Interim Report
1st Half 2015

Earnings in first half of 2015 at prior-year level

- Sales rise by 3% to €39.1 billion, considerable earnings growth in Functional Materials & Solutions segment
- Outlook for 2015 confirmed:
  Slight sales increase expected, EBIT before special items likely to match level of 2014

150 years

BASF
We create chemistry

BASF Group
1st Half 2015

		2nd Quarter			1st Half		
		2015	2014[1]	Change %	2015	2014[1]	Change %
Sales	million €	19,078	18,455	3	39,145	37,967	3
Income from operations before depreciation and amortization (EBITDA)	million €	2,994	2,705	11	5,884	5,656	4
Income from operations (EBIT) before special items	million €	2,043	2,012	2	4,113	4,124	0
Income from operations (EBIT)	million €	2,039	1,933	5	4,034	4,154	(3)
Financial result	million €	(152)	(136)	(12)	(316)	(319)	1
Income before taxes and minority interests	million €	1,887	1,797	5	3,718	3,835	(3)
Net income	million €	1,265	1,259	0	2,439	2,723	(10)
Earnings per share	€	1.38	1.37	1	2.66	2.96	(10)
Adjusted earnings per share[2]	€	1.49	1.53	(3)	2.92	3.16	(8)
Cash provided by operating activities	million €	2,753	966	185	5,143	2,713	90
Additions to long-term assets[3]	million €	1,526	1,207	26	2,860	2,156	33
Research expenses	million €	495	471	5	969	914	6
Amortization and depreciation[3]	million €	955	772	24	1,850	1,502	23
Segment assets (as of June 30)[4]	million €	64,334	57,319	12	64,334	57,319	12
Personnel costs	million €	2,394	2,360	1	5,271	4,684	13
Number of employees (as of June 30)		113,539	112,277	1	113,539	112,277	1

[1] The figures for the second quarter and first half of 2014 have been adjusted to reflect the dissolution of the gas trading disposal group at the end of 2014. For more information, see the Interim Financial Statements from page 24 onward, as well as the “Restated Figures 2013 and 2014” brochure at basf.com/publications.

[2] For further information, see page 39.

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

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

Sales
Change compared with 1st half 2014

+3%

EBIT before special items
(Change compared with 1st half 2014)
Million €

4,113 (–11)

Contents

Interim Management’s Report

Interim Financial Statements

[5] This section is not part of the Interim Management’s Report.

[6] This section is not part of the Interim Financial Statements.

← **On the cover:** An employee of the Austrian company POLYTEC Car Styling examines an engine covering. It is made of Elastofoam®, a noise-absorbent polyurethane integral foam developed by BASF, which allows engine coverings to be produced with one material in a single process step.

BASF's Segments

Chemicals

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

Page 7

Performance Products

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

Page 8

Functional Materials & Solutions

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

Page 10

Agricultural Solutions

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

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

Page 12

Oil & Gas

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

Page 13

AgMusa™: An integrated planting solution for sugar cane

Brazil is the world's top producer of sugarcane, and demand has been growing for years. Yet conventional sugarcane cultivation is complex, and the necessary automation adversely affects the cane's quality. With AgMusa™, BASF offers farmers an integrated planting solution and sugarcane seedlings of excellent quality, enabling higher yields.

Agriculture with hurdles

The first step in conventional sugarcane planting is cutting the stalks into pieces, which are then spread over the field either manually or with a machine. These pieces contain knots that develop under the soil into new shoots, which grow into sugarcane. Machine planting is more economical than the costly, labor-intensive process of planting by hand, but machines also damage a large portion of the sugarcane pieces.

Healthy seedlings for a higher yield

Instead of painstakingly growing them on their own, farmers receive already-sprouted, healthy plants through the AgMusa™ system. Several BASF-patented technologies come into play here, such as precisely stamping the individual knots out of sugarcane stalks. The seedlings raised from these knots are optimally treated with BASF products to support plant health. Through AgMusa™, BASF supplies the right equipment together with expert consultation and IT tools for precise field management. Farmers can also grow a flexible number of different varieties of sugarcane in their fields within a significantly shorter amount of time.

Customized innovation

The AgMusa™ planting system combines chemical crop protection, innovative technology and personal on-site consultation in a totally new way. Since its introduction in 2013, it has offered Brazilian farmers a tailored solution for not only more efficient, but also more profitable, sugarcane production.

Photo, left: In addition to sugar production, sugarcane is being increasingly used as a raw material for ethanol – an important vehicle fuel in Brazil as well as a promising raw material for manufacturing plastics.
Photo, right: A Brazilian farmer inspects a sugarcane plant for infestation and disease.

Interim Management's Report

BASF Group Business Review 2nd Quarter 2015

In the second quarter of 2015, we were able to slightly increase our sales through higher volumes in the Oil & Gas segment as well as through positive currency effects. The sharp drop in oil prices led to significant price declines for basic chemicals and weakened sales growth in the Oil & Gas segment. We were able to considerably raise earnings in the Functional Materials & Solutions segment, while the other segments remained behind the level of the previous second quarter. Earnings grew slightly overall.

Sales and income from operations before special items

- **Sales grow by 3% to €19.1 billion as a result of higher volumes in Oil & Gas and positive currency effects**
- **Earnings rise by 2% to around €2 billion, driven by contributions from Functional Materials & Solutions segment and Other**

Compared with the second quarter of 2014, our sales grew by 3% to €19.1 billion despite overall lower sales prices. This development was supported by higher volumes in gas trading as well as by positive currency effects in all divisions. The drop in prices resulting from the lower price of oil negatively impacted sales, especially in the Chemicals and Oil & Gas segments.

We raised income from operations before special items by €31 million to around €2 billion, largely through the significantly increased contribution from the Functional Materials & Solutions segment as well as the reversal of provisions for the long-term incentive program in Other. While earnings were only slightly down in the Chemicals segment, the other segments posted considerable declines.

Factors influencing sales

Factors influencing sales in 2015 (% of sales)

	2nd Quarter
Volumes	2
Prices	(8)
Portfolio	0
Currencies	9
	3

Sales volumes grew slightly compared with the same quarter of the previous year. This was predominantly through a sharp increase in volumes in the Oil & Gas segment's Natural Gas Trading business sector. Sales volumes remained stable in the chemicals business[1] but decreased in the Agricultural Solutions segment. As a consequence of the significant drop in the price of oil, prices declined overall, especially in the Chemicals and Oil & Gas segments. We observed positive currency effects in all segments. Portfolio measures had no material impact on sales development.

Sales and income from operations before special items in the segments

Sales in the **Chemicals** segment were considerably down compared with the second quarter of 2014. Lower raw material costs led to a sharp drop in prices, especially in the Petrochemicals division. Further dampening sales was the disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore at the end of 2014. Positive currency effects in all divisions and higher sales volumes in the Intermediates division worked in our favor. Earnings declined slightly, primarily as a result of higher fixed costs arising from the gradual startup of new production facilities and a greater number of scheduled plant shutdowns.

Second-quarter sales (million €, relative change)

Chemicals	**2015**	**3,975**	**(8%)**
	2014	4,298	
Performance Products	**2015**	**4,084**	**4%**
	2014	3,924	
Functional Materials & Solutions	**2015**	**4,916**	**9%**
	2014	4,518	
Agricultural Solutions	**2015**	**1,678**	**1%**
	2014	1,666	
Oil & Gas	**2015**	**3,668**	**15%**
	2014	3,194	
Other	**2015**	**757**	**(11%)**
	2014	855	

Positive currency effects led to a slight sales increase in the **Performance Products** segment. Sales volumes took a slight dip; this was mainly due to the unscheduled shutdown of a polyisobutene plant as well as weaker demand in the oilfield chemicals business in connection with the price of oil. The market environment for paper chemicals remained difficult. Furthermore, our prices were negatively impacted by intense competition in the vitamin E business. The startup of new plants, reduction of inventory, and negative currency effects were largely responsible for an increase in our fixed costs. Earnings for the segment therefore declined considerably.

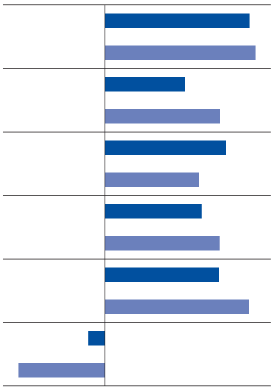
[1] Our chemicals business comprises the Chemicals, Performance Products and Functional Materials & Solutions segments.

In the **Functional Materials & Solutions** segment, sales considerably exceeded the level of the second quarter of 2014. Positive currency effects in all divisions were the decisive factor here. Sales volumes matched the level of the previous second quarter, with prices slightly down. While sales volumes to the automotive and construction industry grew, they declined in precious metal trading. We considerably raised our earnings, particularly through a strong contribution from the Performance Materials division.

Sales in the **Agricultural Solutions** segment rose slightly in a challenging market environment. Positive currency effects and higher sales prices more than offset lower sales volumes. Earnings nevertheless fell considerably. Aside from the decrease in volumes, this was also a result of increased fixed costs from the startup of new plants.

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

Chemicals	**2015**	**548**	**(22)**
	2014	570	
Performance Products	**2015**	**304**	**(131)**
	2014	435	
Functional Materials & Solutions	**2015**	**458**	**102**
	2014	356	
Agricultural Solutions	**2015**	**365**	**(68)**
	2014	433	
Oil & Gas	**2015**	**431**	**(115)**
	2014	546	
Other	**2015**	**(63)**	**265**
	2014	(328)	



Sales in the **Oil & Gas** segment grew considerably compared with the second quarter of 2014, primarily attributable to sharply increased volumes in natural gas trading. The price of oil fell 44% in U.S. dollar terms, dampening sales growth. Also weighed down by oil price trends, earnings decreased considerably. Earnings for the previous second quarter had included a contribution from offshore lifting in Libya.

Sales in **Other** were considerably down quarter-on-quarter. This was largely an effect of the lower plant availability resulting from the plant outage at the Ellba C.V. joint operation in Moerdijk, Netherlands, in addition to the disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore. Income from operations before special items improved considerably, especially through the reversal of provisions for the long-term incentive program. The previous second quarter had included expenses for the recognition of corresponding provisions.

Income from operations and special items

Special items in EBIT amounted to minus €4 million in the second quarter of 2015, compared with minus €79 million in the second quarter of 2014. This was largely the result of lower special charges for restructuring measures as well as gains on the divestiture of our textile chemicals business.

EBIT grew by €106 million to €2,039 million compared with the second quarter of the previous year. EBITDA improved by €289 million to €2,994 million, particularly owing to higher amortization and depreciation.

Special items reported in earnings before taxes (million €)

	2015	2014
1st quarter	(75)	67
2nd quarter	8	(79)
1st half	**(67)**	**(12)**
3rd quarter		(29)
4th quarter		507
Full year		**466**

Financial result and net income

At minus €152 million, the **financial result** was below the level of the second quarter of 2014 (minus €136 million). This was primarily due to a decrease in other financial result while the interest result improved considerably.

Income before taxes and minority interests rose by €90 million to €1,887 million compared with the same quarter of the previous year. The tax rate was at 26.8% (second quarter of 2014: 26.0%).

At €1,265 million, **net income** matched the level of the second quarter of 2014 (€1,259 million).

Earnings per share were €1.38 in the second quarter of 2015, compared with €1.37 in the same period of the previous year. Adjusted for special items and amortization of intangible assets, earnings per share amounted to €1.49 (second quarter of 2014: €1.53).

Information on the calculation of adjusted earnings per share can be found on page 39

Adjusted earnings per share (€)

	2015	2014
1st quarter	1.43	1.63
2nd quarter	1.49	1.53
1st half	**2.92**	**3.16**
3rd quarter		1.24
4th quarter		1.04
Full year		**5.44**

BASF Group Business Review 1st Half 2015

Sales for the BASF Group rose slightly in the first half of 2015, favorably influenced by currency effects and by increased volumes in the Oil & Gas segment. Lower prices resulting from the sharp drop in the price of oil put a strain on sales development. Income from operations before special items matched the level of the first half of 2014, supported in particular by the substantially higher contribution from the Functional Materials & Solutions segment.

Sales and income from operations before special items

- **Sales rise by 3% to €39.1 billion**
- **At around €4.1 billion, earnings match level of same period of 2014**

Compared with the first half of 2014, our sales grew by 3% to €39.1 billion despite slightly declining sales volumes in the chemicals business[1]. This was largely thanks to positive currency effects in all divisions as well as higher volumes in gas trading. Lower prices for crude oil weighed down sales in the Oil & Gas segment as well as in our chemicals business.

At around €4.1 billion, income from operations before special items matched the level of the first half of the previous year. The oil price-related decline in the Oil & Gas segment dampened earnings, while the Functional Materials & Solutions and Chemicals segments provided support through greater contributions. The Agricultural Solutions segment matched the earnings of the previous first half; the Performance Products segment and Other remained below the level of the same period of 2014.

Factors influencing sales

Factors influencing sales in 2015 (% of sales)

	1st Half
Volumes	3
Prices	(8)
Portfolio	0
Currencies	8
	3

We raised our sales volumes year-on-year, boosted by a sharp volumes increase in the Oil & Gas segment's natural gas trading business. Sales volumes remained stable in the Functional Materials & Solutions segment, while declining slightly in the other segments. Prices decreased overall on account of the lower price of oil, especially in the Chemicals and Oil & Gas segments; they rose in the Agricultural Solutions segment, however. Currency effects were positive in all segments. The disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore slightly reduced sales.

Sales and income from operations before special items in the segments

Sales in the **Chemicals** segment fell considerably below the level of the previous first half. This was mainly due to the price declines resulting from lower raw material costs, especially in the Petrochemicals division. Sales were additionally reduced by the disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore at the end of 2014, as well as by slightly lower overall volumes. Currency effects had a positive impact on sales, however. Earnings grew slightly, primarily through the increased contribution from Petrochemicals.

First-half sales (million €, relative change)

Chemicals	**2015**	**7,841**	**(10%)**
	2014	8,696	
Performance Products	**2015**	**8,122**	**4%**
	2014	7,796	
Functional Materials & Solutions	**2015**	**9,500**	**9%**
	2014	8,754	
Agricultural Solutions	**2015**	**3,576**	**8%**
	2014	3,319	
Oil & Gas	**2015**	**8,661**	**16%**
	2014	7,470	
Other	**2015**	**1,445**	**(25%)**
	2014	1,932	

In the **Performance Products** segment, sales rose slightly on account of positive currency effects that more than offset declining prices and a slight decrease in overall sales volumes. Price trends were especially dampened by the difficult market environment for paper chemicals as well as by intense competition in the vitamin E business. We posted a slight decline in earnings, largely due to an increase in fixed costs.

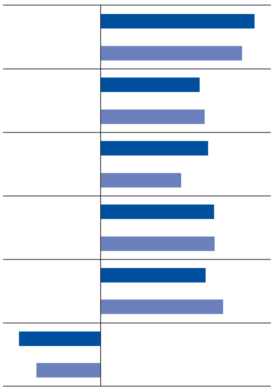
Compared with the same period of the previous year, we achieved considerably higher sales in the **Functional Materials & Solutions** segment. Positive currency effects were the main driver here. With volumes stable, prices dipped slightly overall. We were able to boost sales to the automotive industry, while volumes fell in precious metal trading. We considerably improved earnings, mainly thanks to the contribution from the Performance Materials division.

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

Sales in the **Agricultural Solutions** segment grew considerably compared with the first half of 2014, despite a slight decrease in volumes. This was predominantly the result of positive currency effects, especially from the strong U.S. dollar, as well as higher prices overall. Earnings reached the level of the previous first half. Increased fixed costs due to the startup of several plants put a strain on earnings, while prices and currency effects had a favorable impact.

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

Chemicals	**2015**	**1,274**	**103**
	2014	1,171	
Performance Products	**2015**	**819**	**(43)**
	2014	862	
Functional Materials & Solutions	**2015**	**889**	**222**
	2014	667	
Agricultural Solutions	**2015**	**939**	**(4)**
	2014	943	
Oil & Gas	**2015**	**868**	**(144)**
	2014	1,012	
Other	**2015**	**(676)**	**(145)**
	2014	(531)	



We considerably raised our sales in the **Oil & Gas** segment. In addition to the sharp volumes increase in the Natural Gas Trading business sector, we also posted slight growth in the Exploration & Production business sector. Sales were dampened by substantially lower prices for crude oil and natural gas. Income from operations before special items fell considerably. An improved earnings contribution from Natural Gas Trading was not able to fully offset the primarily oil price-related decrease in the Exploration & Production business sector. Earnings in the same period of the previous year had been boosted by offshore lifting in Libya.

Sales in **Other** declined considerably. This was predominantly influenced by the lower plant availability resulting from the outage at the Ellba C.V. joint operation in Moerdijk, Netherlands, as well as the disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore. Decreased raw material trading further reduced sales. Income from operations before special items fell considerably, due in part to the sale in 2014 of our 50% share in Styrolution Holding GmbH as well as to currency effects not allocated to the segments.

Income from operations and special items

Special items in EBIT totaled minus €79 million in the first half of 2015 (first half of 2014: €30 million). These especially contained expenses for the employee bonus on the occasion of BASF's 150th anniversary. Furthermore, disposal gains were lower than in the same period of 2014.

EBIT decreased by €120 million to €4,034 million year-on-year. EBITDA rose by €228 million to €5,884 million as a result of higher amortization and depreciation.

Special items reported in earnings before taxes (million €)

	2015	2014
1st quarter	(75)	67
2nd quarter	8	(79)
1st half	**(67)**	**(12)**
3rd quarter		(29)
4th quarter		507
Full year		**466**

Financial result and net income

At minus €316 million, the **financial result** slightly exceeded the level of the first half of 2014 (minus €319 million). Higher interest income led to a considerable improvement in the interest result. This was partly countered by declines in other financial result and income from shareholdings.

Income before taxes and minority interests decreased by €117 million year-on-year to €3,718 million. The tax rate was at 28.2% (first half of 2014: 25.6%).

Net income fell by €284 million to €2,439 million.

Earnings per share amounted to €2.66 in the first half of 2015 compared with €2.96 in the same period of the previous year. Adjusted for special items and amortization of intangible assets, earnings per share amounted to €2.92 (first half of 2014: €3.16).

Information on the calculation of adjusted earnings per share can be found on page 39

Adjusted earnings per share (€)

	2015	2014
1st quarter	1.43	1.63
2nd quarter	1.49	1.53
1st half	**2.92**	**3.16**
3rd quarter		1.24
4th quarter		1.04
Full year		**5.44**

BASF on the Capital Market

Overview of BASF shares

		2nd Quarter 2015	1st Half 2015
Performance (with dividends reinvested)			
BASF	%	(12.2)	16.3
DAX 30	%	(8.5)	11.6
DJ EURO STOXX 50	%	(5.8)	11.3
DJ Chemicals	%	0.6	6.1
MSCI World Chemicals	%	(0.8)	7.4
Share prices and trading (XETRA)			
Average	€	87.25	84.41
High	€	96.72	96.72
Low	€	78.82	66.69
Close (end of period)	€	78.82	78.82
Average daily trade	million shares	3.3	3.4
Outstanding shares (end of period)	million shares	918.5	918.5
Market capitalization (end of period)	billion €	72.4	72.4

Share performance in 2nd quarter of 2015

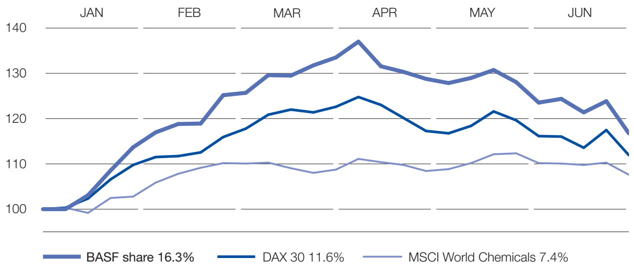
- **Volatile stock markets with prices dropping at end of quarter**
- **BASF shares follow trend**

Stock markets saw an upward trend at the beginning of the second quarter of 2015 due to improved economic figures in the eurozone as well as the European Central Bank's continued expansive monetary policy. The German benchmark index DAX 30 achieved a new record high on April 10, reaching 12,375 points. BASF shares, too, hit an all-time high of €96.72 on this date. As the quarter progressed, concerns about Greece's financial solvency, speculation as to when the U.S. Federal Reserve would enact an anticipated key interest rate increase, and weak economic figures from China all especially contributed to a drop in share prices.

The BASF share declined as a result, trading at €78.82 at the end of the quarter. Compared with the closing price of the first quarter of 2015, this represents a loss of 14.8%. Assuming the dividend of €2.80 paid out on May 4, 2015, was reinvested, our share performance came out to minus 12.2%. In the second quarter, the DAX 30 and the European benchmark index DJ EURO STOXX 50 dipped by 8.5% and 5.8%, respectively. Over the same period, the global industry index MSCI World Chemicals declined by 0.8%, while DJ Chemicals grew by 0.6%.

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

Change in value of an investment in BASF shares (Jan. – June 2015)
(With dividends reinvested; indexed)



Good credit ratings and solid financing

BASF has good credit ratings, especially in comparison with competitors in the chemical industry. Rating agency Moody's last confirmed their rating of "A1/P-1 outlook stable" on May 5, 2015. Standard & Poor's adjusted their rating of "A+/A-1" to an outlook of "negative" on April 10, 2015. This was mainly due to an increase in pension provisions as a result of declining capital market interest rates. We continue to have solid financing. Since the beginning of the year, net debt has grown by €1.4 billion to €15.1 billion.

Financial communication honored again

Our financial communication has again won awards. The annual survey conducted by Britain's IR Magazine honored our work with awards such as Best Investor Meeting for our communication with investors. We also took first prize in the Materials sector and in Corporate Governance.

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

Significant Events and Economic Environment

Significant Events, 2nd Quarter 2015

- **Inauguration of production complex for acrylic acid in Camaçari, Brazil, and of polymerization plant for Ultramid® in Shanghai, China**
- **Portfolio optimization through divestitures in Oil & Gas and Performance Products segments**

With the inauguration of our production complex in Camaçari, Brazil, we are now operating the first world-scale production plants for acrylic acid and superabsorbents in South America. This represents BASF's largest single investment in the region to date. The production complex, with its annual capacity of 160,000 metric tons of acrylic acid, strengthens our position in the South American market for the acrylic acid value chain.

In Shanghai, China, we inaugurated our first polymerization plant for Ultramid® (polyamide 6 and 6/6,6) in Asia Pacific. With a capacity of 100,000 metric tons per year, this plant bolsters our position in the region, enabling us to better meet growing demand for polyamide products for engineering plastics and the fiber and foil industry.

We are continuing the optimization of our portfolio in the Oil & Gas segment. Wintershall is therefore divesting its assets in the four non-BASF-operated fields Knarr (20%), Veslefrikk (4.5%), Ivar Aasen (6.4615%) and Yme (10%) on the Norwegian continental shelf to Tellus Petroleum AS. At the same time, we are reducing our share in the BASF-operated Maria development by 15% to 35% and are gaining Tellus Petroleum as a further partner in the development of this field. The purchase price agreed upon amounts to $602 million. Depending on oil price developments in the period from 2016 to 2019, we can furthermore claim an additional payment of up to $100 million. The transaction is expected to close at the end of 2015 with retroactive financial effect as of January 1, 2015.

In the future, we aim to focus our pharmaceutical ingredients and services business on pharmaceutical excipients, and are therefore divesting our custom synthesis business and parts of our active pharmaceutical ingredients (API) portfolio to Siegfried Holding AG. These include APIs such as ephedrine, pseudoephedrine and caffeine; selected APIs like ibuprofen, omega-3 fatty acids and polyethylene glycol will remain part of our portfolio. The transaction includes, for example, the divestiture of the production sites in Minden, Germany; Evionnaz, Switzerland; and Saint-Vulbas, France, and affects around 850 positions worldwide. It is expected to close in the fourth quarter of 2015.

BASF has signed a contract with Imerys S.A. for the sale of its global paper hydrous kaolin (PHK) business. The parties have agreed not to disclose the financial details of the transaction, which we expect to close in the third quarter of 2015. Imerys will acquire the PHK business, including a production site for kaolin processing in Wilkinson County, Georgia. A total of 190 positions will be affected globally.

Economic Environment, 1st Half 2015

- **Global gross domestic product grows by about 2.5% and industrial production by around 2% compared with first half of 2014**
- **Positive development in eurozone but dampened growth in United States and China**

Global gross domestic product grew by around 2.5% in the first half of 2015 compared with the same period of the previous year. Affected by a weak start to the year in the United States and China, worldwide industrial production only grew by around 2% in the same time frame. Regional developments varied widely: The economy in the eurozone was able to benefit from the lower price of oil and the weaker euro. In the United States, growth was negatively influenced by the harsh winter and by waning investment in the oil industry. Furthermore, the strong U.S. dollar weighed down export activity, and private consumption remained below expectations. China's economy continued to grow, although more slowly than in the previous year. Residential construction in particular continued to decline, which had an adverse impact on construction-related sectors as well as the economy as a whole. Russia and Brazil, two important emerging markets, currently find themselves in a recession.

The forecast for the full year 2015 can be found on page 16.

Chemicals

Segment data Chemicals (million €)

	2nd Quarter			1st Half		
	2015	**2014**	**Change in %**	**2015**	**2014**	**Change in %**
Sales to third parties	3,975	4,298	(8)	7,841	8,696	(10)
Thereof Petrochemicals	1,660	2,019	(18)	3,195	4,116	(22)
Monomers	1,576	1,578	0	3,175	3,168	0
Intermediates	739	701	5	1,471	1,412	4
Income from operations before amortization and depreciation (EBITDA)	779	725	7	1,719	1,507	14
Income from operations (EBIT) before special items	548	570	(4)	1,274	1,171	9
Income from operations (EBIT)	548	536	2	1,274	1,136	12
Assets (June 30)	12,974	11,309	15	12,974	11,309	15
Research expenses	53	46	15	103	90	14
Additions to property, plant and equipment and intangible assets	494	477	4	818	749	9

2nd Quarter 2015

- **Lower prices lead to considerable decline in sales**
- **Earnings slightly down as a result of higher fixed costs, due in part to startup of new plants**

Sales in the Chemicals segment declined considerably compared with the second quarter of 2014. This was largely the result of lower prices due to decreased raw material costs, especially in the Petrochemicals division. The sale of our share in a joint operation in Singapore additionally lowered sales. Significant volumes increases in the Intermediates division and positive currency effects worked in our favor (volumes 0%, prices –15%, currencies 9%, portfolio –2%). Income from operations before special items was slightly down, primarily because of higher fixed costs in all divisions due to the gradual startup of new production facilities as well as an increased number of scheduled maintenance shutdowns.

Petrochemicals

In the Petrochemicals division, sales fell considerably due to lower prices in almost all product lines. This was mostly the result of sharp decreases in raw material prices, especially for naphtha. A plant outage at the Ellba C.V. joint operation in Moerdijk, Netherlands, at the beginning of June 2014 led to lower sales volumes. Sales were also reduced by the disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore at the end of 2014. Currency effects positively influenced sales, however. Earnings considerably surpassed the level of the previous second quarter. Substantially higher margins in Europe, especially for steam cracker products and for ethylene oxide and glycols, were able to more than compensate for weaker margins in acrylic monomers.

Monomers

Sales in the Monomers division remained at the level of the previous second quarter. In Asia, we were able to increase volumes of MDI and polyamide-6 extrusion polymers; overall, we posted a slight volumes decline. Positive currency effects boosted sales, while falling sales prices as a result of lower raw material costs had a dampening effect. Earnings fell considerably. This was largely on account of lower margins for TDI in Asia as well as higher fixed costs due to the gradual startup of two new production plants in Asia and a plant in Ludwigshafen.

Intermediates

Sales grew slightly in the Intermediates division. Considerably higher sales volumes and positive currency effects were the main drivers here. We especially raised volumes for amines and carboxylic acids, and in our businesses with polyalcohols and specialties. Prices declined. Earnings remained considerably below the previous second quarter's level. A higher number of scheduled maintenance shutdowns compared with the previous second quarter – primarily at the Verbund sites in Ludwigshafen, Germany; Kuantan, Malaysia; and Nanjing, China – were largely responsible for this development. The additional maintenance costs associated with these activities and the reduction of inventories raised our fixed costs.

Sales

Change compared with 2nd quarter 2014

–8%

EBIT before special items

(Change compared with 2nd quarter 2014)
Million €

548 (–22)

Performance Products

Segment data Performance Products (million €)

		2nd Quarter			1st Half	
	2015	2014	Change in %	2015	2014	Change in %
Sales to third parties	4,084	3,924	4	8,122	7,796	4
Thereof Dispersions & Pigments[1]	1,245	1,193	4	2,410	2,307	4
Care Chemicals	1,215	1,204	1	2,514	2,468	2
Nutrition & Health	558	520	7	1,073	1,015	6
Performance Chemicals[1]	1,066	1,007	6	2,125	2,006	6
Income from operations before amortization and depreciation (EBITDA)	586	646	(9)	1,310	1,257	4
Income from operations (EBIT) before special items	304	435	(30)	819	862	(5)
Income from operations (EBIT)	368	454	(19)	859	868	(1)
Assets (June 30)	15,045	14,078	7	15,045	14,078	7
Research expenses	98	90	9	189	175	8
Additions to property, plant and equipment and intangible assets	248	168	48	451	327	38

[1] After dissolving the Paper Chemicals division as of January 1, 2015, we integrated its business into the Dispersions & Pigments and Performance Chemicals divisions. For better comparability, the figures for both divisions have been adjusted accordingly for 2014.

2nd Quarter 2015

- **Sales rise slightly, supported by positive currency effects**
- **Earnings considerably down quarter-on-quarter due mainly to increased fixed costs**

Sales rose slightly in the Performance Products segment. Positive currency effects in all divisions were able to more than offset lower sales prices and weaker volumes (volumes –1%, prices –5%, currencies 10%). The unscheduled shutdown of a polyisobutene plant in addition to weak demand in the oilfield chemicals business in connection with the price of oil were largely responsible for the decline in volumes. The market environment for paper chemicals remained difficult. Furthermore, our prices were negatively affected by factors such as intense competition in the vitamin E business. Income from operations before special items fell considerably. This was mostly the result of higher fixed costs arising primarily from the startup of new plants, the reduction of inventories, and negative currency effects.

Dispersions & Pigments

We observed slight sales growth in the Dispersions & Pigments division. Positive currency effects were able to more than offset an oil price-related drop in sales prices for dispersions as well as lower sales volumes of paper chemicals. Sales were also boosted by greater volumes of resins, which were particularly attributable to growing demand from the Asian coatings industry. Earnings dipped slightly below the level of the second quarter of 2014 due to higher fixed costs from the startup of new plants, such as those in Freeport, Texas, and Dahej, India.

Sales
Change compared with 2nd quarter 2014

+4%

EBIT before special items
(Change compared with 2nd quarter 2014)
Million €

304 (–131)

Care Chemicals

Sales in the Care Chemicals division rose slightly as a result of positive currency effects, with volumes slightly down and a drop in prices. Due in part to lower raw material costs, this price trend particularly affected our businesses with hygiene products, oleochemical surfactants, fatty alcohols, and ingredients for the detergents and cleaners industry. Sales volumes decreased especially in formulation additives for technical applications as well as ingredients for the detergents and cleaners industry. Technical problems in European ethylene oxide production and the resulting raw material bottleneck for producing a range of Care Chemicals products contributed to the reduction in volumes. Earnings were considerably down, primarily on account of increased fixed costs. These arose mainly from negative currency effects and lower plant capacity utilization.

Nutrition & Health

Sales rose considerably in the Nutrition & Health division, supported predominantly by positive currency effects arising especially from the U.S. dollar. We raised sales volumes in our animal nutrition, aroma chemicals and pharmaceuticals businesses, while volumes remained stable in the human nutrition sector. Prices overall were below the prior second quarter's level due to ongoing intense competition, especially in the vitamin E business. This price decline, along with a lower proportion of high-margin products, led to a considerable decrease in earnings.

Performance Chemicals

Sales in the Performance Chemicals division considerably surpassed the level of the previous second quarter, mostly through positive currency effects. Sales volumes and prices declined. The main reason for the reduction in volumes was the unscheduled shutdown of a polyisobutene production plant in Antwerp, Belgium, which lasted until the middle of the quarter. In addition, the lower price of oil substantially dampened demand in the oilfield chemicals business. Sales were furthermore weighed down by the disposal of our PolyAd services business in June 2014. Earnings were considerably below the level of the second quarter of 2014, largely because of fixed cost increases arising in part from inventory reductions and lower plant capacity utilization.

Functional Materials & Solutions

Segment data Functional Materials & Solutions (million €)

	2nd Quarter			1st Half		
	2015	2014	Change in %	2015	2014	Change in %
Sales to third parties	4,916	4,518	9	9,500	8,754	9
Thereof Catalysts	1,700	1,528	11	3,289	2,986	10
Construction Chemicals	625	541	16	1,128	984	15
Coatings	815	756	8	1,604	1,477	9
Performance Materials	1,776	1,693	5	3,479	3,307	5
Income from operations before amortization and depreciation (EBITDA)	598	468	28	1,198	892	34
Income from operations (EBIT) before special items	458	356	29	889	667	33
Income from operations (EBIT)	411	351	17	875	662	32
Assets (June 30)	13,853	12,745	9	13,853	12,745	9
Research expenses	98	93	5	190	180	6
Additions to property, plant and equipment and intangible assets	168	140	20	449	250	80

2nd Quarter 2015

- **Considerable sales growth thanks to positive currency effects in all divisions**
- **Earnings rise considerably, mainly through contribution from Performance Materials division**

In the Functional Materials & Solutions segment, sales rose considerably compared with the second quarter of 2014 due to positive currency effects in all divisions. While prices dipped slightly, sales volumes matched the level of the previous second quarter. Continuing high demand from the automotive and construction industry was able to compensate for lower sales volumes, especially in precious metal trading (volumes 0%, prices –2%, currencies 11%). Income from operations before special items grew considerably. This was mainly attributable to the sharp rise in earnings in the Performance Materials division, while a considerable increase in the Construction Chemicals division also contributed.

Catalysts

Sales in the Catalysts division grew considerably compared with the previous second quarter. This increase was primarily supported by positive currency effects as well as higher sales volumes in mobile emissions and chemical catalysts. Lower prices slowed this growth. In precious metal trading, sales rose to €666 million (second quarter of 2014: €659 million); positive currency effects more than compensated for lower sales volumes and reduced prices. Earnings declined considerably as a result of higher fixed costs overall as well as weaker margins in precious metal trading. Fixed costs rose due to the startup of new plants and increased research spending.

Sales

Change compared with 2nd quarter 2014

+9%

EBIT before special items

(Change compared with 2nd quarter 2014)
Million €

458 (+102)

Construction Chemicals

Positive currency effects and higher sales volumes led to considerable quarter-on-quarter sales growth in the Construction Chemicals division. In North America, we slightly raised both volumes and prices, and observed highly positive currency effects. We achieved substantial volumes growth in the region South America, Africa, Middle East. Demand was especially high on the Arabian peninsula. Higher volumes contributed to sales growth in Europe, as well. Sales volumes also rose in Asia, with currency effects making a positive contribution. We considerably improved earnings through increased sales volumes as well as positive currency effects.

Coatings

In the Coatings division, we posted considerable quarter-on-quarter sales growth, mainly as a result of positive currency effects. This development was further boosted by slightly higher prices overall as well as by improved volumes of automotive OEM coatings in Asia and Europe. Driven by currencies, we achieved considerably higher sales in the automotive refinish coatings business. In the industrial coatings business, positive portfolio and currency effects more than offset lower volumes, resulting in a slight boost in sales. The decorative paints business in Brazil saw a sales decline because of negative currency effects and lower volumes, despite higher sales prices. Earnings dropped slightly. This was primarily due to increased fixed costs arising in part from new plants that began operations in China and the associated startup costs.

Performance Materials

Sales rose slightly in the Performance Materials division, mainly through positive currency effects in North America and Asia that more than offset a slight volumes decline and reduced prices. Demand fell for styrene foams and polyurethane systems. We posted substantially higher sales volumes of Cellasto®, engineering plastics, and our specialties. We significantly raised sales volumes to the automotive industry and slightly increased them to the construction industry. In the consumer goods sector, higher volumes in Europe and North America could not compensate for the decline in Asia and South America. Overall, earnings grew considerably compared with the previous second quarter. This was largely due to increased margins arising in part from a greater proportion of our specialties business.

Agricultural Solutions

Segment data Agricultural Solutions (million €)

	2nd Quarter			1st Half		
	2015	2014	Change in %	2015	2014	Change in %
Sales to third parties	1,678	1,666	1	3,576	3,319	8
Income from operations before amortization and depreciation (EBITDA)	422	476	(11)	1,048	1,028	2
Income from operations (EBIT) before special items	365	433	(16)	939	943	0
Income from operations (EBIT)	365	433	(16)	938	943	(1)
Assets (as of June 30)	8,514	7,654	11	8,514	7,654	11
Research expenses	132	131	1	258	243	6
Additions to property, plant and equipment and intangible assets	106	105	1	191	168	14

2nd Quarter 2015

- **Sales improve slightly thanks to positive currency effects and higher prices**
- **Lower volumes combined with startup costs for new plants lead to considerable decline in earnings**

Despite a challenging market environment with sharply fallen prices for agricultural products, we slightly raised our sales in the Agricultural Solutions segment compared with the previous second quarter. Positive currency effects and higher sales prices contributed greatly to this, while volumes declined (volumes –8%, prices 3%, currencies 6%).

In **Europe**, sales were slightly down compared with the second quarter of 2014. Higher prices, especially in eastern Europe, were unable to fully compensate for declining sales volumes. Volumes were lower for cereal fungicides due to strong demand at the beginning of the season as well as the ongoing drought in western Europe.

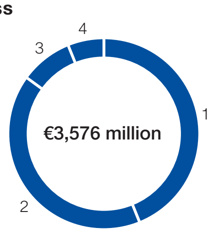
Sales in **North America** were slightly above the prior second-quarter level on account of positive currency effects. Our customers' above-average inventory levels and dry weather conditions in Canada and California resulted in a decrease in sales volumes of fungicides.

South America saw a slight increase in sales, particularly driven by higher prices and volumes in our fungicides business and in the Functional Crop Care business unit. This enabled us to more than offset the weaker demand for insecticides brought about by high competitive pressure from generic products.

In **Asia**, sales considerably surpassed the level of the previous second quarter due to positive currency effects. Sales volumes declined overall, mainly as a consequence of substantially lower demand for herbicides in India. We raised our volumes in Japan and Korea.

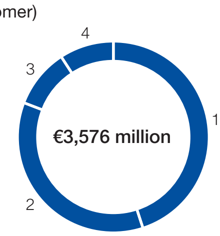
1st Half 2015 – Sales by indication and business

1	Fungicides	44%
2	Herbicides	41%
3	Insecticides	9%
4	Functional Crop Care	6%



1st Half 2015 – Sales by region (location of customer)

1	Europe	45%
2	North America	36%
3	South America, Africa, Middle East	10%
4	Asia Pacific	9%



Income from operations before special items fell considerably compared with the second quarter of 2014. This was largely because of lower sales volumes and increased fixed costs through the startup of new plants.

Sales
Change compared with 2nd quarter 2014

+1%

EBIT before special items
(Change compared with 2nd quarter 2014)
Million €

365 (–68)

Oil & Gas

Segment data Oil & Gas (million €)

	2nd Quarter			1st Half		
	2015	**2014**	**Change in %**	**2015**	**2014**	**Change in %**
Sales to third parties	3,668	3,194	15	8,661	7,470	16
Thereof Exploration & Production	704	807	(13)	1,448	1,599	(9)
Natural Gas Trading	2,964	2,387	24	7,213	5,871	23
Income from operations before amortization and depreciation (EBITDA)	661	696	(5)	1,326	1,460	(9)
Thereof Exploration & Production	498	585	(15)	982	1,272	(23)
Natural Gas Trading	163	111	47	344	188	83
Income from operations (EBIT) before special items	431	546	(21)	868	1,012	(14)
Thereof Exploration & Production	288	457	(37)	564	864	(35)
Natural Gas Trading	143	89	61	304	148	105
Income from operations (EBIT)	430	499	(14)	866	1,096	(21)
Thereof Exploration & Production	287	410	(30)	562	948	(41)
Natural Gas Trading	143	89	61	304	148	105
Assets (as of June 30)	13,948	11,533	21	13,948	11,533	21
Thereof Exploration & Production	10,379	7,639	36	10,379	7,639	36
Natural Gas Trading	3,569	3,894	(8)	3,569	3,894	(8)
Exploration expenses	31	23	35	80	47	70
Additions to property, plant and equipment and intangible assets	483	279	73	901	588	53
Net income	250	353	(29)	609	782	(22)

2nd Quarter 2015

- **Higher volumes in natural gas trading business lead to considerable sales growth**
- **Earnings considerably down quarter-on-quarter, mainly due to lower price of oil**

In the Oil & Gas segment, sales grew considerably compared with the second quarter of 2014 (volumes 21%, prices/currencies –9%, portfolio 3%). This was mainly an effect of higher volumes in the Natural Gas Trading business sector. Income from operations before special items fell considerably as a result of the sharp drop in the price of oil; in addition, the previous second quarter had included income from offshore lifting in Libya. An earnings increase in the Natural Gas Trading business sector was only partially able to compensate for the decline in the Exploration & Production business sector. Net income decreased considerably.

For more on net income in the Oil & Gas segment, see the Notes to the Interim Financial Statements on page 28

We posted a considerable sales decline in the **Exploration & Production** business sector as a result of lower prices. In the second quarter of 2015, the price of Brent blend crude oil averaged $62 per barrel (–44%), while it had sold at $110 per barrel in the same quarter of the previous year. Furthermore, sales in the second quarter of 2014 had included offshore lifting in Libya. These two effects were only partially offset by volumes increases in Norway and Russia as well as positive portfolio effects from the activities acquired from Statoil at the end of 2014. Earnings dropped considerably as a result.

The **Natural Gas Trading** business sector saw a considerable, volumes-driven sales increase compared with the previous second quarter while prices dropped significantly. Earnings rose considerably, especially as a result of a procurement-end price revision implemented in the second quarter of 2015.

Sales
Change compared with 2nd quarter 2014

+15%

EBIT before special items
(Change compared with 2nd quarter 2014)
Million €

431 (–115)

Regional Results
1st Half 2015

Regions (million €)

	Sales by location of company			Sales by location of customer			EBIT before special items[1]		
	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %
2nd quarter									
Europe	10,646	10,481	2	10,028	9,960	1	1,524	1,306	17
Thereof Germany	7,652	7,526	2	3,656	3,296	11	800	512	56
North America	4,305	4,159	4	4,364	4,075	7	434	466	(7)
Asia Pacific	3,113	2,861	9	3,308	3,053	8	45	172	(74)
South America, Africa, Middle East	1,014	954	6	1,378	1,367	1	40	68	(41)
	19,078	**18,455**	**3**	**19,078**	**18,455**	**3**	**2,043**	**2,012**	**2**
1st half									
Europe	22,619	22,382	1	21,487	21,387	0	2,863	2,736	5
Thereof Germany	16,723	16,445	2	8,290	7,170	16	1,349	1,169	15
North America	8,537	8,059	6	8,576	7,915	8	904	957	(6)
Asia Pacific	6,028	5,709	6	6,381	6,090	5	237	346	(32)
South America, Africa, Middle East	1,961	1,817	8	2,701	2,575	5	109	85	28
	39,145	**37,967**	**3**	**39,145**	**37,967**	**3**	**4,113**	**4,124**	**0**

[1] By location of company

Europe

Sales at companies headquartered in Europe rose by 1% compared with the first half of 2014. Substantially higher volumes in natural gas trading led to considerable sales growth in the Oil & Gas segment. The increase was dampened by the drop in the price of oil. In the chemicals business[2], lower prices resulting from fallen raw material costs put a strain on sales, especially in the Petrochemicals division. At €2,863 million, income from operations before special items exceeded that of the previous first half by €127 million. This was largely due to considerably higher earnings in the Chemicals and Functional Materials & Solutions segments.

North America

In North America, sales fell by 13% in local currency terms but increased by 6% in euro terms. Highly positive currency effects supported sales development in all segments. Especially in the Chemicals division, prices were considerably down as a result of lower raw material costs. Sales volumes declined slightly overall. At €904 million, earnings were €53 million below the level of the first half of 2014. A significantly larger contribution from the Functional Materials & Solutions segment was unable to compensate for considerably lower earnings in the Chemicals and Agricultural Solutions segments.

Asia Pacific

Sales in the Asia Pacific region decreased by 11% in local currency terms. Because of highly positive currency effects in all segments, however, sales in euro terms rose by 6%. We observed a decline in sales prices, primarily in the Chemicals segment. The disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore at the end of 2014 also weakened sales development. Volumes remained stable overall. Earnings in the Chemicals and Performance Products segments fell considerably. As a result, earnings for the region declined by €109 million to €237 million.

South America, Africa, Middle East

Sales in the South America, Africa, Middle East region rose by 3% in local currency terms and by 8% in euro terms. Aside from positive currency effects, higher prices also contributed to sales growth. Driven by prices and currencies, the Performance Products and Oil & Gas segments in particular were able to considerably increase their sales. At €109 million, earnings were €24 million above the level of the same period of 2014. This was attributable to significantly improved earnings in the Oil & Gas segment and in Other.

[2] Our chemicals business comprises the Chemicals, Performance Products and Functional Materials & Solutions segments.

Overview of Other Topics

Research and Development

- **MasterEase line of concrete admixtures facilitates processing of high-performance concrete**
- **Special technology in labels provides protection against counterfeit crop protection products**
- **Optimized for the newest generation of engines: Glysantin® G64® coolants**
- **Science symposium in Chicago on sustainability in food chain**

The new MasterEase line of concrete admixtures makes it significantly easier to process building materials – especially today's high-performance concrete, with its lower concentration of water and cement. While this helps shrink a building's carbon footprint, it can also make the material tough and sticky. Developed by BASF, the polymers in MasterEase reduce the concrete's viscosity by up to 30%. From mixing and pumping to compacting and smoothing, processing the material is made easier, quicker and more economical.

In China, we have introduced a technology that makes counterfeit crop protection products more identifiable. Our work together with a local partner has resulted in labels with a special watermark that cannot be seen indoors, but is clearly visible in sunlight. The additional use of a customized pigment developed by BASF makes the mark unmistakable. Farmers and retailers can more easily and clearly distinguish genuine BASF products from fakes.

With Glysantin® G64®, BASF has launched a coolant that is specially formulated for the automotive industry's newest generation of engines. The heat flows generated by downsized engines call for an extremely stable and effective cooling system. Glysantin® G64® provides the required thermal stability together with the high corrosion protection typical for the brand. This new coolant technology has been used by auto manufacturer Volvo since June 2015.

In June, the second of three global science symposia took place as part of BASF's 150th anniversary activities. Under the banner "Sustainable Food Chain – from Field to Table," around 400 experts from science and industry convened in Chicago, Illinois, to discuss the challenges of sustainable food production for a growing world population. Some of the central topics included organic synthesis, industrial biotechnology and plant biotechnology as well as agriculture and nutrition science.

Employees

- **Number of employees remains largely steady**

Compared with the end of 2014, the number of BASF Group employees rose by 247 to a total of 113,539 as of June 30, 2015. On this date, 62.6% were employed in Europe while North America accounted for 15.3% of employees, Asia Pacific for 15.4% and South America, Africa, Middle East for 6.7%.

Personnel costs in the first half of 2015 grew by 12.5% to €5,271 million compared with the same period of the previous year. Aside from wage and salary increases, this development was predominantly the result of currency effects.

Employees by region

	June 30, 2015	Dec. 31, 2014
Europe	71,106	71,474
Thereof Germany	53,021	53,277
North America	17,339	17,120
Asia Pacific	17,538	17,060
South America, Africa, Middle East	7,556	7,638
	113,539	**113,292**

Outlook

In the first half of 2015, growth remained behind our expectations for the global economy as well as for global industrial and chemical production. This was primarily due to dampened economic developments in both the United States and China. We were nevertheless able to slightly raise our sales and, despite the sharp drop in oil prices, achieve earnings at the same level as the first half of 2014.

For the full year 2015, we now expect somewhat weaker growth for the global economy as well as global industrial and chemical production than was foreseen six months ago. Despite continuing high risks, we stand by our outlook for 2015: We aim to perform well and slightly increase sales in a volatile and challenging environment. We are striving for income from operations before special items that matches the level of the previous year.

Opportunities and Risks

- **Overall economic development together with exchange rate and margin volatility present both opportunities and risks**

In 2015, opportunities may arise for us from the continued growth of the global economy and from the development of key customer industries, as well as through exchange rate and margin volatility.

We also see opportunities in the implementation of our "We create chemistry" strategy and in further improving our operational excellence, as well as strengthening research and development. We continue to concentrate on expanding our business in growth markets as well as on innovations, portfolio optimization, restructuring and increasing efficiency. Our STEP excellence program, for example, serves to strengthen our competitiveness and profitability. Starting at the end of 2015, STEP is expected to contribute around €1.3 billion to earnings each year. STEP comprises over 100 individual projects and is running right on schedule.

Yet there are also risks to the development of our business. These include an economic slowdown in China and uncertainty as to growth in Europe. Risks can also lurk in exchange rate and margin volatility as well as in the development of our key customer industries.

The statements on opportunities and risks made in the BASF Report 2014 remain valid.

More detailed information can be found in the BASF Report 2014, in the Opportunities and Risks Report on pages 111–118

Forecast

- **Slight sales growth expected for 2015**
- **Income from operations before special items likely to match level of 2014**

We have reduced our expectations for the global economic environment in 2015 (previous forecast in parentheses):

- Growth of gross domestic product: 2.4% (2.8%)
- Growth in industrial production: 2.9% (3.6%)
- Growth in chemical production: 3.8% (4.2%)
- An average euro-to-dollar exchange rate of $1.15 per euro ($1.20 per euro)
- An average oil price for the year of $60 to $70 per barrel

We expect BASF Group sales to increase slightly in 2015, primarily supported by the sales growth anticipated in the Functional Materials & Solutions and Performance Products segments. We want to raise our sales volumes overall, excluding the effects of acquisitions and divestitures. Income from operations before special items in 2015 will likely match the previous year's level. We foresee larger contributions from our chemicals and crop protection businesses, whereas earnings in the Oil & Gas segment are likely to fall considerably due to the lower price of oil. We expect a slight decline in income from operations. In 2014, high levels of special income had been achieved primarily through the disposal of our 50% share in Styrolution Holding GmbH. As a result, there is likely to be a considerable decline in EBIT after cost of capital.

BASF Group Interim Financial Statements
Statement of Income

Statement of income (million €)

Explanations in Note		2nd Quarter			1st Half		
		2015	2014	Change in %	2015	2014	Change in %
Sales revenue		**19,078**	**18,455**	**3.4**	**39,145**	**37,967**	**3.1**
Cost of sales		(14,046)	(13,604)	(3.2)	(28,777)	(28,299)	(1.7)
Gross profit on sales		**5,032**	**4,851**	**3.7**	**10,368**	**9,668**	**7.2**
Selling expenses		(2,069)	(1,856)	(11.5)	(4,006)	(3,627)	(10.4)
General administrative expenses		(371)	(344)	(7.8)	(713)	(650)	(9.7)
Research expenses		(495)	(471)	(5.1)	(969)	(914)	(6.0)
Other operating income	[5]	312	276	13.0	757	676	12.0
Other operating expenses	[5]	(426)	(593)	28.2	(1,544)	(1,166)	(32.4)
Income from companies accounted for using the equity method	[6]	56	70	(20.0)	141	167	(15.6)
Income from operations		**2,039**	**1,933**	**5.5**	**4,034**	**4,154**	**(2.9)**
Income from other shareholdings		38	32	18.8	58	38	52.6
Expenses from other shareholdings		(11)	(4)	.	(29)	(5)	.
Interest income		56	39	43.6	114	73	56.2
Interest expense		(171)	(174)	1.7	(335)	(332)	(0.9)
Other financial result		(64)	(29)	.	(124)	(93)	(33.3)
Financial result	**[7]**	**(152)**	**(136)**	**(11.8)**	**(316)**	**(319)**	**0.9**
Income before taxes and minority interests		**1,887**	**1,797**	**5.0**	**3,718**	**3,835**	**(3.1)**
Income taxes	[8]	(506)	(468)	(8.1)	(1,049)	(980)	(7.0)
Income before minority interests		**1,381**	**1,329**	**3.9**	**2,669**	**2,855**	**(6.5)**
Minority interests	[9]	(116)	(70)	(65.7)	(230)	(132)	(74.2)
Net income		**1,265**	**1,259**	**0.5**	**2,439**	**2,723**	**(10.4)**
Earnings per share	**[10]**						
Undiluted (€)		1.38	1.37	0.7	2.66	2.96	(10.1)
Diluted (€)		1.38	1.37	0.7	2.66	2.96	(10.1)

Statement of Income and Expense Recognized in Equity

Income before minority interests and income and expense recognized directly in equity (million €)

	1st Half	
	2015	**2014**
Income before minority interests	**2,669**	**2,855**
Remeasurement of defined benefit plans	1,196	(2,017)
Deferred taxes for items that will not be reclassified to the statement of income	(352)	606
Income and expense recognized directly in equity that will not be reclassified to the statement of income at a later date	**844**	**(1,411)**
Unrealized gains/losses from fair value changes in available-for-sale securities	4	–
Reclassifications of realized gains/losses recognized in the income statement	–	–
Fair value changes in available-for-sale securities, net	**4**	**–**
Unrealized gains/losses from future cash flow hedges	51	(126)
Reclassification of realized gains/losses recognized in the income statement	145	57
Cash flow hedges, net	**196**	**(69)**
Translation adjustment	1,327	153
Deferred taxes for items that will be reclassified to the statement of income	(91)	11
Income and expense recognized directly in equity that will be reclassified to the statement of income at a later date	**1,436**	**95**
Minority interests	140	20
Total income and expense recognized directly in equity	**2,420**	**(1,296)**
Income before minority interests and income and expense recognized directly in equity	**5,089**	**1,559**
Thereof attributable to shareholders of BASF SE	4,719	1,407
Thereof attributable to minority interests	370	152

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

	Other comprehensive income					
	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Fair value changes in available-for-sale securities	Cash flow hedges	Revaluation due to acquisition of majority of shares	Total income and expense recognized directly in equity
As of January 1, 2015	**(4,840)**	**(259)**	**20**	**(403)**	**–**	**(5,482)**
Changes	1,196	1,327	4	196	–	2,723
Deferred taxes	(352)	(19)	–	(72)	–	(443)
As of June 30, 2015	**(3,996)**	**1,049**	**24**	**(279)**	**–**	**(3,202)**
As of January 1, 2014	**(2,444)**	**(917)**	**15**	**(54)**	**–**	**(3,400)**
Changes	(2,017)	153	–	(69)	–	(1,933)
Deferred taxes	606	(2)	–	13	–	617
As of June 30, 2014	**(3,855)**	**(766)**	**15**	**(110)**	**–**	**(4,716)**

Balance Sheet

Assets (million €)

	Explanations in Note	June 30, 2015	June 30, 2014	Change in %	Dec. 31, 2014	Change in %
Intangible assets	[11]	13,272	12,117	10	12,967	2
Property, plant and equipment	[11]	24,849	20,040	24	23,496	6
Investments accounted for using the equity method	[11]	3,458	3,416	1	3,245	7
Other financial assets	[11]	571	802	(29)	540	6
Deferred tax assets		1,952	1,663	17	2,193	(11)
Other receivables and miscellaneous assets		1,889	1,594	19	1,498	26
Noncurrent assets		**45,991**	**39,632**	**16**	**43,939**	**5**
Inventories	[12]	10,329	10,478	(1)	11,266	(8)
Accounts receivable, trade	[12]	11,512	10,915	5	10,385	11
Other receivables and miscellaneous assets	[12]	4,139	3,926	5	4,032	3
Marketable securities	[12]	20	16	25	19	5
Cash and cash equivalents[1]	[12]	2,578	2,366	9	1,718	50
Assets of disposal groups		1,113	776	43	–	–
Current assets		**29,691**	**28,477**	**4**	**27,420**	**8**
Total assets		**75,682**	**68,109**	**11**	**71,359**	**6**

Equity and liabilities (million €)

	Explanations in Note	June 30, 2015	June 30, 2014	Change in %	Dec. 31, 2014	Change in %
Subscribed capital	[13]	1,176	1,176	–	1,176	–
Capital surplus	[13]	3,143	3,165	(1)	3,143	–
Retained earnings	[13]	28,642	26,356	9	28,777	0
Other comprehensive income		(3,202)	(4,716)	32	(5,482)	42
Equity of shareholders of BASF SE		**29,759**	**25,981**	**15**	**27,614**	**8**
Minority interests		810	709	14	581	39
Equity		**30,569**	**26,690**	**15**	**28,195**	**8**
Provisions for pensions and similar obligations	[14]	6,252	5,666	10	7,313	(15)
Other provisions	[15]	3,724	3,322	12	3,502	6
Deferred tax liabilities		3,488	2,724	28	3,420	2
Financial indebtedness	[16]	11,560	11,257	3	11,839	(2)
Other liabilities	[16]	1,233	1,315	(6)	1,197	3
Noncurrent liabilities		**26,257**	**24,284**	**8**	**27,271**	**(4)**
Accounts payable, trade		4,683	4,772	(2)	4,861	(4)
Provisions	[15]	2,752	2,539	8	2,844	(3)
Tax liabilities		1,303	1,412	(8)	1,079	21
Financial indebtedness	[16]	6,089	5,744	6	3,545	72
Other liabilities	[16]	3,503	2,510	40	3,564	(2)
Liabilities of disposal groups		526	158	233	–	–
Current liabilities		**18,856**	**17,135**	**10**	**15,893**	**19**
Total equity and liabilities		**75,682**	**68,109**	**11**	**71,359**	**6**

[1] For a reconciliation of the amounts in the statement of cash flows with the balance sheet item "cash and cash equivalents," see page 20.

Statement of Cash Flows

Statement of cash flows (million €)

	2nd Quarter		1st Half	
	2015	**2014**	**2015**	**2014**
Net income	1,265	1,259	2,439	2,723
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	957	772	1,859	1,502
Changes in net working capital	568	(974)	877	(1,251)
Miscellaneous items	(37)	(91)	(32)	(261)
Cash provided by operating activities	**2,753**	**966**	**5,143**	**2,713**
Payments related to property, plant and equipment and intangible assets	(1,567)	(1,225)	(2,845)	(2,201)
Acquisitions/divestitures	(41)	92	(15)	355
Financial investments and other items	(221)	(433)	(471)	(530)
Cash used in investing activities	**(1,829)**	**(1,566)**	**(3,331)**	**(2,376)**
Capital increases/repayments, share repurchases	47	–	47	–
Changes in financial liabilities	2,022	2,368	1,723	2,781
Dividends	(2,702)	(2,568)	(2,803)	(2,592)
Cash used in / provided by financing activities	**(633)**	**(200)**	**(1,033)**	**189**
Net changes in cash and cash equivalents	291	(800)	779	526
Cash and cash equivalents as of beginning of year and other changes	2,287	3,166	1,799	1,840
Cash and cash equivalents at end of quarter	**2,578**	**2,366**	**2,578**	**2,366**

2nd Quarter 2015

In the second quarter of 2015, cash provided by operating activities increased by €1,787 million compared with the previous second quarter. The release of funds in net working capital was particularly influenced by lower trade accounts receivable as well as by reduced inventory. Factors such as a decrease in trade accounts payable and the utilization of provisions for employee bonuses had a counterbalancing effect.

Cash used in investing activities amounted to €1,829 million, compared with €1,566 million in the previous second quarter. At €1,567 million, payments related to property, plant and equipment and intangible assets were higher quarter-on-quarter.

Financing activities led to a cash outflow of €633 million, compared with an outflow of €200 million in the second quarter of 2014. Cash outflows resulted primarily from the scheduled repayment of several bonds as well as from dividend payments. This was partly counteracted by the expansion of BASF SE's U.S. dollar commercial paper program.

1st Half 2015

Cash provided by operating activities rose by €2,430 million in the first half of 2015 compared with the same period of the previous year. The release of funds in net working capital was predominantly the result of a decline in inventories of €1.3 billion. Contributing to this were seasonal effects in the natural gas trading and crop protection businesses as well as the continuing optimization of inventory management. An increase in trade accounts receivable partly counterbalanced this development.

Investing activities led to a cash outflow of €3,331 million, compared with €2,376 million in the first half of 2014. At €2,845 million, payments related to property, plant and equipment and intangible assets were higher than in the same period of the previous year. Overall, acquisitions and divestitures did not result in significant cash flows in the first half of 2015. The same period of the previous year had included payments received from divestitures: These comprised the sale of shares in non-BASF-operated oil and gas fields in the British North Sea to the MOL Group, as well as the sale of the PolyAd services business to Cleveland, Ohio-based Edgewater Capital Partners, L.P.

Financing activities resulted in a cash outflow of €1,033 million, compared with an inflow of €189 million in the first half of the previous year. The cash inflow resulting from the change in financial liabilities amounted to €1,723 million. This was largely due to the expansion of BASF SE's U.S. dollar commercial paper program; partly countering this development was the scheduled repayment of several bonds. Dividends of €2,572 million were paid to shareholders of BASF SE, which was €92 million more than in the previous year. Payments of €231 million were made to minority shareholders of Group companies in the form of dividends.

A more detailed overview of the adjusted statement of cash flows by quarter in 2014 can be found at basf.com/publications

Statement of Changes in Equity

1st Half 2015 (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, 2015	**918,478,694**	**1,176**	**3,143**	**28,777**	**(5,482)**	**27,614**	**581**	**28,195**
Effects of acquisitions achieved in stages	–	–	–	–	–	**–**	–	–
Dividends paid	–	–	–	(2,572)	–	**(2,572)**	(231)[2]	(2,803)
Net income	–	–	–	2,439	–	**2,439**	230	2,669
Change in income and expense recognized directly in equity	–	–	–	–	2,280	**2,280**	140	2,420
Changes in scope of consolidation and other changes	–	–	–	(2)	–	**(2)**	90	88
As of June 30, 2015	**918,478,694**	**1,176**	**3,143**	**28,642**	**(3,202)**	**29,759**	**810**	**30,569**

1st Half 2014 (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, 2014	**918,478,694**	**1,176**	**3,165**	**26,102**	**(3,400)**	**27,043**	**630**	**27,673**
Effects of acquisitions achieved in stages	–	–	–	–	–	**–**	–	–
Dividends paid	–	–	–	(2,480)	–	**(2,480)**	(112)[2]	(2,592)
Net income	–	–	–	2,723	–	**2,723**	132	2,855
Change in income and expense recognized directly in equity	–	–	–	–	(1,316)	**(1,316)**	20	(1,296)
Changes in scope of consolidation and other changes	–	–	–	11	–	**11**	39	50
As of June 30, 2014	**918,478,694**	**1,176**	**3,165**	**26,356**	**(4,716)**	**25,981**	**709**	**26,690**

[1] Detailed information can be found in the table “Development of income and expense recognized directly in equity of shareholders of BASF SE” on page 18.

[2] Including profit and loss transfers

Segment Reporting

2nd Quarter (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %
Chemicals	3,975	4,298	(8)	779	725	7	548	570	(4)	548	536	2
Performance Products	4,084	3,924	4	586	646	(9)	304	435	(30)	368	454	(19)
Functional Materials & Solutions	4,916	4,518	9	598	468	28	458	356	29	411	351	17
Agricultural Solutions	1,678	1,666	1	422	476	(11)	365	433	(16)	365	433	(16)
Oil & Gas	3,668	3,194	15	661	696	(5)	431	546	(21)	430	499	(14)
Other	757	855	(11)	(52)	(306)	83	(63)	(328)	81	(83)	(340)	76
	19,078	**18,455**	**3**	**2,994**	**2,705**	**11**	**2,043**	**2,012**	**2**	**2,039**	**1,933**	**5**

2nd Quarter (million €)

	Research expenses			Assets			Additions to noncurrent assets[1]			Amortization and depreciation[2]		
	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %
Chemicals	53	46	15	12,974	11,309	15	494	477	4	231	189	22
Performance Products	98	90	9	15,045	14,078	7	248	168	48	218	192	14
Functional Materials & Solutions	98	93	5	13,853	12,745	9	168	140	20	187	117	60
Agricultural Solutions	132	131	1	8,514	7,654	11	106	105	1	57	43	33
Oil & Gas	13	11	18	13,948	11,533	21	483	279	73	231	197	17
Other	101	100	1	11,348	10,790	5	27	38	(29)	31	34	(9)
	495	**471**	**5**	**75,682**	**68,109**	**11**	**1,526**	**1,207**	**26**	**955**	**772**	**24**

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

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

1st Half (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %
Chemicals	7,841	8,696	(10)	1,719	1,507	14	1,274	1,171	9	1,274	1,136	12
Performance Products	8,122	7,796	4	1,310	1,257	4	819	862	(5)	859	868	(1)
Functional Materials & Solutions	9,500	8,754	9	1,198	892	34	889	667	33	875	662	32
Agricultural Solutions	3,576	3,319	8	1,048	1,028	2	939	943	0	938	943	(1)
Oil & Gas	8,661	7,470	16	1,326	1,460	(9)	868	1,012	(14)	866	1,096	(21)
Other	1,445	1,932	(25)	(717)	(488)	(47)	(676)	(531)	(27)	(778)	(551)	(41)
	39,145	**37,967**	**3**	**5,884**	**5,656**	**4**	**4,113**	**4,124**	**0**	**4,034**	**4,154**	**(3)**

1st Half (million €)

	Research expenses			Assets			Additions to noncurrent assets[1]			Amortization and depreciation[2]		
	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %
Chemicals	103	90	14	12,974	11,309	15	818	749	9	445	371	20
Performance Products	189	175	8	15,045	14,078	7	451	327	38	451	389	16
Functional Materials & Solutions	190	180	6	13,853	12,745	9	449	250	80	323	230	40
Agricultural Solutions	258	243	6	8,514	7,654	11	191	168	14	110	85	29
Oil & Gas	25	24	4	13,948	11,533	21	901	588	53	460	364	26
Other	204	202	1	11,348	10,790	5	50	74	(32)	61	63	(3)
	969	**914**	**6**	**75,682**	**68,109**	**11**	**2,860**	**2,156**	**33**	**1,850**	**1,502**	**23**

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

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

Other[3] (million €)

		2nd Quarter			1st Half		
		2015	2014	Change in %	2015	2014	Change in %
Sales		**757**	**855**	**(11)**	**1,445**	**1,932**	**(25)**
EBIT before special items		**(63)**	**(328)**	**81**	**(676)**	**(531)**	**(27)**
Thereof	Group corporate costs	(64)	(57)	(12)	(119)	(106)	(12)
	Corporate research expenses	(102)	(97)	(5)	(203)	(195)	(4)
	Currency results, hedges and other valuation effects	151	(117)	.	(231)	(212)	(9)
	Other business	30	37	(19)	65	87	(25)
Special items		(20)	(12)	(67)	(102)	(20)	.
EBIT		**(83)**	**(340)**	**76**	**(778)**	**(551)**	**(41)**

[3] Further information on Other can be found in the Notes to the Interim Financial Statements on pages 27 and 28.

Notes to the Interim Financial Statements

1 – Basis of presentation

Selected exchange rates

	Closing rates		Average rates 1st Half	
€1 equals	June 30, 2015	Dec. 31, 2014	2015	2014
Brazil (BRL)	3.47	3.22	3.31	3.15
China (CNY)	6.94	7.54	6.94	8.45
United Kingdom (GBP)	0.71	0.78	0.73	0.82
Japan (JPY)	137.01	145.23	134.13	140.40
Malaysia (MYR)	4.22	4.25	4.06	4.48
Mexico (MXN)	17.53	17.87	16.88	17.97
Russian Federation (RUB)	62.36	72.34	64.60	47.99
Switzerland (CHF)	1.04	1.20	1.06	1.22
South Korea (KRW)	1,251.27	1,324.80	1,226.62	1,438.29
United States (USD)	1.12	1.21	1.12	1.37

The Consolidated Financial Statements of the BASF Group for the year ending December 31, 2014, were prepared in accordance with the International Financial Reporting Standards (IFRS) valid as of the balance sheet date. The Interim Financial Statements as of June 30, 2015, have been prepared in line with the rules of International Accounting Standard 34 in abbreviated form and, with the exception of the changes outlined below, using the same accounting policies. The Interim Financial Statements and Interim Management's Report have been neither audited nor have undergone an auditor's review.

The BASF Report 2014 containing the Consolidated Financial Statements as of December 31, 2014, can be found online at: basf.com/report

Change in presentation of joint operation sales in BASF Group Financial Statements

At its meeting on March 24, 2015, the IFRS Interpretation Committee (IFRIC) determined that, according to IFRS 11.20(d), a joint operator's share of the output purchased by another partner cannot be recognized as revenue as long as these sales correspond to the operator's share of ownership interest in the joint operation. As a consequence of this determination, this portion of the joint operation's sales to other partners has no longer been recognized as of January 1, 2015. Partners' share of the output purchased in excess of their ownership interest will continue to be shown in the BASF Group Financial Statements as sales to third parties. Intercompany sales from the joint operation will also continue to be eliminated.

Sales in the second quarter and first half of 2014 contained €116 million and €274 million, respectively, which would have been eliminated against cost of sales according to the new recognition method. For the full 2014 business year, this amount would have been €415 million. If the recognition method had remained unchanged, sales and cost of sales would have been €18 million higher in the second quarter of 2015 and €37 million higher in the first half of 2015. It was not necessary to adjust the prior-year figures, as the change in presentation had no material impact on the presentation of the net assets, financial position and results of operations of the BASF Group for 2014.

Restatement of prior-year figures due to dissolution of natural gas trading business disposal group

BASF and Gazprom agreed on December 18, 2014, not to proceed with the asset swap planned for the end of 2014. The arrangement had been for Wintershall to give Gazprom its share in the jointly operated natural gas trading and storage business as well as a 50% share in Wintershall Noordzee B.V., Rijswijk, Netherlands. In return, BASF would have received 25% plus a share in blocks IV and V of the Achimov formation of the Urengoy natural gas and condensate field in western Siberia.

At the end of 2012, the assets and liabilities affected by the swap were reclassified into a gas trading business disposal group in the financial statements. As a result of the transaction's cancellation in December 2014, the reporting as a disposal group in accordance with the stipulations of International Financial Reporting Standard 5 – Noncurrent Assets Held for Sale and Discontinued Operations was ceased, and the amortization and depreciation as well as equity-accounted income from the joint ventures that had been contained in the disposal group – and thus suspended since 2012 – were accounted for.

Details on the restated prior-year figures due to the dissolution of the gas trading disposal group were published on February 27, 2015.

For more information, see the "Restated Figures 2013 and 2014" flyer online at: basf.com/publications

The following tables show the effects on significant comparative figures of the restatements necessary for the second quarter of 2014 and the first half of 2014:

Overview of income statement information for the BASF Group

Income statement		2nd Quarter 2014			1st Half 2014		
		restated	previous	change	restated	previous	change
Sales	million €	18,455	18,455	–	37,967	37,967	–
Income from operations (EBIT)	million €	1,933	2,019	(86)	4,154	4,268	(114)
Financial result	million €	(136)	(136)	–	(319)	(319)	–
Income from shareholdings	million €	28	28	–	33	33	–
Interest result	million €	(135)	(135)	–	(259)	(259)	–
Other financial result	million €	(29)	(29)	–	(93)	(93)	–
Income before taxes and minority interests	million €	1,797	1,883	(86)	3,835	3,949	(114)
Income taxes	million €	(468)	(507)	39	(980)	(1,032)	52
Minority interests	million €	(70)	(77)	7	(132)	(141)	9
Net income	million €	1,259	1,299	(40)	2,723	2,776	(53)
Earnings per share	€	1.37	1.41	(0.04)	2.96	3.02	(0.06)

Overview of balance sheet for the BASF Group (million €)

Assets	June 30, 2014		
	restated	previous	change
Noncurrent assets	39,632	38,517	1,115
Current assets	28,477	29,885	(1,408)
Total assets	**68,109**	**68,402**	**(293)**

Equity and liabilities	June 30, 2014		
	restated	previous	change
Equity	26,690	26,869	(179)
Noncurrent liabilities	24,284	23,903	381
Current liabilities	17,135	17,630	(495)
Total equity and liabilities	**68,109**	**68,402**	**(293)**

Overview of cash flows for the BASF Group (million €)

Statement of cash flows	2nd Quarter 2014			1st Half 2014		
	restated	previous	change	restated	previous	change
Cash provided by operating activities	966	940	26	2,713	2,644	69
Cash used in investing activities	(1,566)	(1,531)	(35)	(2,376)	(2,301)	(75)
Cashflow used in / provided by financing activities	(200)	(200)	–	189	189	–

Change in presentation of hedges for financial receivables and payables in the statement of cash flows

The presentation in the statement of cash flows of hedges for financial receivables and payables has been adjusted as of January 1, 2015. Without changing cash provided by operating activities, hedging is now better reflected by offsetting adjustment effects from underlying transactions with changes in the market value of hedging transactions in the line item miscellaneous items. The effects from hedging transactions were previously contained in the item changes in net working capital. The figures for 2014 have been adjusted accordingly.

In the second quarter of 2014, this led to a €3 million increase in changes in net working capital and a €3 million decrease in miscellaneous items. In the first half of 2014, the adjustment meant a decrease of €75 million in changes in net working capital and an increase of €75 million in miscellaneous items.

For the full 2014 business year, the result was an increase of €76 million in changes in net working capital and a reduction of €76 million in miscellaneous items.

2 – Scope of consolidation

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

Since the beginning of 2015, ten companies have been deconsolidated due to mergers with other BASF companies or because of reduced materiality. Four companies were included in the scope of consolidation for the first time due to increased significance, and one company – BASF TODA Battery Materials, LLC, based in Tokyo, Japan – was acquired.

In February 2015, Yara Freeport LLC, based in Wilmington, Delaware, was included for the first time using the equity method.

Scope of consolidation

	2015	2014
As of January 1	281	309
Thereof proportionally consolidated	7	8
First-time consolidations	5	3
Thereof proportionally consolidated	–	–
Deconsolidations	10	7
Thereof proportionally consolidated	–	–
As of June 30	**276**	**305**
Thereof proportionally consolidated	7	8

Companies accounted for using the equity method

	2015	2014
As of January 1	34	34
As of June 30	**35**	**33**

3 – Acquisitions and divestitures

Acquisitions

BASF made the following acquisitions in the first half of 2015:

On February 12, 2015, BASF concluded the acquisition announced on December 8, 2014, of the business from Taiwan Sheen Soon (TWSS) in Taiwan. TWSS is a leading manufacturer of precursors for adhesives based on thermoplastic polyurethanes. At BASF, the activities have been integrated in the Performance Materials division. The acquisition of further assets on the Chinese mainland to complete the transaction is dependent on authorities' approvals, and is expected in the course of the year.

On February 18, 2015, BASF took over technologies, patents and know-how for silver nanowires from Seashell Technology, based in San Diego, California. Through this acquisition, BASF has extended its product portfolio for displays in the Electronic Materials business unit, which is part of the Monomers division.

As announced on October 30, 2014, BASF acquired a 66% share from TODA KOGYO CORP., based in Tokyo, Japan, in a company to which TODA had contributed its business with cathode materials for lithium-ion batteries, patents and production capacities in Japan. The transaction was effective on February 24, 2015. The company will focus on the research, development, production, marketing and sales of a number of cathode materials. At BASF, the activities were assigned to the Catalysts division.

On March 31, 2015, BASF concluded the acquisition of the PU business from Polioles, S.A. de C.V., based in Lerma, Mexico, that was announced on July 10, 2014. Polioles is a joint venture with the Alpek Group in which BASF holds a 50% share and which is accounted for using the equity method. The acquisition comprises marketing and selling rights, current assets, and to a minor extent, production facilities. The business has been assigned to the Performance Materials division.

On April 23, 2015, BASF concluded an agreement with Lanxess on the acquisition and use of technologies and patents for the production of high-molecular-weight polyisobutene (HM PIB). The transaction furthermore includes the acquisition of selling rights and current assets as well as a manufacturing agreement in which Lanxess will produce HM PIB exclusively for BASF. The activities have been allocated to the Performance Chemicals division.

The purchase prices for businesses acquired in the first half of 2015 totaled €218 million; as of the balance sheet date, payments made amounted to €136 million. The purchase price allocations were carried out in accordance with IFRS 3 and are based on estimates. The resulting goodwill amounted to €18 million. The purchase price allocations should be regarded as preliminary and can be adjusted within one year after the acquisition.

Divestitures

BASF made the following divestitures in the first half of 2015:

On March 31, 2015, BASF sold its business with white EPS (expandable polystyrene) in North and South America to the Alpek Group. The sale comprised customer lists and current assets in addition to production facilities in Canada, Brazil, Argentina and the United States. The disposed activities had been part of BASF's Performance Materials division. The shares in Aislapol S.A., based in Santiago de Chile, Chile, were also sold. Polioles, a joint venture accounted for using the equity method, transferred its white EPS business to Alpek.

On June 30, 2015, BASF concluded the divestiture announced on October 16, 2014, of its global textile chemicals business to Archroma. The portfolio comprises products for pretreatment, printing and coating. Archroma is a supplier of specialty chemicals for the textile, paper and emulsions industries and belongs to SK Capital Partners. The transaction will furthermore involve the sale of the subsidiary BASF Pakistan (Private) Ltd., based in Karachi, Pakistan. The subsidiary is expected to be transferred in the third quarter of 2015. Approximately 290 positions will be affected worldwide, of which around 230 are in Asia. The textile chemicals business had been part of the Performance Chemicals division.

Agreed-upon future transactions

On May 6, 2015, BASF concluded an agreement to sell portions of its pharmaceutical ingredients and services business to Siegfried Holding AG, based in Zofingen, Switzerland. This involves the custom synthesis business and parts of the active pharmaceutical ingredients portfolio. The transaction comprises the divestiture of the production sites in Minden, Germany; Evionnaz, Switzerland; and Saint-Vulbas, France, and affects around 850 positions worldwide. BASF and Siegfried are striving to transfer all affected employees to the buyer. The divestiture is subject to the successful conclusion of talks with employee representatives and the approval of the relevant antitrust authorities. At BASF, the activities are allocated to the Nutrition & Health division.

On June 8, 2015, BASF announced the conclusion of an agreement with Imerys, based in Paris, France, on the sale of its global paper hydrous kaolin (PHK) business. The transaction includes the divestiture of the production site for kaolin processing in Wilkinson County, Georgia. BASF will continue to synthesize kaolin for process catalysts and industrial applications, and calcined kaolin for paper applications. Subject to approval by the relevant antitrust authorities, the transaction is expected to close in the third quarter of 2015. The activities are currently allocated to the Performance Chemicals division.

On June 18, 2015, BASF concluded an agreement to divest its assets in the four non-BASF-operated fields Knarr, Veslefrikk, Ivar Aasen and Yme on the Norwegian continental shelf to Tellus Petroleum AS, a 100% subsidiary of Sequa Petroleum N.V. At the same time, BASF will reduce its share in the BASF-operated Maria development by 15% to 35% Shares in seven exploration licenses surrounding the Knarr, Maria and Ivar Aasen fields and in the Barents Sea, as well as investments in the Utsira High Gas Pipeline, Edvard Grieg Oil Pipeline and the Knarr Gas Pipeline, will also be sold to Tellus Petroleum. The purchase price agreed upon amounts to $602 million. Depending on oil price developments in the period from 2016 to 2019, BASF can furthermore claim an additional payment of up to $100 million. The transaction is expected to close at the end of 2015 with retroactive financial effect as of January 1, 2015, subject to approval by the relevant authorities. The assets and liabilities were reclassified into a disposal group on June 18, 2015.

Effective July 1, 2015, BASF sold its 25% share in the SolVin joint venture to its partner, Solvay. SolVin was founded in 1999 as a joint venture between BASF and Solvay for polyvinyl chloride (PVC). At BASF, the SolVin investment and the income associated with it had been allocated to the Monomers division.

4 – Segment reporting

Since January 1, 2015, BASF's business has been conducted by 13 operating divisions aggregated into five segments for reporting purposes. The divisions are allocated to the segments based on their business models.

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

Until the end of 2014, the Performance Products segment consisted of the Dispersions & Pigments, Care Chemicals, Nutrition & Health, Paper Chemicals and Performance Chemicals divisions. Customized products allow customers to make their production processes more efficient or to give their products improved application properties. The Paper Chemicals division was dissolved as of January 1, 2015. The paper chemicals business has been continued in the Performance Chemicals and Dispersions & Pigments divisions.

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

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

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

Activities not assigned to a particular division are reported under Other. These include the sale of raw materials, engineering and other services, rental income and leases, the production of precursors not assigned to a particular segment, the steering of the BASF Group by corporate headquarters, and corporate research.

With cross-divisional corporate research, BASF is creating new businesses and ensuring its long-term competence with regard to technology and methods. This includes plant biotechnology research.

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

Transfers between the segments are generally executed at adjusted market prices which take into account the higher cost efficiency and lower risk of Group-internal transactions. Assets, as well as their depreciation and amortization, are allocated to the segments based on economic control. Assets used by more than one segment are allocated based on the percentage of usage.

Sales in Other amounted to €757 million in the second quarter of 2015 (second quarter of 2014: €855 million) and €1,445 million in the first half of 2015 (first half of 2014: €1,932 million). In both periods, the sales decline was primarily due to the lower plant availability resulting from the outage at the Ellba C.V. joint operation in Moerdijk, Netherlands, as well as the disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore at the end of 2014. Lower raw material trade further reduced sales in the first half of 2015.

Income from operations in Other improved by €257 million to minus €83 million in the second quarter of 2015 as compared with the same quarter of the previous year. This was mainly attributable to the reversal of provisions for the long-term incentive program. The second quarter of 2014 had included expenses for the recognition of corresponding provisions. By contrast, income from operations in the first half of 2015 fell by €227 million to minus €778 million year-on-year, due in part to expenses for the anniversary bonus in the first half of 2015, the sale of BASF's 50% share in Styrolution Holding GmbH in the fourth quarter of 2014, and currency effects not allocated to the segments.

Assets of Other (million €)

	June 30, 2015	June 30, 2014
Assets of businesses included under Other	2,318	3,040
Financial assets	571	802
Deferred tax assets	1,952	1,663
Cash and cash equivalents / marketable securities	2,598	2,382
Defined benefit assets	71	34
Miscellaneous receivables / prepaid expenses	3,838	2,869
Assets of Other	**11,348**	**10,790**

Reconciliation reporting for Oil & Gas (million €)

	2nd Quarter		1st Half	
	2015	2014	2015	2014
Income from operations	**430**	**499**	**866**	**1,096**
Income from shareholdings	1	8	1	8
Other income	(53)	(17)	109	(64)
Income before taxes and minority interests	**378**	**490**	**976**	**1,040**
Income taxes	(79)	(135)	(273)	(255)
Income before minority interests	**299**	**355**	**703**	**785**
Minority interests	(49)	(2)	(94)	(3)
Net income	**250**	**353**	**609**	**782**

The reconciliation reporting for Oil & Gas reconciles the income from operations in the Oil & Gas segment with the contribution of the segment to the net income of the BASF Group.

Compared with the same periods of the previous year, income from operations declined by €69 million in the second quarter of 2015 and by €230 million in the first half. In the Exploration & Production business sector, income from operations in the first two quarters of 2015 fell considerably on account of the sharp drop in oil prices. Furthermore, earnings in the second quarter of 2014 had included a contribution from offshore lifting in Libya. The sale to the MOL Group of investments in non-BASF-operated oil and gas fields in the British North Sea had moreover led to special income of €132 million in the first quarter of 2014. These effects were only partly compensated by earnings improvements in the first two quarters of 2015 resulting from higher sales volumes in the Natural Gas Trading business sector.

The Oil & Gas segment's other income relates to income and expenses not included in the segment's income from operations, interest result and other financial result. As in the previous year, other income in the second quarter and first half of 2015 largely consisted of currency effects from Group loans.

Income taxes in the second quarter of 2015 were lower than in the previous year due to the decrease in earnings before taxes. The second quarter of 2014 had particularly included highly taxed earnings contributions from offshore lifting in Libya. In the first half of 2015, the increase in income taxes was primarily the result of higher deferred taxes. These pertained to a currency-driven rise in temporary differences to the values used for the calculation of taxable income in Norway. In addition, the first half of 2014 had included tax-free special income from the sale of shares in North Sea oil and gas fields to the MOL Group.

5 – Other operating income and expenses

Other operating income (million €)

	2nd Quarter		1st Half	
	2015	2014	2015	2014
Income on the reversal of provisions	27	7	29	28
Revenue from miscellaneous revenue-generating activities	44	47	85	81
Income from foreign currency and hedging transactions	(27)	(9)	113	125
Income from the translation of financial statements in foreign currencies	(19)	18	85	24
Gains on the disposal of fixed assets and divestitures	82	44	142	181
Income on the reversal of valuation allowances for business-related receivables	10	13	21	21
Miscellaneous income	195	156	282	216
Other operating income	**312**	**276**	**757**	**676**

Other operating expenses (million €)

	2nd Quarter		1st Half	
	2015	2014	2015	2014
Expenses from the LTI program as well as other personnel obligations	(163)	74	123	142
Restructuring measures	34	12	53	22
Environmental protection and safety measures, costs of demolition and removal, and project expenses related to capital expenditures that are not subject to mandatory capitalization	91	85	187	145
Amortization, depreciation and impairments of intangible assets and property, plant and equipment	57	55	76	57
Costs from miscellaneous revenue-generating activities	44	39	85	67
Expenses from foreign currency and hedging transactions	32	92	262	236
Losses from the translation of financial statements in foreign currencies	20	28	90	75
Losses from the disposal of fixed assets and divestitures	12	4	17	9
Oil and gas exploration expenses	31	23	80	47
Expenses from the addition of valuation allowances for business-related receivables	27	19	46	34
Expenses from the use of inventories measured at market value and the derecognition of obsolete inventory	66	36	110	70
Miscellaneous expenses	175	126	415	262
Other operating expenses	**426**	**593**	**1,544**	**1,166**

The balance from hedging transactions rose by €17 million quarter-on-quarter, from minus €48 million to minus €31 million; the first half of 2015 saw a year-on-year decline of €8 million, from minus €26 million to minus €34 million. This development was largely the result of oil swaps used by WINGAS GmbH, based in Kassel, Germany, to swap variable prices for fixed prices in order to hedge trading margins.

The balance from foreign currency transactions improved by €25 million compared with the previous second quarter, from minus €53 million to minus €28 million, yet it fell by €30 million in the first half, from minus €85 million in the first half of 2014 to minus €115 million in 2015. This was predominantly attributable to the fair value development of hedging transactions for the Russian ruble and the U.S. dollar.

The balance from the translation of financial statements in foreign currencies decreased by €29 million quarter-on-quarter, from minus €10 million to minus €39 million. At the same time, the balance from the translation of financial statements in foreign currencies rose by €46 million year-on-year, from minus €51 million in the first half of 2014 to minus €5 million in the first half of 2015. This was largely due to translation effects for subsidiaries outside of the eurozone that use the euro as their functional currency.

In the second quarter of 2015, gains on the disposal of fixed assets and divestitures mostly pertained to the divestiture of the global textile chemicals business to Archroma. Gains from the disposal of fixed assets and divestitures declined in the first half of 2015 compared with the same period of 2014, in which shares in non-BASF-operated oil and gas fields in the British North Sea had been sold to the Hungarian MOL Group.

Miscellaneous income rose in comparison with the corresponding period of the previous year due to insurance compensation received for a plant outage at the Ellba C.V. joint operation in Moerdijk, Netherlands. In addition, higher income arose from a price compensation for gas producers from the Argentinian government, which was introduced in connection with the New Gas Price Scheme (NGPS) due to the lower, partly locally regulated gas prices.

Expenses from the valuation of long-term incentive (LTI) options declined owing to the adjustment of provisions for the LTI program: Whereas the previous second quarter had contained expenses for the addition of provisions, the second quarter of 2015 included income from the reversal of provisions as a result of the lower share price.

The increase in miscellaneous expenses in the second quarter of 2015 was mainly attributable to expenses related to a plant outage at the Ellba C.V. joint operation in Moerdijk, Netherlands. In addition, the first half of 2015 included expenses of around €100 million for the anniversary bonus paid out to employees on the occasion of BASF's 150th anniversary.

6 – Income from companies accounted for using the equity method

The largest portion of income from companies accounted for using the equity method pertained to the Oil & Gas segment, especially the companies GASCADE Gastransport GmbH, based in Kassel, Germany; Nord Stream AG, based in Zug, Switzerland; and OAO Severneftegazprom, based in Krasnoselkup, Russian Federation.

The decline in income from companies accounted for using the equity method in the second quarter and first half of 2015 was partly attributable to the sale of shares in Styrolution Holding GmbH, based in Frankfurt, Germany, effective November 17, 2014, as well as a scheduled plant shutdown at BASF-YPC Company Ltd. in Nanjing, China, in the second quarter of 2015.

7 – Financial result

Million €	2nd Quarter		1st Half	
	2015	2014	2015	2014
Dividends and similar income	23	30	33	33
Income from the disposal of shareholdings	13	–	21	–
Income from profit transfer agreements	1	2	3	4
Income from tax allocation to participating interests	1	–	1	1
Income from other shareholdings	**38**	**32**	**58**	**38**
Expenses from profit transfer agreements	(4)	(2)	(6)	(3)
Write-downs on / losses from the sale of shareholdings	(7)	(2)	(23)	(2)
Expenses from other shareholdings	**(11)**	**(4)**	**(29)**	**(5)**
Interest income from cash and cash equivalents	50	30	101	54
Interest and dividend income from securities and loans	6	9	13	19
Interest income	**56**	**39**	**114**	**73**
Interest expense	**(171)**	**(174)**	**(335)**	**(332)**
Net interest income from overfunded pension plans and similar obligations	–	1	1	1
Net interest income from other long-term employee obligations	–	–	–	–
Income from the capitalization of construction interest	36	38	78	72
Miscellaneous financial income	–	–	–	–
Other financial income	**36**	**39**	**79**	**73**
Write-downs on / losses from the disposal of securities and loans	(2)	–	(3)	(1)
Net interest expense from underfunded pension plans and similar obligations	(48)	(36)	(97)	(73)
Net interest expense from other long-term employee obligations	(1)	(2)	(4)	(5)
Interest accrued on other noncurrent liabilities	(19)	(20)	(35)	(38)
Miscellaneous financial expenses	(30)	(10)	(64)	(49)
Other financial expenses	**(100)**	**(68)**	**(203)**	**(166)**
Financial result	**(152)**	**(136)**	**(316)**	**(319)**

Compared with the same periods of the previous year, income from shareholdings was down by €1 million in the second quarter of 2015 and by €4 million in the first half of 2015, amounting to €27 million and €29 million, respectively.

The interest result amounted to minus €115 million in the second quarter of 2015 (second quarter of 2014: minus €135 million) and minus €221 million in the first half of 2015 (first half of 2014: minus €259 million). In both periods, the improvement was mainly the result of higher interest income, especially through interest and currency swaps. The interest expense associated with these swaps also rose. Interest expense decreased overall, however, due to more favorable refinancing conditions for financial indebtedness.

Net interest expense from underfunded pension plans and similar obligations rose in the second quarter and first half of 2015 compared with the same periods of the previous year, mainly as a result of the higher defined benefit obligation as of December 31, 2014.

Miscellaneous financial expenses in the second quarter and first half of 2015 predominantly included hedging costs from the hedging of loans in U.S. dollars. In the first half of the previous year, the market valuation of options for the disposal of shares in Styrolution had led to an expense of €42 million. Effective as of November 17, 2014, BASF sold its share in Styrolution to the INEOS Group.

8 – Income taxes

Income before taxes and minority interests (million €)

	2nd Quarter		1st Half	
	2015	**2014**	**2015**	**2014**
Germany	774	430	1,174	977
Foreign	1,113	1,367	2,544	2,858
Income before taxes and minority interests	**1,887**	**1,797**	**3,718**	**3,835**

Income taxes

		2nd Quarter		1st Half	
		2015	**2014**	**2015**	**2014**
Germany	million €	260	168	362	357
Foreign	million €	246	300	687	623
Income taxes	**million €**	**506**	**468**	**1,049**	**980**
Tax rate	%	26.8	26.0	28.2	25.6

The tax rate in the first half of 2015 increased compared with the same period of the previous year. This was especially the result of higher deferred taxes in the Oil & Gas segment in connection with the currency-driven increase in temporary differences to the values used for the calculation of taxable income in Norway. Furthermore, the lower amount of tax-free income led to an increase in the tax rate. The first half of 2014 had included tax-free special income from the sale of shares in non-BASF-operated oil and gas fields in the British North Sea to the MOL Group.

The slightly higher tax rate in the second quarter of 2015 was particularly attributable to effects from the previous second quarter. In the second quarter of 2014, benefits from the dissolution of tax obligations reduced the foreign tax rate, a development that was partly countered by income taxes on offshore lifting in Libya.

9 – Minority interests

Million €	2nd Quarter		1st Half	
	2015	**2014**	**2015**	**2014**
Minority interests in profits	126	85	244	162
Minority interests in losses	(10)	(15)	(14)	(30)
Minority interests	**116**	**70**	**230**	**132**

As in the first quarter, improved earnings at WINGAS GmbH, in Kassel, Germany, resulting from higher sales volumes and more favorable procurement conditions led to an increase in minority interests in profits in the second quarter of 2015 compared with the same period of the previous year. BASF Total Petrochemicals LLC, in Port Arthur, Texas, also contributed to higher minority interests in profits in both periods.

Minority interests in losses arose in both the second quarter and the first half of 2015, primarily at Shanghai BASF Polyurethane Company Ltd. in Shanghai, China. In the same periods of the previous year, the weather-related sales decline at companies active in natural gas trading had led to minority interests in losses.

10 – Earnings per share

		2nd Quarter		1st Half	
		2015	2014	2015	2014
Net income	million €	1,265	1,259	2,439	2,723
Number of shares outstanding (weighted average)	in thousands	918,479	918,479	918,479	918,479
Earnings per share	**€**	**1.38**	**1.37**	**2.66**	**2.96**

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*.”

There was no dilutive effect in the second quarter and first half of 2015 and in the corresponding periods of 2014; undiluted earnings per share were the same as the diluted value per share.

11 – Noncurrent assets

Development 1st Half 2015 (million €)

	Intangible assets	Property, plant and equipment	Equity-accounted investments	Other financial assets
Acquisition costs				
Balance as of January 1	16,325	64,414	3,270	747
Additions	172	2,688	45	16
Disposals	(43)	(627)	(5)	(27)
Transfers	(269)	(929)	63	15
Exchange differences	876	1,959	110	18
Balance as of June 30	**17,061**	**67,505**	**3,483**	**769**
Amortization and depreciation				
Balance as of January 1	3,358	40,918	25	207
Additions	340	1,510	–	9
Disposals	(42)	(598)	–	(8)
Transfers	(35)	(189)	–	(11)
Exchange differences	168	1,015	–	1
Balance as of June 30	**3,789**	**42,656**	**25**	**198**
Net carrying amount as of June 30	**13,272**	**24,849**	**3,458**	**571**

Development 1st Half 2014 (million €)

	Intangible assets	Property, plant and equipment	Equity-accounted investments	Other financial assets
Acquisition costs				
Balance as of January 1	15,420	57,190	4,174	837
Additions	44	2,112	12	166
Disposals	(243)	(749)	–	(10)
Transfers	37	2	(768)	(3)
Exchange differences	88	278	(2)	1
Balance as of June 30	**15,346**	**58,833**	**3,416**	**991**
Amortization and depreciation				
Balance as of January 1	3,096	37,961	–	194
Additions	295	1,207	–	–
Disposals	(169)	(524)	–	(5)
Transfers	–	1	–	–
Exchange differences	7	148	–	–
Balance as of June 30	**3,229**	**38,793**	**–**	**189**
Net carrying amount as of June 30	**12,117**	**20,040**	**3,416**	**802**

Significant investments in the first half of 2015 were particularly related to the construction of the TDI plant in Ludwigshafen, Germany; the aroma ingredients complex in Kuantan, Malaysia; the production complex for acrylic acid and superabsorbents in Camaçari, Brazil; and oil and gas production facilities and wells in Europe and South America. Investments for expansion purposes were particularly made at the sites in Ludwigshafen, Germany; Freeport, Texas; Geismar, Louisiana; and Antwerp, Belgium.

The amounts booked under transfers resulted primarily from the reclassification of intangible assets and property, plant and equipment to assets of disposal groups.

Disposals of property, plant and equipment were predominantly attributable to the derecognition of fully written-down property, plant and equipment in the Oil & Gas segment.

Exchange differences resulted particularly from the appreciation of the U.S. dollar relative to the euro.

12 – Current assets

Million €	June 30, 2015	Dec. 31, 2014	June 30, 2014
Raw materials and factory supplies	3,156	2,814	2,705
Work-in-process, finished goods and merchandise	7,064	8,358	7,639
Advance payments and services-in-process	109	94	134
Inventories	**10,329**	**11,266**	**10,478**
Accounts receivable, trade	**11,512**	**10,385**	**10,915**
Other receivables and miscellaneous current assets	4,139	4,032	3,926
Marketable securities	20	19	16
Cash and cash equivalents	2,578	1,718	2,366
Assets of disposal groups	1,113	–	776
Other current assets	**7,850**	**5,769**	**7,084**
Current assets	**29,691**	**27,420**	**28,477**

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

The decline in inventories compared with December 31, 2014, resulted predominantly from the scheduled reduction of storage inventories in the Natural Gas Trading business sector, the seasonal reduction of inventories in the Agricultural Solutions segment, and measures for inventory optimization.

Trade accounts receivable increased in comparison with December 31, 2014, primarily as a result of seasonal effects in the Agricultural Solutions segment.

13 – Equity

Authorized capital

At the Annual Shareholders' Meeting of May 2, 2014, shareholders authorized the Board of Executive Directors, with the approval of the Supervisory Board, to increase the subscribed capital by issuing new registered shares up to a total of €500 million against cash or contributions in kind through May 1, 2019. The Board of Executive Directors is empowered, following the approval of the Supervisory Board, to decide on the exclusion of shareholders' subscription rights for these new shares in certain predefined cases covered by the enabling resolution. Until now, this option has not been exercised and no new shares have been issued.

Retained earnings

Transfers from other retained earnings increased legal reserves by €19 million in the first half of 2015.

Reserves (million €)

	June 30, 2015	Dec. 31, 2014
Legal reserves	553	534
Other retained earnings	28,089	28,243
Retained earnings	**28,642**	**28,777**

Payment of dividends

In accordance with the resolution of the Annual Shareholders' Meeting on April 30, 2015, BASF SE paid a dividend of €2.80 per share from the retained profit of the 2014 fiscal year. With 918,478,694 shares entitled to dividends, this amounts to a total dividend payout of €2,571,740,343.20.

14 – Provisions for pensions

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

	Germany		United States		Switzerland		United Kingdom	
	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014
Discount rate	2.70	2.40	4.30	3.90	0.90	1.00	3.80	3.70
Projected pension increase	1.75	1.75	–	–	–	–	2.90	2.90

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

	Germany		United States		Switzerland		United Kingdom	
	2015	2014	2015	2014	2015	2014	2015	2014
Discount rate	2.40	3.90	3.90	4.80	1.00	2.40	3.70	4.40
Projected pension increase	1.75	2.00	–	–	–	–	2.90	3.10

The assumptions used to determine the defined benefit obligation as of December 31, 2014, are to be used in the 2015 reporting year to determine the expenses for pension plans.

The standardized return on plan assets is ascertained by multiplying plan assets at the beginning of the year with the discount rate used for existing obligations at the beginning of the year. This takes into account expected benefit and contribution payments made during the year.

The increase in the eurozone discount rate made necessary by capital market developments was primarily responsible for actuarial gains in pension obligations in the first half of 2015. Including the deviation between the actual and standardized return on plan assets, a positive remeasurement occurred in the amount of €1,196 million. This was recognized in other comprehensive income (OCI), taking into account deferred taxes of minus €352 million. This valuation effect was the main reason for the €1,061 million decline in pension provisions.

15 – Other provisions

Development 1st Half 2015 (million €)

	Jan. 1, 2015	Additions	Unwinding of discount	Utilization	Reversals	Other changes	June 30, 2015
Restoration obligations	1,428	44	24	(40)	–	(79)	1,377
Environmental protection and remediation costs	621	94	3	(119)	(1)	29	627
Employee obligations	1,744	888	2	(1,227)	(29)	7	1,385
Sales and purchase risks	715	778	–	(175)	(24)	24	1,318
Restructuring measures	156	7	–	(39)	(8)	6	122
Litigation, damage claims, guarantees and similar obligations	112	30	–	(8)	(5)	(7)	122
Other	1,570	175	1	(214)	(41)	34	1,525
Total	**6,346**	**2,016**	**30**	**(1,822)**	**(108)**	**14**	**6,476**

On June 30, 2015, other provisions had risen by €130 million compared with year-end 2014. Currency effects were responsible for an increase of €195 million.

Provisions required for restoration obligations declined as a result of utilization and the transfer of obligations to liabilities of disposal groups. Partly counterbalancing this were current additions to provisions for restoration obligations, the unwinding of the discount on noncurrent liabilities, and currency effects.

Provisions for employee obligations declined considerably. Additions for variable compensation components in the current business year were far exceeded by utilizations for the previous year.

By contrast, provisions for the long-term incentive program increased as a result of the positive share price developments in the first half of 2015.

Current accruals and deferrals for discounts significantly outweighed the utilization of provisions from the previous year. This led to a seasonal increase in provisions for sales risks.

Other changes include changes in the scope of consolidation, currency effects and the reclassification of obligations to liabilities when the amount and timing of these obligations become known.

16 – Liabilities

Liabilities (million €)

	June 30, 2015		Dec. 31, 2014		June 30, 2014	
	current	noncurrent	current	noncurrent	current	noncurrent
Accounts payable, trade	**4,683**	**–**	**4,861**	**–**	**4,772**	**–**
Bonds and other liabilities to the capital market	4,743	9,894	2,368	10,180	4,649	9,556
Liabilities to credit institutions	1,346	1,666	1,177	1,659	1,095	1,701
Financial indebtedness	**6,089**	**11,560**	**3,545**	**11,839**	**5,744**	**11,257**
Tax liabilities	**1,303**	**–**	**1,079**	**–**	**1,412**	**–**
Advances received on orders	104	–	374	–	101	–
Negative fair values from derivatives and liabilities for precious metal obligations	575	60	1,190	64	389	103
Liabilities related to social security	169	19	148	23	151	18
Miscellaneous liabilities	2,428	962	1,698	931	1,707	991
Deferred income	227	192	154	179	162	203
Other liabilities	**3,503**	**1,233**	**3,564**	**1,197**	**2,510**	**1,315**
Liabilities	**15,578**	**12,793**	**13,049**	**13,036**	**14,438**	**12,572**

Financial indebtedness (million €)

					Carrying amounts based on effective interest method		
		Currency	Nominal value (million, in issuing currency)	Effective interest rate	June 30, 2015	Dec. 31, 2014	June 30, 2014
BASF SE							
Commercial paper		USD	4,679		4,172	124	1,208
4.5%	Bond 2006/2016	EUR	500	4.62%	499	499	499
variable	Bond 2013/2016	EUR	200	variable	200	200	200
4.25%	Bond 2009/2016	EUR	200	4.40%	200	199	199
variable	Bond 2014/2017	EUR	300	variable	300	300	300
5.875%	Bond 2009/2017	GBP	400	6.04%	561	512	497
4.625%	Bond 2009/2017	EUR	300	4.69%	300	300	299
1.375%	Bond 2014/2017	GBP	250	1.46%	351	320	–
variable	Bond 2013/2018	EUR	300	variable	300	300	300
1.5%	Bond 2012/2018	EUR	1,000	1.51%	1,000	1,000	1,000
1.375%	Bond 2014/2019	EUR	750	1.44%	748	748	748
variable	Bond 2013/2020	EUR	300	variable	300	300	300
1.875%	Bond 2013/2021	EUR	700	1.94%	697	697	697
2%	Bond 2012/2022	EUR	1,250	1.93%	1,257	1,257	988
2.5%	Bond 2014/2024	EUR	500	2.60%	496	496	496
3.675%	Bond 2013/2025	NOK	1,450	3.70%	165	160	172
3%	Bond 2013/2033	EUR	500	3.15%	490	490	490
2.875%	Bond 2013/2033	EUR	200	3.09%	198	198	198
3.25%	Bond 2013/2043	EUR	200	3.27%	199	199	199
3.89%	U.S. Private Placement Series A 2013/2025	USD	250	3.92%	223	205	183
4.09%	U.S. Private Placement Series B 2013/2028	USD	700	4.11%	624	575	511
4.43%	U.S. Private Placement Series C 2013/2034	USD	300	4.45%	267	246	219
BASF Finance Europe N.V.							
5%	Bond 2007/2014	EUR	1,250	5.04%	–	–	1,250
3.625%	Bond 2008/2015	CHF	200	3.77%	–	166	164
5.125%	Bond 2009/2015	EUR	2,000	5.07%	–	2,001	2,001
4.5%	Bond 2009/2016	EUR	150	4.56%	–	–	150
Ciba Specialty Chemicals Finance Luxembourg S.A.							
4.875%	Bond 2003/2018	EUR	477	4.88%	444	438	433
Other bonds					**646**	**618**	**504**
Bonds and other liabilities to the capital market					**14,637**	**12,548**	**14,205**
Liabiilties to credit institutions					3,012	2,836	2,796
Financial indebtedness					**17,649**	**15,384**	**17,001**

17 – Related-party transactions

The BASF Group maintains relationships with several related parties that can exert influence on the BASF Group or over which the BASF Group exercises control or joint control, or a significant influence. The following tables show the scope of the Group's transactions with related parties.

Sales and trade accounts receivable from and trade accounts payable to related parties mainly included business with own products, merchandise, agency and licensing businesses, and other operating business.

Other receivables and liabilities primarily arose from financing activities, outstanding dividend payments, profit-and-loss transfer agreements, and other finance-related and operating activities and events.

The year-on-year decline in sales to associated companies of €617 million in the second quarter and of €1,159 million in the first half of 2015 came primarily from the fact that transactions with Styrolution Group companies were to be classified as transactions with associated companies only until the sale of Styrolution in November 2014.

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

Sales to related parties (million €)

	2nd Quarter		1st Half	
	2015	2014	2015	2014
Nonconsolidated subsidiaries	97	123	232	290
Joint ventures	105	163	202	328
Associated companies	96	713	233	1,392

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

	Accounts receivable, trade		
	June 30, 2015	Dec. 31, 2014	June 30, 2014
Nonconsolidated subsidiaries	172	141	196
Joint ventures	69	145	118
Associated companies	72	88	178

	Accounts payable, trade		
	June 30, 2015	Dec. 31, 2014	June 30, 2014
Nonconsolidated subsidiaries	53	62	47
Joint ventures	207	238	204
Associated companies	28	50	43

Other receivables from and other liabilities to related parties (million €)

	Other receivables		
	June 30, 2015	Dec. 31, 2014	June 30, 2014
Nonconsolidated subsidiaries	178	204	200
Joint ventures	174	160	138
Associated companies	816	641	786

	Other payables		
	June 30, 2015	Dec. 31, 2014	June 30, 2014
Nonconsolidated subsidiaries	147	120	113
Joint ventures	137	86	55
Associated companies	552	178	278

Calculation of adjusted earnings per share

		2nd Quarter		1st Half	
		2015	2014	2015	2014
Income before taxes and minority interests	million €	1,887	1,797	3,718	3,835
Special items	million €	(8)	79	67	12
Amortization of intangible assets	million €	191	148	340	295
Amortization of intangible assets contained in special items	million €	(37)	–	(37)	–
Adjusted income before taxes and minority interests	**million €**	**2,033**	**2,024**	**4,088**	**4,142**
Adjusted income taxes	million €	(555)	(540)	(1,178)	(1,102)
Adjusted income before minority interests	**million €**	**1,478**	**1,484**	**2,910**	**3,040**
Adjusted minority interests	million €	(114)	(71)	(229)	(134)
Adjusted net income	**million €**	**1,364**	**1,413**	**2,681**	**2,906**
Weighted average number of shares outstanding	in thousands	918,479	918,479	918,479	918,479
Adjusted earnings per share	**€**	**1.49**	**1.53**	**2.92**	**3.16**

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

Special items arise from the integration of acquired businesses, restructuring measures, impairments, gains or losses resulting from divestitures and sales of shareholdings, and other 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 33. 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.

Responsibility statement in accordance with Section 37y and Section 37w(2)(3) of the German Securities Trading Act

We assure that, to the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the Interim Management's Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remainder of the financial year.

Ludwigshafen, July 21, 2015
BASF SE
Board of Executive Directors

Forward-Looking Statements

This report contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed on pages 111 to 118 in the BASF Report 2014. The BASF Report can be found online at: basf.com/report. We do not assume any obligation to update the forward-looking statements contained in this report.

Interim Report 3rd Quarter 2015

October 27, 2015

Full-Year Results 2015

February 26, 2016

Annual Shareholders' Meeting 2016 / Interim Report 1st Quarter 2016

April 29, 2016

Interim Report 1st Half 2016

July 28, 2016

Further Information

Published on July 24, 2015

You can find this and other BASF publications online at www.basf.com

You can also order the reports:

- By phone: +49 621 60-99001
- Online: basf.com/publications

Contact

General Inquiries
Phone: +49 621 60-0, fax: +49 621 60-42525

Media Relations
Jennifer Moore-Braun, phone: +49 621 60-99123, fax: +49 621 60-92693

Investor Relations
Magdalena Moll, phone: +49 621 60-48230, fax: +49 621 60-22500

Internet
www.basf.com

BASF SE, 67056 Ludwigshafen, Germany

ZOAC 1509 E