	6.4	413	165	150.3	320	307	4.2
Performance Products	260	242	7.4	13,935	13,863	0.5	524	432	21.3	617	671	(8.0)
Functional Solutions	183	143	28.0	10,057	9,785	2.8	425	212	100.5	270	286	(5.6)
Agricultural Solutions	308	293	5.1	5,533	4,941	12.0	135	99	36.4	110	125	(12.0)
Oil & Gas	18	12	50.0	10,591	9,232	14.7	681	818	(16.7)	540	358	50.8
Other	287	274	4.7	10,747	9,571	12.3	131	92	42.4	113	135	(16.3)
	1,284	**1,176**	**9.2**	**63,868**	**59,779**	**6.8**	**2,932**	**2,234**	**31.2**	**2,481**	**2,440**	**1.7**

[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 €)

		3rd Quarter			January – September		
		2012	2011	Change in %	2012	2011	Change in %
Sales		**1,243**	**1,637**	**(24.1)**	**3,632**	**5,163**	**(29.7)**
Thereof	Styrenics	–	739	–	–	2,393	–
Thereof	Other business included under Other	1,243	898	38.4	3,632	2,770	31.1
EBIT before special items		**(331)**	**(21)**	**.**	**(737)**	**(393)**	**(87.5)**
Thereof	Group corporate costs	(63)	(58)	(8.6)	(182)	(172)	(5.8)
	Corporate research	(92)	(86)	(7.0)	(283)	(256)	(10.5)
	Currency results, hedges and other valuation effects	(247)	104	.	(368)	(92)	.
	Styrenics, fertilizers, other business	31	82	(62.2)	165	343	(51.9)
Special items		(45)	(33)	(36.4)	418	(41)	.
EBIT		**(376)**	**(54)**	**.**	**(319)**	**(434)**	**26.5**

[3] Further information about Other can be found in the Notes on pages 24 and 25.

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 September 30, 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	
	Sept. 30,	Dec. 31,	January – September	
1 € equals	2012	2011	2012	2011
Brazil (BRL)	2.62	2.42	2.46	2.29
China (CNY)	8.13	8.16	8.11	9.14
Great Britain (GBP)	0.80	0.84	0.81	0.87
Japan (JPY)	100.37	100.20	101.61	113.17
Malaysia (MYR)	3.96	4.11	3.97	4.26
Mexico (MXN)	16.61	18.05	16.94	16.93
Russian Federation (RUB)	40.14	41.77	39.80	40.49
Switzerland (CHF)	1.21	1.22	1.20	1.23
South Korea (KRW)	1,439.33	1,498.69	1,458.78	1,540.63
United States (USD)	1.29	1.29	1.28	1.41

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 18 first-time consolidations since the beginning of 2012, nine of which were due to reclassifications and nine because of acquisitions.

Since the beginning of 2012, 14 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	18	22
Thereof proportionally consolidated	–	2
Deconsolidations	14	17
Thereof proportionally consolidated	2	–
As of September 30	**320**	**344**
Thereof proportionally consolidated	22	23

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 produces cathode active materials (CAMs) for batteries. Furthermore, the company operates a research facility for battery materials in Troy, Michigan. Ovonic holds numerous patents and patent applications worldwide in the area of NiMH technology. 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 polyethylene terephthalate (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.

Effective April 25, 2012, BASF acquired Novolyte Technologies, based in Cleveland, Ohio. The acquisition comprises Novolyte's Energy Storage activities focused on developing, producing and marketing performance electrolyte formulations for lithium-ion batteries. BASF also purchased Novolyte's performance materials business. As part of the acquisition, BASF will continue the joint venture operated by Novolyte and its Korean partner, Foosung Co. Ltd. Foosung is a global producer of the high-purity specialty salt lithium hexafluorophosphate ($LiPF_6$), an important material for manufacturing lithium-ion battery electrolytes. These electrolytes are key components in the fast-growing market for lithium-ion batteries for automotive, consumer and industrial applications.

BASF concluded the acquisition of the Brazilian Mazzaferro Group's polyamide polymer business on May 2, 2012. The transaction comprises the site and production facilities for the polyamide-6 product range, as well as engineering plastics compounds at São Bernardo do Campo. BASF will integrate the acquired activities into its existing engineering plastics and polyamide polymer business. BASF's engineering plastics comprise Ultramid® (PA), Ultradur® (PBT), Ultraform® (POM) and Ultrason® (PSU, PESU, PPSU). The engineering plastic Ultramid is compounded polyamide, derived from base polyamide. The materials are used mainly in automotive and electrical applications.

Furthermore, on May 8, 2012, BASF acquired Equateq Ltd., based in Cheadle, United Kingdom. Equateq is a global leader in the production of highly concentrated omega-3 fatty acids. With this acquisition, BASF is expanding its portfolio of omega-3 products for the pharmaceutical and dietary supplement industries. Equateq's proprietary technology allows flexible formulation of omega-3 fatty acids at exceptional purity levels.

BASF purchased ITWC Inc.'s business, headquartered in Malcom, Iowa, on July 1, 2012. The transaction, which comprises cast elastomer systems and polyester polyols, complements BASF's offering of polyurethane products, systems and specialties in North America. Typical applications for cast elastomers include industrial tires and rollers for on-site transportation, conveyer belts and pulleys.

The purchase prices for the acquired businesses totaled €303 million. The purchase price allocations carried out in accordance with IFRS 3 in the first three quarters of 2012 are based on estimates and thus should be regarded as preliminary. The resulting goodwill amounted to €150 million. The purchase price allocations can be adjusted within one year after the acquisition.

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, 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 assets and liabilities disposed 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 €)

Disposed assets as part of the disposal group[1]	670
Disposed liabilities as part of the disposal group[1]	162
Net assets	(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 previously been reported under Other.

On August 30, 2012, BASF concluded the sale of its offset printing inks business (IMEX), announced on March 15, 2012, to Quantum Kapital AG, headquartered in St. Gallen, Switzerland. The divestiture covers all offset printing inks activities as well as the transfer of all employees at the site in Maastricht, Netherlands, assigned to the business. The IMEX business was included in BASF's acquisition of Ciba in 2009 and had been part of the Dispersions & Pigments division.

[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 operating 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 mainly 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 material prices and foreign currency exchange risks. Furthermore, expenses and revenues from the long-term incentive (LTI) program are reported here.

As expected, sales in Other in the first three quarters of 2012 declined significantly compared with the same period of 2011 as a result of the divestiture of both our styrenics and fertilizer businesses. Income from operations improved, however, primarily due to the positive special item arising from income of €645 million from the divestiture of our fertilizer business. Negative foreign currency results and the missing earnings contribution from Styrenics both had a negative impact, along with the €172 million increase in expenses for the LTI program.

Transfers between the segments are almost always executed at market-based prices. Assets, as well as their depreciation and amortization, are allocated to the segments based on economic control. Assets used by more than one segment are allocated based on the percentage of usage.

Assets of Other (million €)

	January – September	
	2012	2011
Assets of businesses included under Other	2,577	3,009
Financial assets	2,799	2,096
Deferred tax assets	1,616	1,082
Cash and cash equivalents / marketable securities	1,775	1,472
Defined benefit assets	93	219
Miscellaneous receivables / prepaid expenses	1,887	1,693
Assets of Other	**10,747**	**9,571**

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

Reconciliation reporting Oil & Gas (million €)

	3rd Quarter		January – September	
	2012	2011	2012	2011
Income from operations	**1,068**	**350**	**3,025**	**1,426**
Income from participations	42	1	100	73
Other income	(55)	(30)	(101)	(42)
Income before taxes and minority interests	**1,055**	**321**	**3,024**	**1,457**
Income taxes	(686)	(53)	(1,891)	(535)
Thereof income taxes on oil-producing operations non-compensable with German corporate income tax	(492)	–	(1,388)	(280)
Income before minority interests	**369**	**268**	**1,133**	**922**
Minority interests	(47)	(43)	(182)	(134)
Net income	**322**	**225**	**951**	**788**

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 and higher income taxes in the third quarter of 2012 are primarily attributable to the continuous production of crude oil in Libya; production there had been shut down from February to October 2011. The rise in income from participations in the third quarter of 2012 resulted chiefly from higher earnings at OAO Severneftegazprom, which is accounted for using the equity method.

5 – Other operating income and expenses

Other operating income (million €)

	3rd Quarter		January – September	
	2012	**2011**	**2012**	**2011**
Income from currency conversion and foreign currency transactions	12	(89)	67	72
Gains on the disposal of property, plant and equipment	8	18	28	45
Reversal and adjustment of provisions	2	11	5	14
Gains on the reversal of allowances for doubtful receivables	9	12	24	34
Revenue from miscellaneous typical business activities	43	12	84	31
Other	123	274	1,185	612
Other operating income	**197**	**238**	**1,393**	**808**

Other operating expenses (million €)

	3rd Quarter		January – September	
	2012	**2011**	**2012**	**2011**
Expenses from currency conversion and foreign currency transactions	59	(11)	217	123
Losses on the disposal of property, plant and equipment	4	5	20	12
Expenses from the addition of allowances for doubtful receivables	13	13	34	33
Oil and gas exploration expenses	45	59	143	142
Other	590	317	1,612	1,416
Other operating expenses	**711**	**383**	**2,026**	**1,726**

The improvement in the foreign currency result to minus €47 million in the third quarter of 2012 resulted particularly from a year-on-year decline in expenses from the hedging of projected sales denominated in U.S. dollars.

The rise in income reported in Other in the first three quarters of 2012 is predominantly due to the €645 million gain on the disposal of our fertilizer business as well as higher payments related to the previous year's earnings in the fertilizer business.

Expenses shown in Other rose primarily due to the increase in provisions for the long-term incentive program (LTI program) as a result of the higher share price.

6 – Financial result

Million €	3rd Quarter		January – September	
	2012	2011	2012	2011
Income from companies accounted for using the equity method	**48**	**(24)**	**139**	**37**
Income from participations in affiliated and associated companies	(8)	16	18	47
Income from the disposal of participations	6	–	9	890
Income from profit transfer agreements	3	3	14	8
Income from tax allocation to participating interests	–	–	2	2
Other income from participations	**1**	**19**	**43**	**947**
Losses from loss transfer agreements	(2)	(2)	(6)	(6)
Write-downs of / losses from the sale of participations	(1)	(1)	(2)	(15)
Other expenses from participations	**(3)**	**(3)**	**(8)**	**(21)**
Interest income from cash and cash equivalents	38	39	116	100
Interest and dividend income from securities and loans	2	1	8	10
Interest income	**40**	**40**	**124**	**110**
Interest expense	**(180)**	**(191)**	**(557)**	**(555)**
Write-ups of / profits from the sale of securities and loans	–	1	–	1
Expected income from plan assets to cover pensions and similar obligations	208	202	625	605
Income from plan assets to cover other long-term personnel obligations	18	1	34	9
Income from the capitalization of construction interest	19	16	49	61
Miscellaneous financial income	–	8	–	36
Other financial income	**245**	**228**	**708**	**712**
Write-downs of / losses from the disposal of securities and loans	–	–	–	(1)
Interest accrued on pension obligations and other similar obligations	(215)	(206)	(647)	(616)
Expenses from other long-term employee obligations	(17)	(9)	(33)	(23)
Interest accrued on other long-term liabilities	(13)	(15)	(39)	(42)
Miscellaneous financial expenses	(20)	–	(29)	–
Other financial expenses	**(265)**	**(230)**	**(748)**	**(682)**
Financial result	**(114)**	**(161)**	**(299)**	**548**

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 and the start-up of the Nord Stream pipeline in fall 2011. The previous year also included negative earnings effects from the proportional consolidation of the South Korean Heesung Catalysts Corporation.

The interest result improved compared with the previous third quarter as a result of lower interest expenses. This decline was mostly due to lower interest expenses from financial indebtedness following the repayment of two bonds in April 2011 and May 2012.

The higher level of expected income from pension plan assets is attributable to the increase in plan assets compared with the same period of the previous year.

In contrast to the previous year, the valuation of hedging transactions due to the reversal of the interest rate difference between EURIBOR and USD Libor was primarily responsible for other financial expenses.

7 – Income taxes

Income before taxes and minority interests (million €)

	3rd Quarter		January – September	
	2012	**2011**	**2012**	**2011**
Germany	247	670	1,648	3,029
Foreign oil production branches of German companies	636	(8)	1,779	343
Other foreign	1,005	1,059	3,625	3,825
Income before taxes and minority interests	**1,888**	**1,721**	**7,052**	**7,197**

Income taxes (million €)

	3rd Quarter		January – September	
	2012	**2011**	**2012**	**2011**
Germany	53	137	479	550
Foreign oil production branches of German companies	587	(5)	1,655	311
Thereof non-compensable	492	–	1,388	280
Other foreign	226	268	764	918
	866	**400**	**2,898**	**1,779**
Tax rate (%)	45.9	23.2	41.1	24.7

Higher non-compensable income taxes on oil-producing operations led to an increase in the tax rate. The lower tax burden for Other Foreign resulted mainly from tax reliefs on exploration activities in Norway.

The sale of our shares in K+S Aktiengesellschaft in the first quarter of 2011 was nearly tax-free. As a result, the tax rate rose year-on-year.

8 – Minority interests

Million €	3rd Quarter		January – September	
	2012	2011	2012	2011
Minority interests in profits	85	130	282	362
Minority interests in losses	(9)	(1)	(27)	(1)
Minority interests	**76**	**129**	**255**	**361**

Fewer minority interests in profits arose in particular at BASF PETRONAS Chemicals Sdn. Bhd., Malaysia. After a positive earnings contribution in the previous year, scheduled maintenance measures and unscheduled shutdowns of the steam cracker at BASF Total Petrochemicals LLC in Port Arthur, Texas, led to minority interests in losses in the first three quarters of 2012. Higher minority interests in profits resulted primarily from natural gas trading companies as well as from Gazprom's stake in the German Wintershall subsidiary that holds production and exploration rights in Libya.

9 – Earnings per share

		3rd Quarter		January – September	
		2012	2011	2012	2011
Net income	million €	946	1,192	3,899	5,057
Number of outstanding shares (weighted average)	in thousands	918,479	918,479	918,479	918,479
Earnings per share	**€**	**1.03**	**1.30**	**4.25**	**5.51**

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

In the third 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 €)

	January – September 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	339	2,593	102
Disposals	(855)	(485)	(43)
Transfers	85	164	27
Exchange differences	68	39	2
Balance as of September 30	**14,750**	**59,714**	**3,055**
Amortization and depreciation			
Balance as of January 1	3,194	39,437	267
Additions	453	2,028	–
Disposals	(838)	(431)	(14)
Transfers	4	113	3
Exchange differences	2	15	–
Balance as of September 30	**2,815**	**41,162**	**256**
Net book value as of September 30	**11,935**	**18,552**	**2,799**

Development (million €)

	January – September 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	341	1,893	95
Disposals	(322)	(561)	(1,297)
Transfers	61	(336)	19
Exchange differences	(206)	(164)	(8)
Balance as of September 30	**15,106**	**55,564**	**2,353**
Amortization and depreciation			
Balance as of January 1	2,987	37,491	263
Additions	532	1,908	1
Disposals	(297)	(475)	(4)
Transfers	10	(353)	(3)
Exchange differences	(23)	(89)	–
Balance as of September 30	**3,209**	**38,482**	**257**
Net book value as of September 30	**11,897**	**17,082**	**2,096**

Additions to property, plant and equipment in the first three quarters of 2012 arose from a number of investments. The most significant investments were related to the construction of production facilities for TDI and L-menthol in Ludwigshafen, the construction of an MDI production plant in Chongqing, China, and the construction of oil and gas production facilities and wells in Europe. Particular investments for expansion purposes were made at the sites in Geismar, Louisiana (surfactants plant); Antwerp, Belgium (MDI complex); Ludwigshafen; Port Arthur, Texas; and Nanjing, China. Furthermore, we moved into a new administration building in Florham Park, New Jersey.

The amortization and depreciation of property, plant and equipment includes €108 million in impairment charges, which are primarily related to a Norwegian oil field development project.

In intangible assets, disposals are primarily related to the derecognition of fully amortized distribution and supply rights and IT licenses. Transfers include the addition of the free emission rights for 2012 and the derecognition of expired emission rights for 2011, as well as fluctuations in fair value for emission rights.

11 – Short-term assets

Million €	Sept. 30, 2012	Sept. 30, 2011	Dec. 31, 2011
Raw materials and factory supplies	2,838	2,821	2,922
Work-in-process, finished goods and merchandise	7,690	7,223	7,034
Advance payments and services-in-process	165	130	103
Inventories	**10,693**	**10,174**	**10,059**
Accounts receivable, trade	**11,935**	**10,388**	**10,886**
Other receivables and miscellaneous short-term assets	3,960	3,644	3,781
Marketable securities	25	26	19
Cash and cash equivalents	1,750	1,446	2,048
Assets of disposal groups	–	1,302	295
Other short-term assets	**5,735**	**6,418**	**6,143**
Short-term assets	**28,363**	**26,980**	**27,088**

Work-in-process, 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 compared with December 31, 2011, due to higher sales volumes in the chemicals business.

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 €312 million in the first three quarters of 2012. The offsetting of actuarial gains and losses, as well as the asset ceiling, led to a reduction in retained earnings of €1,607 million in the first three quarters of 2012, and of €639 million in the same period of 2011.

Reserves (million €)

	Sept. 30, 2012	Dec. 31, 2011
Legal reserves	695	383
Other retained earnings	18,757	19,063
Retained earnings	**19,452**	**19,446**

Payment of dividends

In accordance with the resolution of the Annual Shareholders' Meeting on April 27, 2012, BASF SE paid a dividend of €2.50 per share from the retained profit of the 2011 fiscal year. With 918,478,694 shares entitled to dividends, this amounts to a total dividend payout of €2,296,196,735.00.

13 – Provisions for pensions

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

	Germany		Foreign	
	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2012	Dec. 31, 2011
Discount rate	3.50	5.00	3.62	4.34
Projected increase in 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 September 30 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 in 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 ascertain 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 return on pension assets 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.

The discounting of pension obligations is based on market yields on high-quality, fixed-rate corporate bonds in the matching currency as of the balance sheet date. In the first three quarters of 2012, developments in the capital markets led to a significant reduction of the average weighted discount rate. The rise in pension obligations resulting from the adjustment of the discount rate is the main reason for the €2,095 million increase in provisions for pensions as of September 30, 2012. The actual return on assets exceeded the expected return. In total, actuarial losses of €2,347 million were recognized directly in equity, taking into account deferred taxes of €740 million.

14 – Other provisions

Development of other provisions from January – September 2012 (million €)

	Jan. 1, 2012	Additions	Accrued interest	Utilization	Reversals	Other changes	Sept. 30, 2012
Restoration obligations	983	7	34	(21)	–	5	1,008
Environmental protection and remediation costs	659	89	2	(108)	(4)	(8)	630
Employee obligations	1,876	1,354	8	(1,149)	(42)	(50)	1,997
Sales and purchase risks	665	692	–	(193)	(36)	(2)	1,126
Restructuring measures	198	110	–	(72)	(10)	11	237
Legal costs, damage claims, guarantees and related commitments	190	23	1	(19)	(4)	(8)	183
Other	1,974	477	–	(441)	(59)	(25)	1,926
Total	**6,545**	**2,752**	**45**	**(2,003)**	**(155)**	**(77)**	**7,107**

On September 30, 2012, other provisions had increased by €562 million compared with the end of 2011. Provisions for employee obligations rose as a result of additions for variable compensation in the current reporting year. They were reduced in the second quarter by the utilization of provisions for variable compensation payments for the previous reporting year. In addition, provisions increased for the long-term incentive program due to the higher share price. In addition, there was a seasonal increase in sales provisions in the Agricultural Solutions segment. Other provisions include long-term tax provisions, as well as further present obligations and accruals. Other changes to the respective provisions categories result from changes in the scope of consolidation, currency differences and reclassifications.

15 – Liabilities

Liabilities (million €)

	September 30, 2012		September 30, 2011		December 31, 2011	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
Accounts payable, trade	**5,705**	**–**	**4,489**	**–**	**5,121**	**–**
Bonds and other liabilities to the capital market	2,466	7,192	1,550	8,875	2,942	7,358
Liabilities to credit institutions	1,876	1,216	988	1,639	1,043	1,661
Financial indebtedness	**4,342**	**8,408**	**2,538**	**10,514**	**3,985**	**9,019**
Tax liabilities	**1,215**	**–**	**1,350**	**–**	**1,038**	**–**
Advances received on orders	127	–	95	–	272	–
Liabilities on bills	34	–	52	1	46	4
Liabilities related to social security	158	22	167	26	152	23
Miscellaneous liabilities	2,113	908	2,471	714	2,438	942
Deferred income	263	166	258	229	128	173
Other liabilities	**2,695**	**1,096**	**3,043**	**970**	**3,036**	**1,142**

Financial indebtedness (million €)

			Carrying amounts based on effective interest method		
	Nominal value (million, in issuing currency)	Effective interest rate	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2011
3.375% Euro Bond 2005/2012 of BASF SE	1,400	3.42%	–	1,400	1,400
3.75% Euro Bond 2009/2012 of BASF SE	1,350	3.97%	1,350[1]	1,356	1,345
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%	498	475	458
4.625% Euro Bond 2009/2017 of BASF SE	300	4.69%	299	299	299
6% Euro Bond 2008/2013 of BASF Finance Europe N.V.	1,250	6.15%	1,248	1,247	1,246
5% Euro Bond 2007/2014 of BASF Finance Europe N.V.	1,000	5.09%	998	998	998
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	164
5.125% Euro Bond 2009/2015 of BASF Finance Europe N.V.	1,500	5.30%	1,493	1,492	1,491
5.125% Euro Bond 2009/2015 of BASF Finance Europe N.V.	500	4.38%	509	511	512
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	183
4.875% Euro Bond 2003/2018 of Ciba Spec. Chem. Finance Luxemburg S.A.	477	4.88%	416	409	407
USD Commercial Paper	940		727	–	148
Other bonds			671	667	677
Bonds and liabilities to the capital market			**9,658**	**10,300**	**10,425**
Liabilities to credit institutions			3,092	2,704	2,627
Financial indebtedness			**12,750**	**13,004**	**13,052**

[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 €0.5 million.

16 – Related-party transactions

Material supply relationships exist for the supply of 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. The unconsolidated portion of these sales amounted to €746 million in the first three quarters of 2012 and €531 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 €428 million in the first three quarters of 2012 and €360 million in the same period of 2011.

Substantial sales with associated companies and other participations are related to the Styrolution Group. Sales to the Styrolution Group amounted to €1,778 million in the first three quarters of 2012. In the same period of 2011, unconsolidated sales amounted to €1,618 million.

All transactions are conducted at arm's length prices and business terms.

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

Million €		3rd Quarter		January – September	
		2012	2011	2012	2011
Income before taxes and minority interests		1,888	1,721	7,052	7,197
Special items		68	117	(259)	(539)
Amortization of intangible assets		151	165	453	532
Amortization of intangible assets contained in the special items		(4)	–	(4)	(30)
Adjusted income before taxes and minority interests		**2,103**	**2,003**	**7,242**	**7,160**
Adjusted income taxes		929	471	2,969	2,001
Adjusted income before minority interests		**1,174**	**1,532**	**4,273**	**5,159**
Adjusted minority interests		80	138	264	372
Adjusted net income		**1,094**	**1,394**	**4,009**	**4,787**
Weighted average number of outstanding shares	in thousands	918,479	918,479	918,479	918,479
Adjusted earnings per share	**€**	**1.19**	**1.52**	**4.36**	**5.21**

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

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

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

The calculation of earnings per share in accordance with the International Financial Reporting Standards (IFRS) is presented in the Notes on page 29. 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

Full Year Results 2012

Feb. 26, 2013

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April 26, 2013

Interim Report 1st Half 2013

July 25, 2013

Interim Report 3rd Quarter 2013

Oct. 25, 2013

Further Information

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