



The Chemical Company

**BASF Finance Europe N.V.**  
**Arnhem**

**Semi-annual report 2013**

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## FINANCIAL REPORT

## 1 ANNUAL REPORT OF THE MANAGING DIRECTORS

BASF Finance Europe N.V. (hereinafter: the Company) is a 100% subsidiary of BASF SE, a German based and listed Company.

The activities of BASF Finance Europe N.V. can involve the founding of, financing of, participating in, managing of, supervision of and contribution of services to companies, as well as performing all commercial, industrial and financial operations.

The Company has no employees and receives services through other BASF group companies. Due to BASF group guidelines the Board of Managing directors is comprised of two natural persons. One is from the Netherlands company the other from the German parent company, both are male. For future changes of the Board of managing directors the Company will try to comply with 2:166 and 2:276 of the Netherlands civil code.

In 2007, BASF Group decided to increase the financing activities through the Company. The Company takes loans from and issues notes to the market for internal financing purposes. Currency risks for these loans/notes, if any, are passed on to other group companies. All external loan/note programs are conducted under a guarantee of the parent company BASF SE.

All amounts are in € x 1,000 unless otherwise stated.

On September 7, 2007 the Company and BASF SE established a so-called Debt Issuance Program (hereinafter: DIP). Under this DIP, the Company or BASF SE may from time to time issue one or more notes to a specific number of banks (so-called: Dealers) with a maximum aggregate principal amount of € 15,000,000. Notes issued by the Company under the DIP will have the benefit of a guarantee provided by BASF SE. Notes will be issued in such denominations as may be agreed between the issuer and the relevant Dealer and as indicated in the applicable final terms. Notes issued under the DIP can be listed for trading on the regulated market of the Luxembourg Stock Exchange and other European stock exchanges. The DIP prospectus is updated annually.

### 1.1 Notes overview DIP

Date	Interest rate	€
September 26, 2007	5.000%	1,000,000
October 31, 2007	5.000%	250,000
June 3, 2008	3.625% CHF 200,000	162,101
December 4, 2008	6.000%	1,250,000
February 9, 2009	5.125%	1,500,000
February 24, 2009	4.500%	150,000
May 29, 2009	5.125%	500,000
Issued bonds		4,812,101

### 1.2 Outside DIP

Outside the DIP, the following loans were taken / notes were issued in 2008 which are also guaranteed by BASF SE.

Date	Interest rate	€
September 24, 2008	3-Month Euribor + 0.600%	500,000
September 24, 2008	3-Month Euribor + 0.600%	54,000
Total issued promissory notes		554,000

### 1.3 Result

The Company has completed the half year with a positive result of € 1,301 (2012: € 1.212). The result increased mainly due to decrease of guarantee fee (June 30, 2013: € 3,902 and June 30, 2012: € 4,068).

The development of interest rates had no impact on the result of the Company as the rates on the major part of the financing were fixed. Interest rate risks from financing with floating interest rates were passed on to other BASF group companies with loans having a fixed margin.

During the reporting period the Company did not use financial derivatives.

### 1.4 Risk Report

The risk management goal of the Company is to identify and evaluate risk as early as possible and limit business losses by taking appropriate measures, thus avoiding risks that pose a threat to the continuity of the Company.

#### Financial risk

The management of currency and interest rate risks is conducted in the Treasury department of BASF Nederland B.V. Detailed guidelines and procedures exist for dealing with financial risks.

#### Interest risk

Interest rate risks are the result of changes in prevailing market interest rates, which can cause a change in the present value of fixed-rate instruments, and changes in the interest payments of variable-rate-instruments. To hedge these risks the interest rates of the assets and the liabilities have the same base. This will offset the interest rate risk.

#### Liquidity risk

Risks from cash flow fluctuations are recognized in a timely manner as part of the liquidity planning. Uncertainties are taken into account by means of additional risk scenarios and the short-term updating of our liquidity planning. This means we can promptly take the necessary measures when required. The liquidity policy is determined by BASF Group.

#### Credit Risk

The assessment of credit risk for counter parties within BASF Group is primarily done at the time loans are granted to BASF Group companies. The Company so far has only granted loans to three 100% group companies, including BASF SE, which are classified as counter parties with low credit risk.

#### Foreign currency risk

Financial foreign currency risks are the result of the translation of receivables, liabilities and other monetary items. These risks are not hedged using derivative instruments.

The fluctuations of the exchange rates for the Euro vs. the Swiss Franc decreased the result of the Company by € 9.

#### Current ratio

The current ratio as per June 30, 2013 measured as Current Assets / Current Liabilities amounts to 1.004 (2012: 1.004). The increase in the ratio is due to the effect of the growth of the balance on the in-house bank account with BASF SE.

#### Solvency ratio

The solvency ratio as per June 30, 2013 measured as Stockholders' Equity / Total of Liabilities amounts to 0.002 (2012: 0.002).

## Outlook of the second half of 2013 and 2014

The Company plans to keep the current loans and bonds which are not due in 2013 and 2014 and repay the loans and bonds which are due. If new applications for financing will be received during the course of 2013 and 2014, the Company will decide if, how and where to issue new bonds or to take or provide new loans. The Company conducts no, or plans to conduct, activities regarding research and development. The Company does not plan to have employees for the next year.

## Internal control

The Board of Managing Directors is responsible for the establishment and adequate functioning of internal control in the Company. Consequently, the Board of Managing Directors has implemented a range of processes designed to provide control by the Board of Managing Directors over the Company's operations. These processes and procedures include measures regarding the general control environment as well as specific internal control measures.

All these processes and procedures are aimed at ensuring a reasonable level of assurance that the Company has identified and managed its significant risks and that it meets the operational and financial objectives in compliance with applicable laws and regulations.

While the Board of Managing Directors routinely works towards continuous improvement of the processes and procedures regarding financial reporting, the Board of Managing Directors is of the opinion that, regarding financial reporting risks, the internal risk management and control systems:

- provide a reasonable level of assurance that the financial reporting in this semi-annual Report does not contain any errors of material importance;
- have worked properly in the first half of 2013.

### 1.5 Responsibility statement

In accordance with article 5:25c of the Financial Markets Supervision Act (Wet op het financieel toezicht), the Board of Managing Directors confirms that to the best of its knowledge:

- the semi-annual financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company;
- the semi-annual report gives a true and fair view of the position as per June 30, 2013 and the development during the financial year of the Company;
- the semi-annual report describes the principal risks the Company is facing;
- the semi-annual report has not been audited by any auditors

Arnhem, *August 23, 2013*

G.A.D. van der Lubbe  
Director

T. Dratt  
Director

## FINANCIAL STATEMENTS

**1 BALANCE AS PER JUNE 30, 2013**  
(before appropriation of the profit)

		June 30, 2013		December 31, 2012	
		€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
<b>ASSETS</b>					
<b>FIXED ASSETS</b>					
<b>Financial fixed assets</b>	<b>(1)</b>				
Loans to group companies			3,563,421		3,567,303
<b>CURRENT ASSETS</b>					
<b>Other receivables</b>	<b>(2)</b>				
Group company receivables		1,921,167		1,904,595	
Taxes and social security contributions		-		24	
			1,921,167		1,904,619
			<u>5,484,588</u>		<u>5,471,922</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>SHAREHOLDERS' EQUITY</b>	<b>(3)</b>				
Issued capital		2,087		2,087	
Share premium reserve		2,513		2,513	
Other reserves		3,127		682	
Unappropriated result		1,301		2,445	
			9,028		7,727
<b>NON-CURRENT LIABILITIES</b>	<b>(4)</b>		3,562,821		3,566,479
<b>CURRENT LIABILITIES</b>	<b>(5)</b>		1,912,739		1,897,716
			<u>5,484,588</u>		<u>5,471,922</u>



## 2 PROFIT & LOSS ACCOUNT FOR THE FIRST HALF YEAR OF 2013

		01/01/2013 - 06/30/2013		01/01/2012 - 06/30/2012	
		€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
<b>Interest and similar income</b>	<b>(6)</b>	134,154		136,695	
Interest and similar expense	(7)	128,461		130,966	
<b>Gross income from financing activities</b>			5,693		5,729
General and administrative expenses	(8)		3,958		4,114
<b>Result before taxation</b>			1,735		1,615
Corporate income tax expense	(9)		-434		-403
<b>Net result</b>			1,301		1,212

### 3 CASH FLOW STATEMENT FOR THE FIRST HALF YEAR OF 2013

(According to the indirect method)

	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
<b>Net cash flow from operating activities</b>				
Result before taxation		1,735		3,269
Adjustment interest result for acc.interest		-2,007		-12,054
Adjustment interest result for amortization of borrowing costs		176		472
Change current account with group companies		-5,620		-40
Change in other current payable		42		-3,000
Change in other working capital		18		16
		<b>-5,656</b>		<b>-11,337</b>
Interest paid		-117,284		-260,535
Interest received		123,331		272,774
Corporate income tax paid		-391		-902
		<b>5,656</b>		<b>11,337</b>
<b>Net cash flow from operating activities</b>		<b>-</b>		<b>-</b>
<b>Net cash flow from investing activities</b>				
Repayment Financial Assets		-		-
<b>Net cash flow from investing activities</b>		<b>-</b>		<b>-</b>
<b>Net cash flow from financing activities</b>				
Repayment Financial Liabilities		-		-
Dividend payment		-		-6,000
Proceeds Financial Liabilities		-		6,000
<b>Net cash flow from financing activities</b>		<b>-</b>		<b>-</b>
<b>Changes in cash &amp; cash equivalents</b>		<b>-</b>		<b>-</b>
Cash & cash equivalents January 1		-		-
Cash & cash equivalents December 31		-		-
<b>Changes in cash &amp; cash equivalents</b>		<b>-</b>		<b>-</b>

## **4 PRINCIPLES FOR VALUATION AND PROFIT AND LOSS CALCULATION**

### **General**

BASF Finance Europe N.V. (the Company) has been established per April 22, 1976. The first financial year started on April 22 and ended on December 31, 1976.

### **GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE SEMI-ANNUAL ACCOUNTS**

The financial statement have been prepared in accordance with Title 9 Book 2 of the Netherlands Civil Code. These financial statements have been prepared on the basis of the going concern assumption.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at nominal value.

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

### **Financial instruments**

Financial instruments are both primary financial instruments, such as receivables and payables, and financial derivatives. For the principles of primary financial instruments, reference is made to the treatment per balance sheet item.

Upon initial recognition, financial derivatives are recognised at fair value and then revalued at fair value as at balance sheet date.

Financial instruments generally include loans and (other) receivables, cash items, bonds/notes and other financing commitments.

Financial instruments also include derivative financial instruments (derivatives) embedded in contracts. These derivatives will be separated from the host contract and accounted for as a separate financial instrument if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value with changes in fair value recognized in profit or loss.

If derivatives embedded in contracts are not separated from the host contract they are recognized in accordance with the host contract.

Financial instruments, including stand alone derivatives as well as derivatives separated from the host contracts, are initially recognized at fair value. After initial recognition, financial instruments are valued in the manner described below.

#### Loans granted, other receivables and cash and cash equivalents

Loans, receivables and cash and cash equivalents are measured at amortized cost using the effective interest method, less impairment losses. The loans and receivables with a remaining time to maturity exceeding 12 months are presented as financial fixed assets. Interest income and expense, based on the effective interest method, are accounted for in the gross interest margin within the income statement.

#### Bonds issued, loans received and other payables

Bonds/notes, loans and other financial commitments are carried at amortized cost using the effective interest rate method. The bonds/notes and loans with a remaining time to maturity exceeding 12 months are presented as long term liabilities. Interest income/expense, based on the effective interest method, is accounted for under the gross income from financing activities within the income statement.

#### Translation of assets, liability and transactions denominated in foreign currency

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency (Euro) at the balance sheet date at the exchange rate applying on that date. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into Euros at the applicable exchange rates on the transaction date. Translation gains and losses are taken to the profit and loss account as income and expenditure.

The Company has issued bonds and notes. The financing obtained through one of these bonds is denominated in CHF. The Company in its turn has issued loans to group companies, for the same amount and denominated in the same currency as the bonds issued on the aforementioned stock exchanges. As such, except for the applicable margin, foreign currency risks are passed on to group companies and do not have any impact on the results of the Company.

The balance sheet positions denominated in foreign currency are translated at the exchange rate on the balance sheet date.

In the profit and loss account foreign currency amounts are translated at monthly average rates. Foreign exchange gains and losses are included in interest and similar income.

The fluctuation in exchange rates for the Euro vs. the Swiss Franc (1.2338 at the end of June 2013 and 1.2072 at the end of December 2012) decreased the result of the Company by € 9.

## **PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES**

### **Financial fixed assets**

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions. Loans and other financial commitments are carried at amortized cost using the effective interest rate method. Interest income, based on the effective interest method, is accounted for under the gross income from financing activities within the income statement.

### **Other receivables**

Other receivables are stated at amortized cost.

### **Liabilities**

Liabilities are valued at amortized cost amounts.

## **PRINCIPLES FOR THE DETERMINATION OF THE RESULT**

### **General**

The result is defined as the difference between the revenue from goods delivered and services performed on one hand and, on the other hand, the costs and expenses for that year, valued at historical costs.

### **Determination of the result**

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

### **Interest and similar income**

Interest income is the difference between interest revenues and expenses, gains or losses on conversion and expenses for the year on a historical cost basis.

### **Taxes**

Corporate income tax expense comprises current and deferred tax. Corporate income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the carrying amounts for tax purposes. A deferred tax asset is recognized for future tax benefits arising from temporary differences and for tax loss carry forwards to the extent that the tax benefits are likely to be realized.

Taxes on income are based on the result in the financial statements, taking into account the permanent differences between determinations of result according to the financial statements on the one hand and according to the fiscal determination of result on the other. Calculation is based on current tax rate.

## **PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT**

The cash flow statement has been prepared using the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments.

Cash flows in foreign currencies are translated at an calculated average rate.

Transactions that do not result in exchange of cash and cash equivalents, such as finance lease, are not presented in the cash flow statement.

## 5 NOTES TO THE BALANCE SHEET AS PER JUNE 30, 2013

### 1. Financial fixed assets

	6/30/2013	12/31/2012
	€ x 1,000	€ x 1,000
<b>Loans to group companies</b>		
Loan 2, BASF Antwerpen N.V.	1,000,000	1,000,000
Loan 3, BASF Antwerpen N.V.	250,000	250,000
Loan 6, BASF Antwerpen N.V.	161,698	165,156
Loan 10a, BASF Antwerpen N.V.	498,385	497,996
Loan 10b, BASF SE	996,770	995,992
Loan 11, BASF SE	149,785	149,746
Loan 12, BASF Nederland B.V.	506,783	508,413
	<u>3,563,421</u>	<u>3,567,303</u>

#### *Loan 2, BASF Antwerpen N.V.*

	01/01/2013 06/30/2013	1/1/2012 / 12/31/2012
	€ x 1,000	€ x 1,000
Book value as per beginning of period	1,000,000	1,000,000
Book value as per end of period	<u>1,000,000</u>	<u>1,000,000</u>

This loan has been issued on September 26, 2007 to BASF group company BASF Antwerpen N.V. for a total amount of € 1,000,000 and a term of 7 years. The interest rate amounts to 5.09% per annum plus the applicable spread of 0.1903%. The effective interest amounts to 5.2803%. The loan shall be repaid in full on September 26, 2014.

#### *Loan 3, BASF Antwerpen N.V.*

Book value as per beginning of period	250,000	250,000
Book value as per end of period	<u>250,000</u>	<u>250,000</u>

This loan has been issued on October 31, 2007 to BASF group company BASF Antwerpen N.V. for a total amount of € 250,000 and a term of 6 years and 11 months. The interest rate amounts to 4.834% per annum plus the applicable spread of 0.1903%. The effective interest amounts to 5.0243%. The loan shall be repaid in full on September 26, 2014.

*Loan 6, BASF Antwerpen N.V.*

	01/01/2013 06/30/2013	1/1/2012 / 12/31/2012
	€ x 1,000	€ x 1,000
Book value as per beginning of period	165,156	163,810
Exchange rate difference	-3,561	1,140
Amortization of disagio	103	206
Book value as per end of period	<u>161,698</u>	<u>165,156</u>

Cumulative amortization of disagio as at June 30, 2013 amounts to € 896 (December 31, 2012 € 793)

This loan has been issued on June 3, 2008 to BASF group company BASF Antwerpen N.V. for a total amount of CHF 200,000 less disagio of CHF 1,688 (€ 166,251 less disagio of € 1,403) and a term of 7 years. The interest rate amounts to 3.635% per annum plus the applicable spread of 0.1903%. The effective interest 2013 amounts to 3.9404%. The loan shall be repaid in full on June 3, 2015.

*Loan 10a, BASF Antwerpen N.V.*

Book value as per beginning of period	497,996	497,247
Amortization of disagio	389	749
Book value as per end of period	<u>498,385</u>	<u>497,996</u>

Cumulative amortization of disagio as at June 30, 2013 amounts to € 3,092 (December 31, 2012 € 2,703)

This loan has been issued on February 9, 2009 to BASF group Company BASF Antwerpen N.V. for a total amount of € 500,000 less disagio of € 4,705 and a term of 6 years and 4 months. The interest rate amounts to 5.125% per annum plus the applicable spread of 0.2503%. The effective interest 2013 amounts to 5.5096%. The loan shall be repaid in full on June 9, 2015.

*Loan 10b, BASF SE*

Book value as per beginning of period	995,992	994,494
Amortization of disagio	778	1,498
Book value as per end of period	<u>996,770</u>	<u>995,992</u>

Cumulative amortization of disagio as at June 30, 2013 amounts to € 6,184 (December 31, 2012 € 5,406)

This loan has been issued on February 9, 2009 to BASF SE for a total amount of € 1,000,000 less disagio of € 9,410 and a term of 6 years and 4 months. The interest rate amounts to 5.125% per annum plus the applicable spread of 0.2503%. The effective interest 2013 amounts to 5.5096%. The loan shall be repaid in full on June 9, 2015.



### Loan 11, BASF SE

	01/01/2013 06/30/2013	1/1/2012 / 12/31/2012
	€ x 1,000	€ x 1,000
Book value as per beginning of period	149,746	149,673
Amortization of disagio	39	73
Book value as per end of period	149,785	149,746

Cumulative amortization of disagio as at June 30, 2013 amounts to € 303 (December 31, 2012 € 264)

This loan has been issued on February 24, 2009 to BASF SE for a total amount of € 150,000 less disagio of € 517 and a term of 7 years. The interest rate amounts to 4.5% per annum plus the applicable spread of 0.2503%. The effective interest 2013 amounts to 4.7947%. The loan shall be repaid in full on February 24, 2016.

### Loan 12, BASF Nederland B.V.

Book value as per beginning of period	508,413	511,614
Amortization of agio	-1,630	-3,201
Book value as per end of period	506,783	508,413

Cumulative amortization of agio as at June 30, 2013 amounts to € -12,507 (December 31, 2012 € -10,877)

This loan has been issued on May 29, 2009 to BASF group company BASF Nederland B.V. for a total amount of € 500,000 plus agio of € 19,290 and a term of 6 years and 12 days. The interest rate amounts to 5.125% per annum plus the applicable spread of 0.2503%. The effective interest 2013 amounts to 4.7904%. The loan shall be repaid in full on June 9, 2015.

## CURRENT ASSETS

### 2. Other receivables

	6/30/2013	12/31/2012
	€ x 1,000	€ x 1,000
<b>Group company receivables</b>		
Interest receivable from group companies	103,560	93,587
Current account with group companies	14,406	8,787
Short term portion Loan 7	499,950	499,844
Short term portion Loan 8	53,997	53,989
Short term portion Loan 9	1,249,254	1,248,388
	1,921,167	1,904,595

The accounts receivable from group companies and other receivables are due within one year. The accounts receivable from group companies contain interest receivables relating to the loans granted to group companies.

The Company has a current account with BASF SE. The interest rate is based on Euro Overnight Index Average (EONIA) - 0.07% or + 0.19% depending on a debit or credit balance.

## EQUITY AND LIABILITIES

### 3. SHAREHOLDERS' EQUITY

#### Issued capital

	Common shares
	€ x 1,000
Book value as of January 1, 2013	2,087
Book value as of June 30, 2013	2,087
Statutory share capital (x € 1,-)	2,087
Shares issued	46,375
Nominal value (x € 1,-)	45.00

01/01/2013 06/30/2013	1/1/2012 / 12/31/2012
€ x 1,000	€ x 1,000

#### Share premium reserve

Book value as per beginning of period	2,513	2,513
Book value as per end of period	2,513	2,513

#### Other reserves

Book value as per beginning of period	682	4,039
Allocation of previous financial year net result	2,445	2,643
	3,127	6,682
Paid dividend	-	-6,000
Book value as per end of period	3,127	682

#### Unappropriated result

Book value as per beginning of period	2,445	2,643
Addition to other reserves	-2,445	-2,643
Unappropriated profit	1,301	2,445
Book value as per end of period	1,301	2,445

#### 4. NON-CURRENT LIABILITIES

	6/30/2013	12/31/2012
	€ x 1,000	€ x 1,000
<b>Non-current loans</b>		
Loan 2, 5% Euro bond 2007-2014	998,946	998,541
Loan 3, 5% Euro bond 2007-2014	250,469	250,649
Loan 6, 3.625% CHF bond 2008-2015	161,689	165,148
Loan 10, 5.125% Euro bond 2009-2015	1,495,179	1,494,013
Loan 11, 4.5% Euro bond 2009-2016	149,785	149,747
Loan 12, 5.125% Euro bond 2009-2015	506,753	508,381
	<u>3,562,821</u>	<u>3,566,479</u>

The total amount of the long term liabilities is payable in the period 2014 up to and including 2016. No amount is payable after 2016.

	01/01/2013 06/30/2013	1/1/2012 / 12/31/2012
	€ x 1,000	€ x 1,000
<i>Loan 2, 5% Euro bond 2007-2014</i>		
Book value as per beginning of period	998,541	997,753
Amortization of disagio	405	788
Long-term part as per end of period	<u>998,946</u>	<u>998,541</u>

Cumulative amortization of disagio as at June 30, 2013 amounts to € 4,146 (December 31, 2012 € 3,741)

On September 26, 2007 the Company issued bonds for a total amount of € 1,000,000 less disagio of € 5,200 through Barclays Bank PLC and Deutsche Bank AG as Joint-Lead-Managers for these bonds. The bonds will be repaid on September 26, 2014. The interest amounts to 5% (effective interest 5.0713%) and is paid annually. BASF SE is the guarantor for these bonds.

##### *Loan 3, 5% Euro bond 2007-2014*

Book value as per beginning of period	250,649	251,001
Amortization of agio	-180	-352
Long-term part as per end of period	<u>250,469</u>	<u>250,649</u>

Cumulative amortization of agio as at June 30, 2013 amounts to € -1,893 (December 31, 2012 € -1,713)

On October 31, 2007 the Company issued bonds for a total amount of € 250,000 with agio of € 2,725, through Barclays Bank PLC and Deutsche Bank AG as Joint-Lead-Managers for these bonds. The bonds will be repaid on September 26, 2014. The interest amounts to 5% (effective interest 4.8715%) and is paid annually. BASF SE is the guarantor for these bonds.

01/01/2013 06/30/2013	1/1/2012 / 12/31/2012
€ x 1,000	€ x 1,000

*Loan 6, 3.625% CHF bond 2008-2015*

Book value as per beginning of period	165,148	163,804
Exchange rate differences	-3,561	1,139
Amortization of disagio	102	205
Long-term part as per end of period	<u>161,689</u>	<u>165,148</u>

Cumulative amortization of disagio as at June 30, 2013 amounts to € 888 (December 31, 2012 € 786)

On June 3, 2008 the Company issued bonds for a total amount of CHF 200,000 less a disagio of CHF 1,688 (€ 166,251 less disagio € 1,403) through Royal Bank of Scotland PLC, ABN AMRO BANK N.V. Amsterdam, Zurich Branch, and UBS AG as Joint-Lead-Managers for these bonds. The bonds will be repaid on June 3, 2015. The interest amounts to 3.625% (effective interest 3.7491%) and is paid annually. BASF SE is the guarantor for these bonds.

*Loan 10, 5.125% Euro bond 2009-2015*

Book value as per beginning of period	1,494,013	1,491,768
Amortization of disagio	1,166	2,245
Long-term part as per end of period	<u>1,495,179</u>	<u>1,494,013</u>

Cumulative amortization of disagio as at June 30, 2013 amounts to € 9,294 (December 31, 2012 € 8,128)

On February 9, 2009 the Company issued bonds for a total amount of € 1,500,000 less disagio of € 14,115 through Barclays Bank PLC, Deutsche Bank AG, Societe Generale France, BNP PARIBAS and HSBC Bank PLC as Joint-Lead-Managers for these bonds. The bonds will be repaid on June 9, 2015. The interest amounts to 5.125% (effective interest 5.2600%) and is paid annually. BASF SE is the guarantor for these bonds.

*Loan 11, 4.5% Euro bond 2009-2016*

Book value as per beginning of period	149,747	149,674
Amortization of disagio	38	73
Long-term part as per end of period	<u>149,785</u>	<u>149,747</u>

Cumulative amortization of disagio as at June 30, 2013 amounts to € 303 (December 31, 2012 € 265)

On February 24, 2009 the Company issued bonds for a total amount of € 150,000 less disagio of € 517 through Commerzbank AG. The bonds will be repaid on February 24, 2016. The interest amounts to 4.5% (effective interest 4.5446%) and is paid annually. BASF SE is the guarantor for these bonds.

*Loan 12, 5.125% Euro bond 2009-2015*

Book value as per beginning of period	508,381	511,582
Amortization of agio	-1,628	-3,201
Long-term part as per end of period	<u>506,753</u>	<u>508,381</u>

Cumulative amortization of agio as at June 30, 2013 amounts to € -12,537 (December 31, 2012 € -10,909)

On May 29, 2009 the Company issued bonds for a total amount of € 500,000 with agio of € 19,290 through Societe Generale France, BNP PARIBAS and Royal Bank of Scotland as Joint-Lead-Managers for these bonds. The bonds will be repaid on June 9, 2015. The interest amounts to 5.125% (effective interest 4.5374%) and is paid annually. BASF SE is the guarantor for these bonds.

6/30/2013	12/31/2012
€ x 1,000	€ x 1,000

## 5. CURRENT LIABILITIES

Repayment obligation long-term debt	1,803,203	1,802,227
Taxes and social security contributions	19	-
Accruals and deferred income	109,517	95,489
	<u>1,912,739</u>	<u>1,897,716</u>

### Repayment obligation long-term debt

Loan 7, Landesbank Baden-Württemberg 2008-2013	499,950	499,845
Loan 8, Landesbank Baden-Württemberg 2008-2013	53,997	53,989
Loan 9, 6% Euro bond 2008-2013	1,249,256	1,248,393
	<u>1,803,203</u>	<u>1,802,227</u>

### Accruals and deferred income

Payable interest	103,507	89,486
Others	10	3
Loan from group companies	6,000	6,000
	<u>109,517</u>	<u>95,489</u>

## OFF BALANCE SHEET COMMITMENTS

### Off-balance sheet commitments

#### Related Parties

There were no reportable related party transactions with members of the Board of Managing Directors. The Company pays no remuneration and has not issued loans to members of the Board of Managing Directors. All transactions are at arm's length. There are no transactions with related parties, except or otherwise disclosed in this report.

### Financial instruments

#### General

During the normal course of business, the company uses various financial instruments that expose the company to market, credit and liquidity risks. The Company is exposed to these risks given the portfolio of interest-bearing receivables (mainly taken up in financial fixed assets and cash at bank and in hand), interest-bearing long term and current liabilities (including bonds, notes and bank loans).

#### Credit risk

In 2013 100.0% (2012: 100.0%) of the receivables of the Company are held with related parties, which are 100.0% (2012: 100.0%) concentrated with BASF Group companies. In general the management of the Company tends to assess and review credit risk for counter parties within BASF Group.

*Interest rate risk*

The company is exposed to interest rate cash flow risk regarding floating interest rates on receivables and liabilities. The Company strives to match interest rate risks of its assets and liabilities. Derivative financial instruments may be used by the entity to hedge interest rate risks if deemed necessary. Interest rate derivative financial instruments may be used to adjust the fixed or floating nature of the external loans obtained to the desired profile. The interest rate policy is determined by BASF SE. Per June 30, 2013 no derivative financial instruments are outstanding and no derivative instruments have been used during the reporting period.

*Foreign currency risk*

The company is exposed to foreign exchange risk on loans and receivables denominated in a currency other than Euro. The Company strives to match foreign exchange risks of its assets and liabilities. Foreign currency derivative financial instruments, mainly currency forwards and swaps may be used to reduce the foreign currency risk arising on financing and funding transactions in foreign currencies.

The fluctuation in exchange rates for the Euro vs. the Swiss Franc (1.2338 at the end of June 2013 and 1.2072 at the end of December 2012) decreased the result of the Company by € 9.

*Liquidity risk*

Due to a cash-pooling agreement for all bank accounts of the Company with BASF SE, the Company has access to sufficient liquidity reserves so that there is no danger of liquidity risk even if an unexpected event has a negative financial impact on the company's liquidity situation.

## 6 NOTES TO THE PROFIT & LOSS ACCOUNT FOR THE FIRST HALF YEAR OF 2013

	01/01/2013 06/30/2013	01/01/2012 06/30/2012
	€ x 1,000	€ x 1,000
<b>6. Interest and similar income</b>		
Loan 2, BASF Antwerpen N.V.	26,185	26,185
Loan 3, BASF Antwerpen N.V.	6,229	6,229
Loan 6, BASF Antwerpen N.V.	3,214	3,277
Loan 7, BASF Antwerpen N.V.	2,591	4,854
Loan 8, BASF Antwerpen N.V.	276	520
Loan 9, BASF Antwerpen N.V.	39,237	39,186
Loan 10a, BASF Antwerpen N.V.	13,718	13,697
Loan 10b, BASF SE	27,435	27,394
Loan 11, BASF SE	3,571	3,569
Loan 12, BASF Nederland B.V.	11,698	11,770
Interest income others	-	14
	<u>134,154</u>	<u>136,695</u>
<b>7. Interest and similar expense</b>		
Loan 2, Interest 5% Euro bond 2007-2014	25,200	25,180
Loan 3, Interest 5% Euro bond 2007-2014	6,018	6,026
Loan 6, Interest 3.625% CHF bond 2008-2015	3,058	3,118
Loan 7, Landesbank Baden-Württemberg 2008-2013	2,113	4,373
Loan 8, Landesbank Baden-Württemberg 2008-2013	224	468
Loan 9, Interest 6% Euro bond 2008-2013	38,055	38,005
Loan 10, Interest 5.125% Euro bond 2009-2015	39,287	39,229
Loan 11, Interest 4.5% Euro bond 2009-2016	3,385	3,383
Loan 12, Interest 5.125% Euro bond 2009-2015	11,079	11,148
Others	42	36
	<u>128,461</u>	<u>130,966</u>

### Staff

During the first half year of 2013 the Company had no employees.

### 8. General and administrative expenses

The other general expenses include the auditing fees and the foreign exchange result.  
With reference to Section 2:382a (1) and (2) of the Netherlands Civil Code the Company did not disclose the fees for the auditor as these are incorporated in the consolidated financial statements of BASF SE.

### 9. Corporate income tax expense

Income tax expense consists of current corporate income tax. The effective tax rate of 25.2% (2012: 25.2%) is not equal to the prevailing tax rates for 2013 (20% tax rate on the first € 200,000 of taxable profits, 25% tax rate for the rest) in the Netherlands. This is due to non deductible interest expenses.

**Board of Managing Directors signature for approval**

Arnhem, *AUGUST 23, 2013*

BASF Finance Europe N.V.

BASF Finance Europe N.V.

G.A.D. van der Lubbe

T. Dratt



## OTHER INFORMATION

### 1 Statutory appropriation of profit

In the articles of association it is stated that profits of the company shall be at the disposal of the General Meeting of Shareholders. At the same time, the articles state that the Company may distribute profits only if and to the extent that its shareholders' equity is higher than the aggregate of the paid and called-up part of the issued capital and the reserves, which must be maintained by law.

The Company can only make payments to the shareholders insofar as:

- the Company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and;
- the shareholders' equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test).

If not, management of the Company shall not approve the distribution.

### 2 Appropriation of the result for the 2012 financial year

The annual accounts for 2012 were adopted by the General Meeting of Shareholders. The General Meeting of Shareholders has determined the appropriation of the result as it was proposed.