

Half-Year Financial Report

1st Half 2016

First-half earnings in chemicals business match prior-year level; outlook confirmed

- Sales and EBIT before special items considerably lower, primarily in Oil & Gas segment
- Performance Products and Functional Materials & Solutions segments with considerably higher earnings
- Outlook 2016 for BASF Group confirmed

 **BASF**
We create chemistry

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, crop 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.

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Performance Products

Our Performance Products lend stability, color and 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 extraction, and in water treatment. They furthermore enhance the efficiency of fuels and lubricants, the effectiveness of adhesives and coatings, and the stability of plastics.

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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.

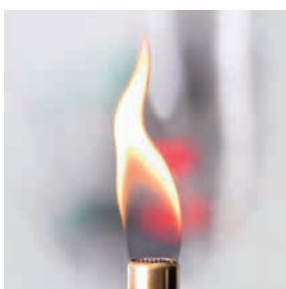
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Agricultural Solutions

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.

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Oil & Gas

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

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BASF Innovations



Fresh ideas for pure mint flavor

With a two-fold innovation, BASF has established itself as an attractive partner on the market for menthol, one of the world's most popular flavorings. BASF's especially resource-efficient process for synthesizing menthol takes advantage of the strengths of our Verbund concept. We have coupled this with a new delivery method that allows our customers to process menthol in large quantities.

Its fresh taste and pleasant cooling effect have made menthol the world's most used flavor. And demand is growing steadily, especially as more and more pharmaceutical and cosmetic products contain menthol.

Efficient citral-based synthesis

Compared with the previous methods known to date, which involve complex, multi-step synthesis processes, BASF's patented technology for producing menthol saves both raw materials and energy as well as time and expense. A crucial element is our starting material, citral – an aroma chemical already produced in BASF's Verbund. We only need three synthesis steps to turn citral

into menthol. In addition, a special, highly efficient catalyst system allows menthol to be produced straight into the desired form at a purity level of over 99%, ensuring that no similar – and therefore difficult-to-separate – by-products interfere with the substance's cooling effect. Because our synthesis method represents a continuous production process to which substances are constantly being added and removed, the same quantity of starting materials can produce more menthol in less time.

Direct, no-fuss processing

Producers usually let menthol cool down to room temperature so that it solidifies and can be transported in barrels, for

example. Further processing then requires this solid to be rewarmed once again into liquid – a complex, energy-intensive and costly process. Together with our customers, we have developed a more efficient way. We are the first supplier to offer the possibility of obtaining large amounts of menthol in liquid form. We fill the warm menthol directly from our plant into heatable containers, keeping it liquid during transport. Our customers can then use it right away in their own production. Additional benefits include reduced costs at both ends, less packaging material and increased occupational safety.

Photo: Pure menthol crystallizes into a solid, colorless mass at room temperature. Naturally obtainable from corn mint, the flavor is also produced synthetically in order to meet rising global demand.

BASF Group

1st Half 2016

		2nd Quarter			1st Half		
		2016	2015	Change in %	2016	2015	Change in %
Sales	million €	14,483	19,078	(24)	28,691	39,145	(27)
Income from operations before depreciation and amortization (EBITDA) ¹	million €	2,790	2,994	(7)	5,602	5,884	(5)
Income from operations (EBIT) before special items ¹	million €	1,707	2,043	(16)	3,613	4,113	(12)
Income from operations (EBIT)	million €	1,718	2,039	(16)	3,584	4,034	(11)
Financial result	million €	(177)	(152)	(16)	(365)	(316)	(16)
Income before taxes and minority interests	million €	1,541	1,887	(18)	3,219	3,718	(13)
Net income	million €	1,092	1,265	(14)	2,479	2,439	2
Earnings per share	€	1.19	1.38	(14)	2.70	2.66	2
Adjusted earnings per share ¹	€	1.30	1.49	(13)	2.94	2.92	1
Cash provided by operating activities	million €	2,293	2,753	(17)	3,339	5,143	(35)
Investments ²	million €	1,007	1,526	(34)	1,966	2,860	(31)
Research expenses	million €	443	495	(11)	898	969	(7)
Amortization and depreciation ³	million €	1,072	955	12	2,018	1,850	9
Segment assets (as of June 30) ⁴	million €	62,196	64,334	(3)	62,196	64,334	(3)
Personnel costs	million €	2,478	2,394	4	4,923	5,271	(7)
Number of employees (as of June 30)		111,456	113,539	(2)	111,456	113,539	(2)

¹ For more information on this KPI, see page 42.

² Additions to intangible assets and property, plant and equipment (including acquisitions)

³ Impairments, amortization of intangible assets, and depreciation of property, plant and equipment (including write-ups)

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

Sales

Change compared with 1st half 2015

-27%

EBIT before special items

(Change compared with 1st half 2015)
Million €

3,613 (-500)

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⁵ This section is not part of the Half-Year Management's Report.

⁶ This section is not part of the Half-Year Financial Statements.

Half-Year Management's Report

BASF Group Business Review 2nd Quarter 2016

The considerable decline in sales in the second quarter of 2016 was primarily attributable to the lack of contributions from the natural gas trading and storage business as of the end of September 2015, in addition to an oil-price-related drop in prices.¹ We were able to raise sales volumes. Income from operations (EBIT) before special items² fell considerably. Significantly higher earnings in the chemicals business³ could not compensate for substantially smaller contributions from the Oil & Gas segment, from Other, and from the Agricultural Solutions segment.

Sales and income from operations (EBIT) before special items

- Sales decline by 24% to €14.5 billion
- EBIT before special items down by 16% to €1.7 billion

Our sales decreased by 24% to €14.5 billion compared with the second quarter of 2015, mainly due to the divestiture of the gas trading and storage business as part of the asset swap with Gazprom at the end of September 2015. This business had contributed €3.0 billion to sales in the second quarter of 2015. In addition, lower raw material prices led to a drop in sales prices.

EBIT before special items declined by €336 million to €1.7 billion, primarily owing to the significantly smaller contributions from the Oil & Gas segment. Earnings likewise fell considerably in Other, as well as in the Chemicals and Agricultural Solutions segments, whereas Performance Products and Functional Materials & Solutions observed considerable increases.

Factors influencing sales

Factors influencing sales in 2016 (% of sales)

	2nd Quarter
Volumes	2
Prices	(7)
Portfolio	(16)
Currencies	(3)
	(24)













Except for Agricultural Solutions, all segments contributed to a slight increase in sales volumes. Lower raw material prices, especially in the Chemicals segment, significantly reduced

sales prices. Portfolio measures largely comprised the divestiture of the natural gas trading and storage business. All divisions experienced negative currency effects.

Sales and income from operations (EBIT) before special items in the segments

Sales in the Chemicals segment were considerably down compared with the second quarter of 2015. This was mainly due to the lower price levels in all divisions brought about by a drop in raw material costs. We were able to increase sales volumes in all divisions, especially Intermediates. EBIT before special items declined considerably on account of margins. We held fixed costs to the level of the prior second quarter.

Second-quarter sales (million €, relative change)

Chemicals	2016	3,373	(15%)	
	2015	3,975		
Performance Products	2016	3,846	(6%)	
	2015	4,084		
Functional Materials & Solutions	2016	4,703	(4%)	
	2015	4,916		
Agricultural Solutions	2016	1,459	(13%)	
	2015	1,678		
Oil & Gas	2016	617	(83%)	
	2015	3,668		
Other	2016	485	(36%)	
	2015	757		

In the Performance Products segment, sales declined considerably year-on-year. Prices fell, particularly as a result of the oil-price-related reduction in raw material costs, as well as ongoing pressure on prices in the hygiene business. Several divestitures in 2015 and negative currency effects also contributed to the lower level of sales. We achieved volumes growth. Due to reduced fixed costs, improved margins in all divisions, and higher volumes, we were able to considerably boost EBIT before special items.

Compared with the second quarter of 2015, sales were slightly down in the Functional Materials & Solutions segment. This was largely the result of declining sales prices, primarily caused by the decrease in precious metal prices. Negative currency effects dampened sales in all divisions. We raised volumes, thanks especially to continuing high demand from the automotive and construction industries. EBIT before special items improved considerably in all divisions, especially the Performance Materials division.

¹ With reference to sales, "slight" represents a change of 1–5%, while "considerable" applies to changes of 6% and higher. "At prior-year level" indicates no change (+/-0%). For earnings, "slight" means a change of 1–10%, while "considerable" is used for changes of 11% and higher. "At prior-year level" indicates no change (+/-0 %).

² For more information on this KPI, see page 42.

³ Our chemicals business comprises the Chemicals, Performance Products and Functional Materials & Solutions segments.

In a market environment that remains difficult, especially in South America, we posted a considerable year-on-year sales decline in the Agricultural Solutions segment. Lower volumes and negative currency effects were the key factors for this development. We were able to slightly raise prices. EBIT before special items fell considerably, owing primarily to lower sales volumes.

Second-quarter EBIT before special items

(Million €, absolute change)

	2016	2015	Change
Chemicals	467	548	(81)
Performance Products	503	304	199
Functional Materials & Solutions	535	458	77
Agricultural Solutions	320	365	(45)
Oil & Gas	94	431	(337)
Other	(212)	(63)	(149)

Sales in the Oil & Gas segment were considerably down in comparison with the second quarter of 2015, which had included €3.0 billion in sales from activities discontinued after the asset swap with Gazprom. Sales were additionally constrained by lower oil and gas prices. We were able to ramp up our production overall, especially in Norway. EBIT before special items fell considerably, predominantly on account of lower prices as well as the discontinued contributions from the gas trading and storage business.

In Other, sales were considerably below the level of the previous second quarter. Lower prices and volumes in the raw materials trading business were largely responsible. EBIT before special items declined considerably, particularly as a result of valuation effects for the long-term incentive program.

Income from operations (EBIT) and special items

Special items in EBIT amounted to €11 million in the second quarter of 2016, compared with minus €4 million in the same quarter of 2015. Disposal gains were partially offset by expenses for restructuring measures and special charges.

Compared with the previous second quarter, EBIT declined by €321 million to €1,718 million. EBITDA¹ was down by €204 million to €2,790 million.

Special items reported in income from operations (million €)

	2016	2015
1st quarter	(40)	(75)
2nd quarter	11	(4)
1st half	(29)	(79)
3rd quarter		286
4th quarter		(698)
Full year		(491)

Financial result and net income

At minus €177 million, the financial result was below the level of the second quarter of 2015 (minus €152 million). Especially contributing to this development was the lower level of net income from shareholdings.

Income before taxes and minority interests fell by €346 million to €1,541 million. At 26.9%, the tax rate was comparable with the previous second quarter.

Net income declined by €173 million to €1,092 million.

Earnings per share were €1.19 in the second quarter of 2016, compared with €1.38 in the same period of 2015. Adjusted for special items and amortization of intangible assets, earnings per share amounted to €1.30 (second quarter of 2015: €1.49).¹

Adjusted earnings per share (€)

	2016	2015
1st quarter	1.64	1.43
2nd quarter	1.30	1.49
1st half	2.94	2.92
3rd quarter		1.07
4th quarter		1.01
Full year		5.00

¹ For more information on this KPI, see page 42.

BASF Group Business Review 1st Half 2016

Both sales and earnings in the first half of 2016 reflected the lack of contributions from the natural gas trading and storage business as a result of the asset swap completed with Gazprom at the end of September 2015. The oil-price-related drop in sales prices additionally dampened business development. As a consequence, sales and income from operations (EBIT) before special items declined considerably, especially in the Oil & Gas segment. Thanks to considerably higher contributions from the Performance Products and Functional Materials & Solutions segments, earnings in the chemicals business¹ reached the same level of the prior first half.

Sales and income from operations (EBIT) before special items

- Sales decline by 27% to €28.7 billion
- EBIT before special items down by 12% to €3.6 billion

Our sales decreased by 27% to €28.7 billion compared with the first half of 2015. This was predominantly due to the divestiture of the gas trading and storage business, which had contributed €7.2 billion to sales in the first half of 2015. In addition, the lower price of oil weighed down sales prices in the Chemicals segment in particular – an effect that was also seen in our other chemicals business as well as the Oil & Gas segment.

EBIT before special items declined by €0.5 billion to €3.6 billion, owing primarily to the substantially smaller contributions from the Oil & Gas and Chemicals segments, while Agricultural Solutions saw a slight decrease. We achieved significant earnings improvement in the Performance Products and Functional Materials & Solutions segments, as well as in Other, in the first half of 2016.

Factors influencing sales

Factors influencing sales in 2016 (% of sales)

	1st Half
Volumes	1
Prices	(7)
Portfolio	(19)
Currencies	(2)
	(27)













Except for Agricultural Solutions, all segments contributed to a slight increase in sales volumes. Lower raw material prices, especially in the Chemicals segment, significantly reduced

sales prices. Portfolio measures mainly comprised the divestiture of the natural gas trading and storage business. All segments experienced slightly negative currency effects.

Sales and income from operations (EBIT) before special items in the segments

Sales fell considerably in the Chemicals segment, mainly on account of price reductions owing to lower raw material costs. Sales volumes slightly exceeded the level of the first half of 2015, boosted particularly by volumes growth in the Intermediates division. Primarily weighed down by decreased margins, EBIT before special items declined considerably. The startup of new production plants slightly raised fixed costs.

First-half sales (million €, relative change)

Chemicals	2016	6,522	(17%)	
	2015	7,841		
Performance Products	2016	7,629	(6%)	
	2015	8,122		
Functional Materials & Solutions	2016	9,111	(4%)	
	2015	9,500		
Agricultural Solutions	2016	3,239	(9%)	
	2015	3,576		
Oil & Gas	2016	1,228	(86%)	
	2015	8,661		
Other	2016	962	(33%)	
	2015	1,445		

In the Performance Products segment, sales were considerably below prior first-half levels. This was largely attributable to lower prices driven down by oil-price-related declines in raw material costs, in addition to ongoing pressure on prices in the hygiene business. Sales development was also slowed by divestitures made in 2015 as well as by negative currency effects. Volumes rose slightly. As a result of reduced fixed costs, higher volumes and improved margins, we were able to considerably boost our EBIT before special items.

Sales were slightly down in the Functional Materials & Solutions segment, mainly as a consequence of the lower prices largely brought about by reduced prices in precious metal trading. An increase in volumes was mostly attributable to higher demand from the automotive and the construction industries. EBIT before special items rose considerably year-on-year, boosted predominantly by the contribution from the Performance Materials division.

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

In a market environment that remains difficult, we posted a considerable sales decline in the Agricultural Solutions segment compared with the previous first half. Price increases were unable to compensate for lower sales volumes and negative currency effects. EBIT before special items fell slightly, mainly due to the lower level of sales.

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

Chemicals	2016	932	(342)	
	2015	1,274		
Performance Products	2016	1,050	231	
	2015	819		
Functional Materials & Solutions	2016	991	102	
	2015	889		
Agricultural Solutions	2016	911	(28)	
	2015	939		
Oil & Gas	2016	160	(708)	
	2015	868		
Other	2016	(431)	245	
	2015	(676)		

Sales in the Oil & Gas segment were considerably lower than in the first half of 2015, which had included €7.2 billion in sales from activities now discontinued since the asset swap with Gazprom. Sales were additionally reduced by the decline in oil and gas prices. We were able to ramp up our production volumes, especially in Norway. Income from operations before special items fell considerably, predominantly on account of lower prices as well as the discontinued contributions from the gas trading and storage business.

In Other, sales were considerably down compared with the first half of 2015. Lower prices and volumes in raw materials trading were largely responsible. EBIT before special items improved considerably. This was particularly attributable to valuation effects for the long-term incentive program as well as a better currency result.

Income from operations (EBIT) and special items

Special items in EBIT amounted to minus €29 million in the first half of 2016 (first half of 2015: minus €79 million). In addition to expenses for restructuring measures and to special charges, these also included gains on disposals.

Compared with the previous first half, EBIT declined by €450 million to €3,584 million. EBITDA fell by €282 million to €5,602 million.

For an overview of special items in EBIT, see page 6

Financial result and net income

At minus €365 million, the financial result was below the level of the first half of 2015 (minus €316 million). Responsible for this decline was a significant decrease in other financial result and net income from shareholdings, while the interest result remained constant.

Income before taxes and minority interests fell by €499 million to €3,219 million. The tax rate was 20.9% (first half of 2015: 28.2%), a drop that was mainly attributable to taxes in the Oil & Gas segment.

Net income rose by €40 million to €2,479 million.

Earnings per share were €2.70 in the first half of 2016, compared with €2.66 in the same period of 2015. Adjusted for special items and amortization of intangible assets, earnings per share amounted to €2.94 (first half of 2015: €2.92).

For an overview of adjusted earnings per share, see page 6

BASF on the Capital Market

Overview of BASF shares

		2nd Quarter 2016	1st Half 2016
Performance (with dividends reinvested)			
BASF	%	7.8	1.1
DAX 30	%	(2.9)	(9.9)
DJ EURO STOXX 50	%	(2.6)	(10.2)
DJ Chemicals	%	(0.8)	(1.3)
MSCI World Chemicals	%	0.0	(3.1)
Share prices and trading (XETRA)			
Average	€	68.21	65.37
High	€	72.74	72.74
Low	€	62.01	56.70
Close (end of period)	€	68.64	68.64
Average daily trade	million shares	3.1	3.4
Outstanding shares (end of period)	million shares	918.5	918.5
Market capitalization (end of period)	billion €	63.0	63.0

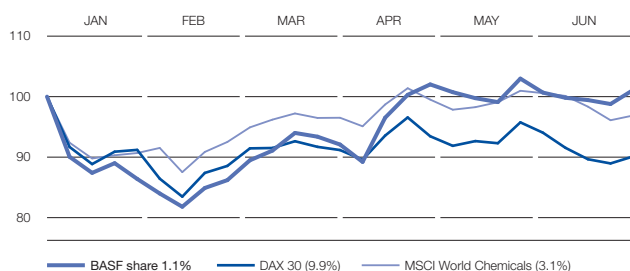
Share performance 2nd Quarter 2016

- Stock market losses at end of quarter after Brexit vote
- BASF share outperforms benchmark indexes

Stock market trends were positive at the beginning of the quarter, especially as oil prices recovered, the U.S. labor market data showed solid development and economic indicators improved in China. The remainder of the quarter, however, was marked by uncertainty in the runup to the British referendum on E.U. membership. The vote on June 23 to leave the European Union triggered losses on the stock markets.

BASF shares traded at €68.64 at the end of the second quarter, 3.5% above the first quarter's closing price. Assuming the dividend of €2.90 paid out on May 2, 2016, was reinvested, our share performance was 7.8%. The DAX 30 and the European benchmark index DJ EURO STOXX 50 both fell

BASF share performance (January to June 2016)
(With dividend reinvested; indexed)



over the same period by 2.9% and 2.6%, respectively. The global industry index MSCI World Chemicals remained at a nearly unchanged level, whereas DJ Chemicals lost 0.8%.

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

Good credit ratings and solid financing

Rated "A1/P-1 outlook stable" by Moody's and "A/A-1 outlook stable" by Standard & Poor's, BASF enjoys good credit ratings, especially compared with competitors in the chemical industry. We continue to have solid financing.

Effective April 5, 2016, we tapped our 2013–2021 bond with a 1.875% coupon, increasing its volume by €300 million to €1 billion. With an issue price of over 100%, the result was an effective annual interest rate of 0.37%. We repaid a €500 million bond at the end of June 2016, as scheduled.

Financial communication honored again

Our financial communication has again won awards. We took first place among European chemical companies in the annual survey conducted by Britain's IR Magazine. Institutional Investor Magazine recognized BASF in such categories as Best Investor Day and Best IR Program in the European Chemical Industry.

Contact our Investor Relations team by phone at +49 621 6048230 or email ir@basf.com

Significant Events and Economic Environment

Significant Events 2nd Quarter 2016

- Agreement to acquire surface treatment provider Chemetall
- UDC Ireland Limited acquires BASF's OLED intellectual property assets
- Sale of polyolefin catalysts business to W. R. Grace & Co. completed

We signed an agreement with Albemarle in June 2016 on the acquisition of the global surface treatment provider Chemetall. The transaction will enhance our coatings portfolio and support our aim to grow profitably in innovative and solution-focused businesses closer to end users. Headquartered in Frankfurt, Germany, Chemetall is a leading global provider of technologies and innovations for treating metal surfaces. The company has around 2,500 employees worldwide and operates production sites in more than 20 countries. The purchase price amounts to \$3.2 billion. The transaction is subject to approval by the relevant authorities and is expected to close by the end of 2016.

UDC Ireland Limited acquired BASF's intellectual property assets for OLEDs in June 2016. The purchase price was about €87 million. The assets largely comprise technologies for phosphorescent materials as well as over 500 issued and pending patents in 86 patent families around the world. We had ceased our OLED research activities at the end of 2015.

On June 30, 2016, we completed the sale of our global polyolefin catalysts business to W. R. Grace & Co., as announced. These business activities had been assigned to the Catalysts division.

Economic Environment 1st Half 2016

- Global economy grows by around 2.3%, and industrial production by around 1%, compared with first half of 2015
- Growth moderate in eurozone; somewhat weaker than expected in United States, stronger than expected in China

Global gross domestic product rose by around 2.3% in the first half of 2016 compared with the same period of the previous year. At approximately 1%, industrial production grew at a considerably slower rate, influenced by factors such as low raw material prices that led to reduced energy resource production. Growth in the automotive branch provided positive stimulus, however.

In the eurozone, gross domestic product grew moderately in the first half of 2016, in line with our expectations. The United States saw a weaker start to the year than we had forecast; yet second-quarter indicators point to stabilization. Developments in China were more positive than we had expected: Growth slowed less rapidly than we had anticipated. While the Chinese automotive industry was able to benefit from tax advantages, a short-lived recovery on the housing market and government infrastructure projects supported the construction sector. Recessions continue in Brazil and Russia, but show signs of ebbing in both countries.

 The forecast for the full year 2016 can be found on page 20

Chemicals

Segment data Chemicals (million €)

	2nd Quarter			1st Half		
	2016	2015	Change in %	2016	2015	Change in %
Sales to third parties	3,373	3,975	(15)	6,522	7,841	(17)
Thereof Petrochemicals	1,322	1,660	(20)	2,518	3,195	(21)
Monomers	1,371	1,576	(13)	2,678	3,175	(16)
Intermediates	680	739	(8)	1,326	1,471	(10)
Income from operations before depreciation and amortization (EBITDA)	732	779	(6)	1,465	1,719	(15)
Amortization, depreciation and impairments	265	231	15	530	445	19
Income from operations (EBIT) before special items	467	548	(15)	932	1,274	(27)
Special items	-	-	-	3	-	-
Income from operations (EBIT)	467	548	(15)	935	1,274	(27)
Assets (June 30)	12,828	12,974	(1)	12,828	12,974	(1)
Research expenses	45	53	(15)	91	103	(12)
Investments ¹	319	494	(35)	600	818	(27)

¹ Additions to intangible assets and property, plant and equipment (including acquisitions)

2nd Quarter 2016

- Sales considerably down year-on-year due to price developments
- Lower margins result in considerable earnings decline

Sales in the Chemicals segment were considerably below the level of the previous second quarter (volumes 4%, prices -17%, portfolio 0%, currencies -2%). This was mainly due to the lower price levels in all divisions brought about by falling raw material costs. Slightly negative currency effects additionally dampened sales development. We were able to increase sales volumes in all divisions, especially in Intermediates. Income from operations (EBIT) before special items saw a considerable, margin-related decline. We held fixed costs to the prior second-quarter level.

Petrochemicals

In the Petrochemicals division, sales decreased considerably. Lower raw material costs, particularly for naphtha, led to reduced sales prices in all product lines. Volumes growth was predominantly driven by higher sales volumes from our acrylic acid production complex in Camaçari, Brazil, as well as by the resumption of operations at the plant in our Ellba C.V. joint operation in Moerdijk, Netherlands. Primarily as a result of lower margins for steam cracker products in North America, EBIT before special items was considerably below the high

Sales

Change compared with 2nd quarter 2015

-15%

level of the prior second quarter. Increased margins in Europe and Asia, especially for steam cracker products as well as alkylene oxides and glycols, were not able to compensate for this. Fixed costs shrank slightly.

Monomers

Sales in the Monomers division fell considerably year-on-year, largely because of lower prices brought about by decreased raw material costs. Higher sales volumes of MDI in all regions were responsible for a boost in volumes. Reduced margins for products from the polyamide value chain, and the scheduled turnaround of the ammonia plant in Antwerp led to a considerable decline in EBIT before special items. Fixed costs rose slightly through increased expenses from the gradual startup of our new production facilities.

Intermediates

We also observed a considerable sales decline in the Intermediates division, mainly as a result of lower prices weighed down by falling raw material costs. All product lines achieved higher sales volumes, especially polyalcohols and amines. A favorable product mix led to slightly higher EBIT before special items compared with the previous second quarter. Yet ongoing market overcapacity decreased margins for butanediol and its derivatives. Fixed costs were brought down slightly.

EBIT before special items

(Change compared with 2nd quarter 2015)
Million €

467 (-81)

Performance Products

Segment data Performance Products (million €)

	2nd Quarter			1st Half		
	2016	2015	Change in %	2016	2015	Change in %
Sales to third parties	3,846	4,084	(6)	7,629	8,122	(6)
Thereof						
Dispersions & Pigments	1,213	1,245	(3)	2,349	2,410	(3)
Care Chemicals	1,178	1,215	(3)	2,382	2,514	(5)
Nutrition & Health	497	558	(11)	985	1,073	(8)
Performance Chemicals	958	1,066	(10)	1,913	2,125	(10)
Income from operations before depreciation and amortization (EBITDA)	691	586	18	1,435	1,310	10
Amortization, depreciation and impairments	205	218	(6)	414	451	(8)
Income from operations (EBIT) before special items	503	304	65	1,050	819	28
Special items	(17)	64	.	(29)	40	.
Income from operations (EBIT)	486	368	32	1,021	859	19
Assets (June 30)	14,513	15,045	(4)	14,513	15,045	(4)
Research expenses	88	98	(10)	177	189	(6)
Investments ¹	193	248	(22)	368	451	(18)

¹ Additions to intangible assets and property, plant and equipment (including acquisitions)

2nd Quarter 2016

- Sales considerably down, mostly due to price developments and divestitures
- Considerable improvement in EBIT before special items in all divisions

Sales in the Performance Products segment decreased considerably year-on-year (volumes 2%, prices -3%, portfolio -3%, currencies -2%). A drop in prices was particularly attributable to the oil-price-related decline in raw material costs, in addition to ongoing pressure on prices in the hygiene business. Negative currency effects, the divestiture of parts of our pharmaceutical ingredients and services business, and the sale of our businesses with textile chemicals and paper hydrous kaolin in 2015 also dampened sales development. We achieved volumes growth. As a result of reduced fixed costs, improved margins in all divisions, and higher volumes, we were able to considerably boost income from operations (EBIT) before special items.

Dispersions & Pigments

In the Dispersions & Pigments division, sales were slightly below the level of the previous second quarter. This was essentially due to lower prices on account of decreased raw material costs, coupled with negative currency effects. Higher sales volumes of pigments, dispersions and additives supported growth, and more than compensated for the slight volumes decline in our businesses with resins and paper chemicals. Improved margins overall enabled us to considerably increase EBIT before special items.

Sales

Change compared with 2nd quarter 2015

-6%

EBIT before special items

(Change compared with 2nd quarter 2015)
Million €

503 (+199)

Care Chemicals

Sales in the Care Chemicals division were slightly down compared with the second quarter of 2015. This was predominantly the result of price declines brought about by lower raw material costs, although intense competition in our hygiene business was also a factor. Negative currency effects additionally dampened sales. Sales volumes were particularly boosted by substantially higher volumes of ingredients for the detergents and cleaners industry, as well as by greater demand for oleochemical surfactants and fatty alcohols. Higher volumes, stronger margins and reduced fixed costs allowed us to considerably improve EBIT before special items.

Nutrition & Health

Sales in the Nutrition & Health division saw a considerable year-on-year decline, mainly due to the sale of parts of the pharmaceutical ingredients and services business. A slight dip in sales volumes was mostly attributable to lower demand in the remaining pharmaceutical business and in the human nutrition business, whereas volumes rose for animal nutrition. Currency effects additionally dampened sales. We were able to raise price levels by sharply increasing vitamin prices in the animal nutrition business. Improved margins and substantially reduced fixed costs – thanks especially to restructuring measures – led to a considerable rise in EBIT before special items.

Performance Chemicals

The Performance Chemicals division posted a considerable sales decline, largely on account of the divestiture of the textile chemicals business and the sale of the paper hydrous kaolin activities. Decreased sales prices brought about by a sharp drop in raw material prices, along with negative currency effects, also dampened sales development. Volumes matched the level of the previous second quarter. We were primarily able to increase sales volumes in the fuel and lubricant additive business, as well as in plastic additives, whereas demand declined in, for example, oilfield and mining chemicals. EBIT before special items considerably surpassed the level of the second quarter of 2015. This was mostly due to significantly reduced fixed costs thanks to restructuring measures and strict fixed cost management, as well as to improved margins.

Functional Materials & Solutions

Segment data Functional Materials & Solutions (million €)

	2nd Quarter			1st Half		
	2016	2015	Change in %	2016	2015	Change in %
Sales to third parties	4,703	4,916	(4)	9,111	9,500	(4)
Thereof Catalysts	1,508	1,700	(11)	2,975	3,289	(10)
Construction Chemicals	629	625	1	1,162	1,128	3
Coatings	800	815	(2)	1,538	1,604	(4)
Performance Materials	1,766	1,776	(1)	3,436	3,479	(1)
Income from operations before depreciation and amortization (EBITDA)	756	598	26	1,350	1,198	13
Amortization, depreciation and impairments	225	187	20	367	323	14
Income from operations (EBIT) before special items	535	458	17	991	889	11
Special items	(4)	(47)	91	(8)	(14)	43
Income from operations (EBIT)	531	411	29	983	875	12
Assets (June 30)	13,671	13,853	(1)	13,671	13,853	(1)
Research expenses	95	98	(3)	191	190	1
Investments ¹	132	168	(21)	262	449	(42)

¹ Additions to intangible assets and property, plant and equipment (including acquisitions)

2nd Quarter 2016

- Lower sales prices mainly responsible for slightly reduced sales
- Considerable increase in EBIT before special items in all divisions, especially Performance Materials

Sales in the Functional Materials & Solutions segment were slightly down compared with the second quarter of 2015 (volumes 5%, prices -6%, portfolio 0%, currencies -3%). This was largely the result of lower sales prices, especially for precious metals. Negative currency effects dampened sales in all divisions. Continuing high demand from the automotive and construction industries led to greater sales volumes. We considerably improved income from operations (EBIT) before special items in all divisions, especially Performance Materials.

Catalysts

Sales in the Catalysts division decreased considerably year-on-year, primarily as a result of lower precious metal prices. Currency effects also weighed down sales. We achieved volumes growth overall, predominantly supported by sharply increased sales volumes of mobile emissions catalysts. Lower precious metal prices led to a sales decline in precious metal trading to €554 million (second quarter of 2015: €666 million). The volumes growth allowed us to considerably raise our EBIT before special items.

Sales

Change compared with 2nd quarter 2015

-4%

EBIT before special items

(Change compared with 2nd quarter 2015)
Million €

535 (+77)

Construction Chemicals

In the Construction Chemicals division, we posted slight sales growth compared with the second quarter of 2015. This was largely attributable to considerably higher sales volumes, especially in North America. Volumes rose in Europe, as well, while they declined slightly in Asia and the region South America, Africa, Middle East. Currency effects had a negative impact, particularly in Asia and in South America, Africa, Middle East. Prices fell slightly. We were able to considerably improve EBIT before special items as a result of increased sales volumes and positive margin development.

Coatings

Compared with the second quarter of 2015, sales declined slightly in the Coatings division. This was predominantly the result of negative currency effects in all business areas. Volumes and prices rose slightly. We achieved considerable volumes growth for automotive OEM coatings in Europe and North America, as well as in the industrial coatings business. Volumes of automotive refinish coatings slightly exceeded the level of the previous second quarter. The difficult environment in Brazil led to a significant decline in demand for decorative paints. Thanks especially to increased volumes of automotive OEM coatings, we were able to considerably raise EBIT before special items.

Performance Materials

The Performance Materials division's sales were slightly below the level of the second quarter of 2015. This was largely due to declining sales prices brought about by lower raw material costs as well as to negative currency effects. We were able to improve sales volumes, however. Our businesses with styrene foams, thermoplastic polyurethanes, engineering plastics and Cellasto® saw especially positive development. Demand from the automotive industry grew significantly. Our businesses with the construction industry remained at prior second-quarter levels, whereas sales volumes declined in the consumer goods sector. EBIT before special items rose considerably thanks to higher margins and lower fixed costs.

Agricultural Solutions

Segment data Agricultural Solutions (million €)

	2nd Quarter			1st Half		
	2016	2015	Change in %	2016	2015	Change in %
Sales to third parties	1,459	1,678	(13)	3,239	3,576	(9)
Income from operations before depreciation and amortization (EBITDA)	373	422	(12)	1,018	1,048	(3)
Amortization, depreciation and impairments	85	57	49	140	110	27
Income from operations (EBIT) before special items	320	365	(12)	911	939	(3)
Special items	(32)	-	-	(33)	(1)	.
Income from operations (EBIT)	288	365	(21)	878	938	(6)
Assets (June 30)	8,749	8,514	3	8,749	8,514	3
Research expenses	116	132	(12)	230	258	(11)
Investments ¹	74	106	(30)	151	191	(21)

¹ Additions to intangible assets and property, plant and equipment (including acquisitions)

2nd Quarter 2016

- Sales considerably below prior second-quarter level owing to volumes and currency development
- Decrease in earnings due to lower sales volumes

In a market environment that remains difficult, especially in South America, we posted a considerable year-on-year sales decline in the Agricultural Solutions segment. Lower volumes and negative currency effects were the key factors for this development. We were able to slightly raise prices (volumes -8%, prices 1%, currencies -6%).

Sales declined considerably in **Europe**, mainly as a result of lower sales volumes. This was particularly true of fungicides in Germany and Poland, where demand was dampened by high customer inventory levels and by the cool, wet weather in broad parts of the region.

In **North America**, sales were slightly below the level of the prior second quarter owing to negative currency effects and lower prices. We were able to raise volumes slightly, thanks primarily to increased demand for the fungicides Xemium® and F500® in Canada and the United States.

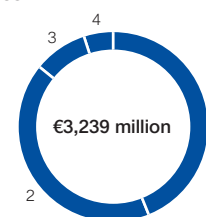
Sales in **Asia** were slightly reduced by negative currency effects, which could not be offset by considerable volumes growth, especially of fungicides in China.

Lower volumes in the insecticides and fungicides businesses were primarily responsible for the considerable sales decline in **South America**. These in turn were largely attributable to high inventory levels and the still critical situation of many customers, especially in Brazil. We were only partly able to offset negative currency effects with price increases.

Compared with the second quarter of 2015, income from operations before special items fell considerably in the Agricultural Solutions segment, mainly on account of the lower sales volumes.

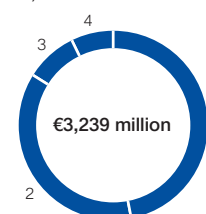
1st Half 2016 – Sales by indication and business

1	Fungicides	44%
2	Herbicides	42%
3	Insecticides	9%
4	Functional Crop Care	5%



1st Half 2016 – Sales by region (location of customer)

1	Europe	47%
2	North America	37%
3	Asia Pacific	9%
4	South America, Africa, Middle East	7%



Sales

Change compared with 2nd quarter 2015

-13%

EBIT before special items

(Change compared with 2nd quarter 2015)
Million €

320 (-45)

Oil & Gas

Segment data Oil & Gas (million €)

	2nd Quarter			1st Half		
	2016	2015	Change in %	2016	2015	Change in %
Sales to third parties	617	3,668	(83)	1,228	8,661	(86)
Income from operations before depreciation and amortization (EBITDA)	357	661	(46)	664	1,326	(50)
Amortization, depreciation and impairments	264	231	14	505	460	10
Income from operations (EBIT) before special items	94	431	(78)	160	868	(82)
Special items	(1)	(1)	-	(1)	(2)	50
Income from operations (EBIT)	93	430	(78)	159	866	(82)
Assets (June 30)	12,435	13,948	(11)	12,435	13,948	(11)
Research expenses	27	31	(13)	60	80	(25)
Investments ¹	270	483	(44)	550	901	(39)
Net income	100	250	(60)	147	609	(76)

¹ Additions to intangible assets and property, plant and equipment (including acquisitions)

2nd Quarter 2016

■ Considerable decline in sales and earnings due to lack of contributions from gas trading and storage business as well as lower oil and gas prices

In the Oil & Gas segment, sales dropped considerably compared with the same quarter of the previous year (volumes 2%, prices/currencies -3%, portfolio -82%). As a result of the asset swap completed with Gazprom at the end of September 2015, the segment ceased receiving contributions in particular from the natural gas trading and storage business as of the fourth quarter of 2015. This business had contributed €3.0 billion to sales in the second quarter of 2015. In the continuing oil and gas business, volumes grew by 9% year-on-year, whereas price and currency effects came out to minus 18%. The price

of a barrel of Brent blend crude oil in the second quarter of 2016 was \$46 on average (second quarter of 2015: \$62 per barrel). Gas prices on European spot markets also fell sharply compared with the previous second quarter. We were able to ramp up production volumes, especially in Norway.

Income from operations before special items declined considerably, as well. Falling prices were the main reason for this, along with the divestiture of our gas trading and storage business to Gazprom. An additional factor was, as expected, the reduced earnings contribution from our share in the Yuzhno Russkoye natural gas field. Net income decreased significantly.

For more on net income in the Oil & Gas segment, see the Notes to the Half-Year Financial Statements on page 31

Sales

Change compared with 2nd quarter 2015

-83%

EBIT before special items

(Change compared with 2nd quarter 2015)
Million €

94 (-337)

Regional Results

Regions (million €)

	Sales Location of company			Sales Location of customer			EBIT ¹ Location of company		
	2016	2015	Change in %	2016	2015	Change in %	2016	2015	Change in %
2nd quarter									
Europe	6,993	10,646	(34)	6,609	10,028	(34)	1,054	1,555	(32)
Thereof Germany	4,491	7,652	(41)	1,898	3,656	(48)	602	838	(28)
North America	3,811	4,305	(11)	3,776	4,364	(13)	397	391	2
Asia Pacific	2,812	3,113	(10)	2,950	3,308	(11)	212	57	272
South America, Africa, Middle East	867	1,014	(14)	1,148	1,378	(17)	55	36	53
	14,483	19,078	(24)	14,483	19,078	(24)	1,718	2,039	(16)
1st half									
Europe	14,099	22,619	(38)	13,375	21,487	(38)	2,215	2,816	(21)
Thereof Germany	8,970	16,723	(46)	3,802	8,290	(54)	1,185	1,330	(11)
North America	7,567	8,537	(11)	7,453	8,576	(13)	841	852	(1)
Asia Pacific	5,384	6,028	(11)	5,673	6,381	(11)	411	256	61
South America, Africa, Middle East	1,641	1,961	(16)	2,190	2,701	(19)	117	110	6
	28,691	39,145	(27)	28,691	39,145	(27)	3,584	4,034	(11)

1st Half 2016

Sales at companies located in **Europe** decreased by 38% compared with the first half of 2015. In the first half of 2016, the asset swap with Gazprom meant a lack of contributions from the gas trading and storage business in particular. Lower sales prices brought about by reduced raw material costs additionally weighed down sales. Income from operations fell by €601 million to €2,215 million, mainly as a result of smaller contributions from the Oil & Gas and Chemicals segments in particular. Improved earnings in Other had a positive impact.

In **North America**, sales decreased by 11% in both local currency and euro terms, largely due to a sharp drop in prices resulting from lower raw material costs, especially in the Chemicals segment. At €841 million, income from operations was €11 million below the level of the previous first half. We were able to offset the considerable decline in the Chemicals segment with greater contributions from the other segments. Earnings decreased in Other.

Sales in **Asia Pacific** decreased by 8% in local currency terms and by 11% in euros. This was mainly due to the substantial decrease in sales prices in our chemicals business², especially in the Chemicals segment, resulting from the lower price of oil. We raised income from operations by €155 million year-on-year to €411 million, supported by considerably higher earnings for all segments in the region.

In the region **South America, Africa, Middle East**, sales increased by 2% in local currency terms and fell by 16% in euros. This decline was predominantly attributable to both negative currency effects and lower volumes. Substantially higher prices helped support sales. At €117 million, income from operations exceeded the prior first-half level by €7 million. Considerably greater contributions from the Chemicals and Oil & Gas segments were able to more than compensate for declines, primarily in the Agricultural Solutions and Functional Materials & Solutions segments.

¹ For purposes of increased clarity in the presentation of regional results, income from operations (EBIT) before special items has been replaced by income from operations (EBIT), a figure directly derivable from the Consolidated Financial Statements, starting in the second quarter of 2016. Neither of these KPIs is drawn upon for internal management decisions.

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

Overview of Other Topics

Research and Development

- **Enhanced innovation approach aims to focus and accelerate research activities**
- **Startup of pilot plant for production of high-temperature superconductors**
- **Easy-to-process Kollicoat® MAE 100-55 supplements our pharmaceutical excipients portfolio**

At the research press conference in Ludwigshafen in June 2016, we presented our enhanced innovation approach. Its aim is to focus and accelerate our research and development activities. Existing resources will be more intensively exploited. We are making even more room for creativity, more quickly evaluating new ideas and research strategies, and ensuring our competitiveness through targeted development of our key technologies. Research activities are being closely tailored to the development and needs of BASF's operating divisions. Our key success factors include efficiency and creativity as well as a high level of integration within our Research and Development Verbund and external networks.

We started up a pilot plant for producing high-temperature superconductors in Rheinbach, Germany. This is an important step on the path toward a market launch for superconductive cables that transfer electricity at nearly zero losses, making them considerably more efficient than conventional cables. The plant uses a chemical production process developed by BASF which offers cost advantages over previous methods. Our customers use the wire manufactured here to create prototypes for innovative, high-performance applications in power grids.

Our portfolio of functional pharmaceutical excipients has been expanded by Kollicoat® MAE 100-55. Used in film coatings for tablets, this polymer enables the targeted release of active ingredients in the digestive system. The product's performance level is equivalent to similar excipients, but offers pharmaceutical manufacturers the advantage of a dried powder made from larger particles. This allows for dust-free handling and makes processing easier, cleaner and more efficient.

Employees

- **Number of employees declines to 111,456**
- **Personnel expenses down by 6.6%**

Compared with the end of 2015, the number of employees in the BASF Group declined by 979 to a total of 111,456 as of June 30, 2016. On this date, 62.4% were employed in Europe while North America accounted for 15.5% of employees, Asia Pacific for 15.5% and South America, Africa, Middle East for 6.6%.

Personnel expenses fell by 6.6% to €4,923 million in the first half of 2016 compared with the same period of 2015. This was largely the result of the lower headcount, currency effects, and the reduced level of additions to provisions for the long-term incentive program compared with the corresponding period of the previous year. The first half of 2015 had also included the company anniversary bonus.

Employees by region

	June 30, 2016	Dec. 31, 2015
Europe	69,519	70,079
Thereof Germany	52,249	52,837
North America	17,300	17,471
Asia Pacific	17,329	17,562
South America, Africa, Middle East	7,308	7,323
	111,456	112,435

Outlook

For 2016, we anticipate a continuation of the currently challenging conditions along with substantial risks. Whereas economic risks are increasing in Europe especially, developments in China have been somewhat more positive than we expected. The global economy should continue to grow at a level approximating that of 2015. We confirm our 2016 forecast for sales and income from operations (EBIT) before special items of the BASF Group: We aim to increase sales volumes. BASF Group sales will decline considerably, however, especially as a result of the divestiture of the gas trading and storage business as well as lower oil and gas prices. We expect EBIT before special items to be slightly below 2015 levels. This remains an ambitious goal in the current volatile and challenging environment, and is particularly dependent on further oil price developments.

Opportunities and Risks

The statements on opportunities and risks made in the BASF Report 2015 remain fundamentally valid. The first half of 2016 saw the following significant developments: Chinese economic figures were somewhat more positive than we had expected; growth slowed less rapidly than we had anticipated. Significant risks nevertheless still lurk in any substantial deceleration of growth in China over the remaining course of the year. After the British vote to leave the European Union, economic risks particularly increased for Europe. Our overall assessment of opportunities and risks remains largely valid.

 For more detailed information, see the BASF Report 2015 in the Opportunities and Risks Report from page 113 to 120

Forecast

- Considerable sales decline due to divestiture of gas trading and storage business
- Income from operations (EBIT) before special items expected at level slightly below 2015

Our expectations for the global economic environment in 2016 remain unchanged:

- Growth of gross domestic product: 2.3%
- Growth in industrial production: 2.0%
- Growth in chemical production: 3.4%
- An average euro/dollar exchange rate of \$1.10 per euro
- An average Brent blend oil price for the year of \$40 per barrel

BASF Group sales will decrease considerably in 2016. As a consequence of the asset swap with Gazprom, the Oil & Gas segment is no longer receiving contributions from the natural gas trading and storage business in particular. In the first three quarters of 2015, these activities had contributed a total of around €10.1 billion to sales. Sales will be furthermore reduced by lower prices for oil and gas. We aim to increase sales volumes, excluding the effects of acquisitions and divestitures. EBIT before special items is expected to be slightly below 2015 levels. This remains an ambitious goal in the current volatile and challenging environment, and is particularly dependent on further oil price developments.

We expect EBIT to decline slightly overall in 2016. In addition to a lower level of EBIT before special items, this assumption reflects the charges expected to arise from restructuring measures. The BASF Group's EBIT after cost of capital¹ will presumably see a considerable decline. We will still earn a premium on our cost of capital.

¹ For a description of this KPI, see page 30 of the BASF Report 2015.

BASF Group Half-Year Financial Statements

Statement of Income

Statement of income (million €)

Explanations in Note	2nd Quarter			1st Half		
	2016	2015	Change in %	2016	2015	Change in %
Sales revenue	14,483	19,078	(24)	28,691	39,145	(27)
Cost of sales	(9,810)	(14,046)	30	(19,340)	(28,777)	33
Gross profit on sales	4,673	5,032	(7)	9,351	10,368	(10)
Selling expenses	(1,923)	(2,069)	7	(3,791)	(4,006)	5
General administrative expenses	(334)	(371)	10	(660)	(713)	7
Research expenses	(443)	(495)	11	(898)	(969)	7
Other operating income [5]	320	312	3	748	757	(1)
Other operating expenses [5]	(673)	(426)	(58)	(1,339)	(1,544)	13
Income from companies accounted for using the equity method [6]	98	56	75	173	141	23
Income from operations	1,718	2,039	(16)	3,584	4,034	(11)
Income from other shareholdings	18	38	(53)	21	58	(64)
Expenses from other shareholdings	(4)	(11)	64	(11)	(29)	62
Net income from shareholdings	14	27	(48)	10	29	(66)
Interest income	50	56	(11)	97	114	(15)
Interest expense	(171)	(171)	-	(317)	(335)	5
Interest result	(121)	(115)	(5)	(220)	(221)	0
Other financial result	(70)	(64)	(9)	(155)	(124)	(25)
Financial result [7]	(177)	(152)	(16)	(365)	(316)	(16)
Income before taxes and minority interests	1,541	1,887	(18)	3,219	3,718	(13)
Income taxes [8]	(414)	(506)	18	(672)	(1,049)	36
Income before minority interests	1,127	1,381	(18)	2,547	2,669	(5)
Minority interests [9]	(35)	(116)	70	(68)	(230)	70
Net income	1,092	1,265	(14)	2,479	2,439	2
Earnings per share [10]						
Basic (€)	1.19	1.38	(14)	2.70	2.66	2
Diluted (€)	1.19	1.38	(14)	2.70	2.66	2

Statement of Income and Expense Recognized in Equity

Statement of comprehensive income¹ (million €)

	1st Half 2016			1st Half 2015		
	BASF Group	Shareholders of BASF SE	Non-controlling interests	BASF Group	Shareholders of BASF SE	Non-controlling interests
Income before minority interests	2,547	2,479	68	2,669	2,439	230
Remeasurement of defined benefit plans	(3,417)	(3,417)	–	1,199	1,199	–
Deferred taxes on nonreclassifiable gains/losses	1,000	1,000	–	(352)	(352)	–
Nonreclassifiable gains/losses after taxes from equity-accounted investments	–	–	–	(3)	(3)	–
Nonreclassifiable gains/losses	(2,417)	(2,417)	–	844	844	–
Unrealized gains/losses from fair value changes in available-for-sale securities	2	2	–	(1)	(1)	–
Reclassifications of realized gains/losses recognized in the income statement	–	–	–	–	–	–
Fair value changes in available-for-sale securities, net	2	2	–	(1)	(1)	–
Unrealized gains/losses from future cash flow hedges	16	16	–	(25)	36	(61)
Reclassification of realized gains/losses recognized in the income statement	14	14	–	355	146	209
Cash flow hedges, net	30	30	–	330	182	148
Unrealized gains/losses from currency translation	39	52	(13)	1,271	1,216	55
Deferred taxes on reclassifiable gains/losses	(10)	(10)	–	(154)	(91)	(63)
Reclassifiable gains/losses after taxes from equity-accounted investments	(10)	(10)	–	130	130	–
Reclassifiable gains/losses	51	64	(13)	1,576	1,436	140
Other comprehensive income after taxes	(2,366)	(2,353)	(13)	2,420	2,280	140
Comprehensive income	181	126	55	5,089	4,719	370

¹ The presentation of comprehensive income has been adjusted according to the revised IAS 1. For more information, see Note 1 on page 28.

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

	Other comprehensive income				
	Remeasurements of defined benefit plans	Unrealized gains/losses from currency translation adjustment	Measurement of securities at fair value	Cash flow hedges	Total income and expense recognized directly in equity
As of January 1, 2016	(4,084)	652	20	(109)	(3,521)
Changes	(3,417)	46	3	25	(3,343)
Deferred taxes	1,000	(1)	–	(9)	990
As of June 30, 2016	(6,501)	697	23	(93)	(5,874)
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)

Balance Sheet

Assets (million €)

	Explanations in Note	June 30, 2016	June 30, 2015	Change in %	Dec. 31, 2015	Change in %
Intangible assets	[11]	12,206	13,272	(8)	12,537	(3)
Property, plant and equipment	[11]	25,280	24,849	2	25,260	0
Investments accounted for using the equity method	[11]	4,454	3,458	29	4,436	0
Other financial assets	[11]	536	571	(6)	526	2
Deferred tax assets		2,741	1,952	40	1,791	53
Other receivables and miscellaneous assets		1,280	1,889	(32)	1,720	(26)
Noncurrent assets		46,497	45,991	1	46,270	0
Inventories	[12]	9,660	10,329	(6)	9,693	0
Accounts receivable, trade	[12]	10,610	11,512	(8)	9,516	11
Other receivables and miscellaneous assets	[12]	3,546	4,139	(14)	3,095	15
Marketable securities	[12]	21	20	5	21	-
Cash and cash equivalents ¹	[12]	1,825	2,578	(29)	2,241	(19)
Assets of disposal groups		-	1,113	.	-	-
Current assets		25,662	29,691	(14)	24,566	4
Total assets		72,159	75,682	(5)	70,836	2

Equity and liabilities (million €)

	Explanations in Note	June 30, 2016	June 30, 2015	Change in %	Dec. 31, 2015	Change in %
Subscribed capital	[13]	1,176	1,176	-	1,176	-
Capital surplus	[13]	3,141	3,143	0	3,141	-
Retained earnings	[13]	29,935	28,642	5	30,120	(1)
Other comprehensive income		(5,874)	(3,202)	(83)	(3,521)	(67)
Equity of shareholders of BASF SE		28,378	29,759	(5)	30,916	(8)
Minority interests		590	810	(27)	629	(6)
Equity		28,968	30,569	(5)	31,545	(8)
Provisions for pensions and similar obligations	[14]	9,627	6,252	54	6,313	52
Other provisions	[15]	3,352	3,724	(10)	3,369	(1)
Deferred tax liabilities		2,938	3,488	(16)	3,381	(13)
Financial indebtedness	[16]	10,743	11,560	(7)	11,123	(3)
Other liabilities	[16]	886	1,233	(28)	869	2
Noncurrent liabilities		27,546	26,257	5	25,055	10
Accounts payable, trade		3,940	4,683	(16)	4,020	(2)
Provisions	[15]	2,629	2,752	(4)	2,540	4
Tax liabilities		1,355	1,303	4	1,082	25
Financial indebtedness	[16]	5,189	6,089	(15)	4,074	27
Other liabilities	[16]	2,532	3,503	(28)	2,520	0
Liabilities of disposal groups		-	526	.	-	-
Current liabilities		15,645	18,856	(17)	14,236	10
Total equity and liabilities		72,159	75,682	(5)	70,836	2

¹ For a reconciliation of the amounts in the statement of cash flows with the balance sheet item "cash and cash equivalents," see page 24.

Statement of Cash Flows

Statement of cash flows (million €)

	2nd Quarter		1st Half	
	2016	2015	2016	2015
Net income	1,092	1,265	2,479	2,439
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	1,081	957	2,027	1,859
Changes in net working capital	203	568	(1,045)	877
Miscellaneous items	(83)	(37)	(122)	(32)
Cash provided by operating activities	2,293	2,753	3,339	5,143
Payments related to property, plant and equipment and intangible assets	(978)	(1,567)	(1,979)	(2,845)
Acquisitions/divestitures	51	(41)	51	(15)
Financial investments and other items	197	(221)	(60)	(471)
Cash used in investing activities	(730)	(1,829)	(1,988)	(3,331)
Capital increases/repayments and other equity transactions	5	47	10	47
Changes in financial liabilities	(1,052)	2,022	944	1,723
Dividends	(2,764)	(2,702)	(2,768)	(2,803)
Cash used in financing activities	(3,811)	(633)	(1,814)	(1,033)
Net changes in cash and cash equivalents	(2,248)	291	(463)	779
Cash and cash equivalents as of beginning of year and other changes	4,073	2,287	2,288	1,799
Cash and cash equivalents at end of quarter	1,825	2,578	1,825	2,578

2nd Quarter 2016

At €2,293 million, cash provided by operating activities in the second quarter of 2016 was €460 million below the level of the previous second quarter. The release of funds in net working capital was largely related to a seasonally lower level of trade accounts receivable. The previous second quarter's higher amount of released funds had arisen from inventory optimization.

Cash used in investing activities amounted to €730 million, compared with €1,829 million in the second quarter of 2015. At €978 million, payments related to property, plant and equipment and intangible assets decreased compared with the same quarter of the previous year (€1,567 million).

Cash used in financing activities amounted to €3,811 million, compared with €633 million in the second quarter of 2015. Cash outflow was mainly the result of scaling back BASF SE's U.S. dollar commercial paper program. In the previous second quarter, BASF SE's U.S. dollar commercial paper program had been expanded.

1st Half 2016

At €3,339 million, cash provided by operating activities in the first half of 2016 decreased by €1,804 million compared with the same period of 2015. Cash tied down in net working capital was primarily a consequence of seasonal increases in trade accounts receivable. The first half of the previous year

had included a release of funds in net working capital, arising predominantly from the €1.3 billion decline in inventories. This was mainly the result of seasonal effects in the gas storage business – meanwhile divested – and the crop protection business, in addition to inventory optimization measures.

Investing activities led to a cash outflow of €1,988 million, compared with €3,331 million in the same period of 2015. At €1,979 million, payments related to property, plant and equipment and intangible assets were considerably lower than in the first half of the previous year (€2,845 million).

Cash used in financing activities amounted to €1,814 million; in the first half of 2015, €1,033 million had been used in financing activities. The cash inflow resulting from the changes in financial liabilities amounted to €944 million. This was predominantly due to the expansion of BASF SE's U.S. dollar commercial paper program in addition to an increase in current bank liabilities. Dividends of €2,764 million were paid to shareholders of BASF SE, which was €92 million more than in the previous year. Payments of €104 million were made to minority shareholders of Group companies in the form of dividends.

Net debt

Net debt is calculated by subtracting cash and cash equivalents from current and noncurrent financial indebtedness.¹ This balance-related indicator provides information on effective indebtedness. Net debt rose from €12,956 million on December 31, 2015, to €14,107 million on June 30, 2016.

¹ Details on these figures are provided in the Balance Sheet on page 23.

Statement of Changes in Equity

1st Half 2016 (million €)

	Number of 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, 2016	918,478,694	1,176	3,141	30,120	(3,521)	30,916	629	31,545
Effects of acquisitions achieved in stages	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	(2,664)	–	(2,664)	(104) ²	(2,768)
Net income	–	–	–	2,479	–	2,479	68	2,547
Changes in income and expense recognized directly in equity	–	–	–	–	(2,353)	(2,353)	(13)	(2,366)
Changes in scope of consolidation and other changes	–	–	–	–	–	–	10	10
As of June 30, 2016	918,478,694	1,176	3,141	29,935	(5,874)	28,378	590	28,968

1st Half 2015 (million €)

	Number of 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
Changes 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

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 22.

² Including profit and loss transfers

Segment Reporting

2nd Quarter (million €)

	Sales			EBITDA ¹			Income from operations (EBIT) before special items ¹			Income from operations (EBIT)		
	2016	2015	Change in %	2016	2015	Change in %	2016	2015	Change in %	2016	2015	Change in %
Chemicals	3,373	3,975	(15)	732	779	(6)	467	548	(15)	467	548	(15)
Performance Products	3,846	4,084	(6)	691	586	18	503	304	65	486	368	32
Functional Materials & Solutions	4,703	4,916	(4)	756	598	26	535	458	17	531	411	29
Agricultural Solutions	1,459	1,678	(13)	373	422	(12)	320	365	(12)	288	365	(21)
Oil & Gas	617	3,668	(83)	357	661	(46)	94	431	(78)	93	430	(78)
Other	485	757	(36)	(119)	(52)	.	(212)	(63)	.	(147)	(83)	(77)
	14,483	19,078	(24)	2,790	2,994	(7)	1,707	2,043	(16)	1,718	2,039	(16)

2nd Quarter (million €)

	Research expenses			Assets			Investments ²			Amortization and depreciation ³		
	2016	2015	Change in %	2016	2015	Change in %	2016	2015	Change in %	2016	2015	Change in %
Chemicals	45	53	(15)	12,828	12,974	(1)	319	494	(35)	265	231	15
Performance Products	88	98	(10)	14,513	15,045	(4)	193	248	(22)	205	218	(6)
Functional Materials & Solutions	95	98	(3)	13,671	13,853	(1)	132	168	(21)	225	187	20
Agricultural Solutions	116	132	(12)	8,749	8,514	3	74	106	(30)	85	57	49
Oil & Gas	9	13	(31)	12,435	13,948	(11)	270	483	(44)	264	231	14
Other	90	101	(11)	9,963	11,348	(12)	19	27	(30)	28	31	(10)
	443	495	(11)	72,159	75,682	(5)	1,007	1,526	(34)	1,072	955	12

¹ For more information on this KPI, see page 42.

² Additions to intangible assets and property, plant and equipment (including acquisitions)

³ Impairments, amortization of intangible assets, and depreciation of property, plant and equipment (including write-ups)

1st Half (million €)

	Sales			EBITDA ¹			Income from operations (EBIT) before special items ¹			Income from operations (EBIT)		
	2016	2015	Change in %	2016	2015	Change in %	2016	2015	Change in %	2016	2015	Change in %
Chemicals	6,522	7,841	(17)	1,465	1,719	(15)	932	1,274	(27)	935	1,274	(27)
Performance Products	7,629	8,122	(6)	1,435	1,310	10	1,050	819	28	1,021	859	19
Functional Materials & Solutions	9,111	9,500	(4)	1,350	1,198	13	991	889	11	983	875	12
Agricultural Solutions	3,239	3,576	(9)	1,018	1,048	(3)	911	939	(3)	878	938	(6)
Oil & Gas	1,228	8,661	(86)	664	1,326	(50)	160	868	(82)	159	866	(82)
Other	962	1,445	(33)	(330)	(717)	54	(431)	(676)	36	(392)	(778)	50
	28,691	39,145	(27)	5,602	5,884	(5)	3,613	4,113	(12)	3,584	4,034	(11)

1st Half (million €)

	Research expenses			Assets			Investments ²			Amortization and depreciation ³		
	2016	2015	Change in %	2016	2015	Change in %	2016	2015	Change in %	2016	2015	Change in %
Chemicals	91	103	(12)	12,828	12,974	(1)	600	818	(27)	530	445	19
Performance Products	177	189	(6)	14,513	15,045	(4)	368	451	(18)	414	451	(8)
Functional Materials & Solutions	191	190	1	13,671	13,853	(1)	262	449	(42)	367	323	14
Agricultural Solutions	230	258	(11)	8,749	8,514	3	151	191	(21)	140	110	27
Oil & Gas	19	25	(24)	12,435	13,948	(11)	550	901	(39)	505	460	10
Other	190	204	(7)	9,963	11,348	(12)	35	50	(30)	62	61	2
	898	969	(7)	72,159	75,682	(5)	1,966	2,860	(31)	2,018	1,850	9

¹ For more information on this KPI, see page 42.

² Additions to intangible assets and property, plant and equipment (including acquisitions)

³ Impairments, amortization of intangible assets, and depreciation of property, plant and equipment (including write-ups)

Other⁴ (million €)

	2nd Quarter			1st Half		
	2016	2015	Change in %	2016	2015	Change in %
Sales	485	757	(36)	962	1,445	(33)
Income from operations (EBIT) before special items	(212)	(63)	.	(431)	(676)	36
Thereof						
Costs of corporate headquarters	(56)	(64)	13	(111)	(119)	7
Corporate research costs	(88)	(102)	14	(187)	(203)	8
Foreign currency results, hedging and other measurement effects	(116)	151	.	(48)	(231)	79
Other businesses	33	30	10	51	65	(22)
Special items	65	(20)	.	39	(102)	.
Income from operations (EBIT)	(147)	(83)	(77)	(392)	(778)	50

⁴ Further information on Other can be found in the Notes on pages 30 and 31.

Notes to the Half-Year Financial Statements

1 Basis of presentation

Selected exchange rates


	Closing rates		Average rates 1st Half	
	June 30, 2016	Dec. 31, 2015	2016	2015
1 € equals				
Brazil (BRL)	3.59	4.31	4.13	3.31
China (CNY)	7.38	7.06	7.30	6.94
Great Britain (GBP)	0.83	0.73	0.78	0.73
Japan (JPY)	114.05	131.07	124.41	134.13
Malaysia (MYR)	4.43	4.70	4.57	4.06
Mexico (MXN)	20.63	18.91	20.17	16.88
Russian Federation (RUB)	71.52	80.67	78.30	64.60
Switzerland (CHF)	1.09	1.08	1.10	1.06
South Korea (KRW)	1,278.48	1,280.78	1,318.92	1,226.62
United States (USD)	1.11	1.09	1.12	1.12

The Consolidated Financial Statements of the BASF Group for the year ending December 31, 2015, were prepared in accordance with the International Financial Reporting Standards (IFRS) valid as of the balance sheet date. The Half-Year Financial Statements as of June 30, 2016, have been prepared – in line with the rules of International Accounting Standard 34 – in abbreviated form and largely continuing the same accounting policies. The first-time application of the following revised accounting and reporting standards has had no material effect on net assets, financial position and results of operations in the current reporting year:

- Amendments to IAS 1 (Disclosure Initiative)
- Amendments to IAS 16 and 38 (Clarification of Acceptable Methods of Depreciation and Amortization)
- Amendments to IFRS 11 (Accounting for Acquisitions of Interests in Joint Operations)
- IFRS Annual Improvements: Cycle 2012–2014

Due to the recent revision of IAS 1, the contributions of companies accounted for using the equity method are now shown separately in the Statement of Comprehensive Income. In addition, minority interests have been distributed among the subitems in a separate column.

The Half-Year Financial Statements and Half-Year Management's Report have been neither audited nor have undergone an auditor's review.

 The BASF Report 2015 containing the Consolidated Financial Statements as of December 31, 2015, can be found online at: basf.com/report

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 2016, five companies have been included in the scope of consolidation for the first time due to increased significance. The establishment of a company headquartered in the United States also expanded the scope of consolidation. One Belgium-based company has been liquidated.

The lower number of companies accounted for using the equity method came from the liquidation of BASF Heesung Trading Corporation, Seoul, South Korea.

Scope of consolidation

	2016	2015
As of January 1	258	281
Thereof proportionally consolidated	7	7
First-time consolidations	6	5
Thereof proportionally consolidated	1	–
Deconsolidations	1	10
Thereof proportionally consolidated	–	–
As of June 30	263	276
Thereof proportionally consolidated	8	7

Companies accounted for using the equity method

	2016	2015
As of January 1	32	34
As of June 30	31	35

3 Acquisitions and divestitures

Divestitures

On June 30, 2016, BASF concluded the sale of its global polyolefin catalysts business to W. R. Grace & Co., Columbia, Maryland, as announced on April 22, 2016. The transaction involved technologies, patents, brands and the transfer of production plants in Pasadena, Texas, and Tarragona, Spain. Around 170 employees transferred to Grace. These activities had been assigned to the Catalysts division.

Agreed-upon transactions

As announced in February 2016, BASF reached an agreement with AkzoNobel on the sale of the Coatings division's industrial coatings business for €475 million. The transaction includes technologies, patents and trademarks, as well as the transfer of two production sites in England and in South Africa. It requires consultation with employee representatives and certain regulatory approvals. BASF generated around €300 million in sales in the industrial coatings business in 2015. BASF and AkzoNobel intend to complete the transaction by the end of 2016.

On April 20, 2016, BASF announced that an agreement had been reached to acquire the automotive refinishing business of Guangdong Yinfan Chemistry Co. Ltd. ("Yinfan") in Jiangmen, China. The acquisition grants BASF access to a state-of-the-art production plant for automotive refinish coatings in China. In addition, it enables BASF to add the Yinfan product range to its portfolio of automotive refinish coatings in Asia Pacific. The transaction is expected to conclude in the second half of 2016, subject to the necessary legal and statutory approvals from relevant authorities. At BASF, the activities are to be integrated into the Coatings division.

On June 17, 2016, BASF signed an agreement with Albemarle Corporation, Charlotte, North Carolina, on the acquisition of the global surface treatment provider Chemetall. Headquartered in Frankfurt, Germany, Chemetall is a leading global provider of technologies and innovations for treating metal surfaces. The company has around 2,500 employees worldwide and operates 21 production sites in more than 20 countries, as well as 10 research and development sites and 24 sales offices. Full-year sales for 2015 were \$845 million. The purchase price amounts to \$3.2 billion. The transaction is expected to close in the second half of 2016, subject to approval by the relevant authorities. BASF intends to integrate the activities into the Coatings division.

4 Segment reporting

BASF's business is conducted by thirteen 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.

The Performance Products segment consists of the Dispersions & Pigments, Care Chemicals, Nutrition & Health and Performance Chemicals divisions. Customized products allow customers to make their production processes more efficient or to give their products improved application properties.

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 comprises the division of the same name. As part of an asset swap at the end of the third quarter of 2015, BASF transferred to Gazprom the natural gas trading and storage business previously operated together with Gazprom, and since October 1, 2015, has concentrated on the exploration and production of oil and gas as well as on the transport of natural gas.

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-based 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 declined in the second quarter and first half of 2016 as compared with the corresponding periods of 2015. In the second quarter of 2016, the year-on-year decrease was from €757 million to €485 million, and in the first half of 2016, it was from €1,445 million to €962 million. Lower prices and volumes in the raw materials trading business were largely responsible, along with the expiration of supply contracts at the end of 2015 in connection with the disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore at the end of 2014.

Income from operations amounted to minus €147 million in the second quarter of 2016, after minus €83 million in the previous second quarter. This was primarily influenced by additions to provisions for the LTI program in the second quarter of 2016; the same quarter of the previous year had, by contrast, contained income from the reversal of provisions.

In the first half of 2016, income from operations of Other improved year-on-year from minus €778 million to minus €392 million, largely through the lower level of provisions recognized for the LTI program, and a higher currency result, as compared with the same period of 2015. The previous year had also included expenses for the anniversary bonus.

Assets of Other (million €)

	June 30, 2016	June 30, 2015
Assets of businesses included in Other	1,879	2,318
Other financial assets	536	571
Deferred tax assets	2,741	1,952
Cash and cash equivalents / marketable securities	1,846	2,598
Defined benefit assets	68	71
Other receivables / prepaid expenses	2,893	3,838
Assets of Other	9,963	11,348

Reconciliation reporting for Oil & Gas (million €)

	2nd Quarter		1st Half	
	2016	2015	2016	2015
Income from operations	93	430	159	866
Net income from shareholdings	3	1	3	1
Other income	29	(53)	(108)	109
Income before taxes and minority interests	125	378	54	976
Income taxes	(20)	(79)	102	(273)
Income before minority interests	105	299	156	703
Minority interests	(5)	(49)	(9)	(94)
Net income	100	250	147	609

The reconciliation reporting 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 fell in both the second quarter and in the first half of 2016. This was essentially a result of lower oil and gas prices as well as the asset swap with Gazprom on September 30, 2015, through which earnings contributions from the divested gas trading and storage business and the 50% share in Wintershall Noordzee B.V., Rijswijk, Netherlands, were discontinued as of the fourth quarter of 2015. Moreover, income from operations was reduced by lower earnings contributions from the share in the Yuzhno Russkoye natural gas

field, as the excess amounts received over the last ten years will be compensated in 2016, as contractually agreed with our partner, Gazprom.

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 largely consisted of currency effects from Group loans.

The change in income taxes was predominantly attributable to a lower level of income before taxes and minority interests, as well as to currency-related declines in deferred taxes from heavily taxed oil and gas production in Norway.

5 Other operating income and expenses

Other operating income (million €)

	2nd Quarter		1st Half	
	2016	2015	2016	2015
Income from the adjustment and release of provisions recognized in other operating expenses	(39)	27	14	29
Revenue from miscellaneous revenue-generating activities	43	44	83	85
Income from foreign currency and hedging transactions	25	(27)	170	113
Income from the translation of financial statements in foreign currencies	(3)	(19)	48	85
Gains on the disposal of fixed assets and divestitures	171	82	185	142
Income on the reversal of valuation allowances for business-related receivables	13	10	24	21
Miscellaneous other income	110	195	224	282
Other operating income	320	312	748	757

Other operating expenses (million €)

	2nd Quarter		1st Half	
	2016	2015	2016	2015
Expenses from the LTI program as well as other personnel obligations	43	(163)	60	123
Restructuring measures	56	34	100	53
Environmental protection and safety measures, costs of demolition and removal, and project expenses related to capital expenditures that are not subject to mandatory capitalization	111	91	207	187
Amortization, depreciation and impairments of intangible assets and property, plant and equipment	117	57	130	76
Costs from miscellaneous revenue-generating activities	34	44	67	85
Expenses from foreign currency and hedging transactions	56	32	157	262
Losses from the translation of financial statements in foreign currencies	2	20	18	90
Losses from the disposal of fixed assets and divestitures	3	12	8	17
Oil and gas exploration expenses	27	31	60	80
Expenses from the addition of valuation allowances for business-related receivables	25	27	48	46
Expenses from the use of inventories measured at market value and the derecognition of obsolete inventory	41	66	72	110
Miscellaneous other expenses	158	175	412	415
Other operating expenses	673	426	1,339	1,544

Income from foreign currency and hedging transactions improved by €28 million in the second quarter of 2016, from minus €59 million to minus €31 million, and by €162 million in the first half of 2016, from minus €149 million to plus €13 million. This was largely driven by valuation effects from forward contracts for emissions certificates.

Countering this, miscellaneous other expenses arose from negative effects in connection with the valuation of emissions certificates. In the first half of 2015, miscellaneous other expenses had contained the bonus paid to employees on the occasion of BASF's 150th anniversary.

Income from the translation of financial statements in foreign currencies was higher year-on-year. In the second quarter of 2016, this increase was €34 million, from minus €39 million in the previous second quarter to minus €5 million. In the first half of 2016, the increase was €35 million, from minus €5 million in the previous first half to plus €30 million. Primarily driving this development were effects from the translation of companies outside the eurozone that use the euro as their functional currency.

The rise in gains on the disposal of fixed assets and divestitures was largely attributable to disposal gains from the sale of the polyolefin catalysts business to W. R. Grace & Co., Columbia, Maryland. Income furthermore arose from the sale of BASF's OLED intellectual property assets to UDC Ireland Limited, Dublin, Ireland. In the second quarter of the previous year, gains on the disposal of fixed assets and divestitures had pertained to the sale of the global textile chemicals business to Archroma Textiles S.à r.l., Luxembourg. In addition, the first half of 2015 had included disposal gains from the divestiture of the white expandable polystyrene (EPS) business to Alpek S.A.B. de C.V., Monterrey, Mexico.

Miscellaneous income declined in the second quarter of 2016 and the first half of 2016, mainly due to the previous year's insurance refunds arising from a plant outage at the Ellba C.V. joint operation in Moerdijk, Netherlands. Lower income in the second quarter of 2016 as compared with the prior second quarter was also the result of price compensation from the Argentinian government for gas producers, which was introduced in connection with the New Gas Price Scheme (NGPS) in response to the lower, partly locally regulated gas prices.

Expenses from the valuation of long-term incentive (LTI) options rose because of adjustments to provisions for the LTI program; while the previous second quarter had contained income from the release of provisions, the second quarter of 2016 included expenses from additions to provisions. Expenses arose in the first half of both years from the valuation of LTI options.

In the second quarter of 2016, amortization, depreciation and impairments of intangible assets and property, plant and equipment particularly included impairments in the Functional Materials & Solutions segment.

6 Income from companies accounted for using the equity method

In both the second quarter and first half of 2016, BASF-YPC Company Ltd., Nanjing, China, was mainly responsible for the higher level of income from companies accounted for using the equity method. In addition, contributions to income from companies accounted for using the equity method came

primarily from the Oil & Gas segment, especially the companies Nord Stream AG, Zug, Switzerland; OAO Severneftegazprom, Krasnoselkup, Russia; and GASCADE Gastransport GmbH, Kassel, Germany.

7 Financial result

Million €	2nd Quarter		1st Half	
	2016	2015	2016	2015
Dividends and similar income	18	23	19	33
Income from the disposal of shareholdings	–	13	1	21
Income from profit transfer agreements	–	1	1	3
Income from tax allocation to participating interests	–	1	–	1
Income from other shareholdings	18	38	21	58
Losses from loss transfer agreements	(4)	(4)	(11)	(6)
Write-downs of / losses from the disposal of shareholdings	–	(7)	–	(23)
Expenses from other shareholdings	(4)	(11)	(11)	(29)
Net income from shareholdings	14	27	10	29
Interest income from cash and cash equivalents	42	50	84	101
Interest and dividend income from securities and loans	8	6	13	13
Interest income	50	56	97	114
Interest expenses	(171)	(171)	(317)	(335)
Interest result	(121)	(115)	(220)	(221)
Net interest income from overfunded pension plans and similar obligations	1	–	2	1
Net interest income from other long-term personnel obligations	–	–	–	–
Income from capitalization of construction period interest	23	36	48	78
Miscellaneous financial income	–	–	–	–
Other financial income	24	36	50	79
Write-downs on/losses from disposal of securities and loans	–	(2)	(1)	(3)
Net interest expenses from underfunded pensions and similar obligations	(45)	(48)	(88)	(97)
Net interest expense from other long-term personnel obligations	(1)	(1)	(2)	(4)
Interest compounding on other noncurrent liabilities	(11)	(19)	(21)	(35)
Miscellaneous financial expenses	(37)	(30)	(93)	(64)
Other financial expenses	(94)	(100)	(205)	(203)
Other financial result	(70)	(64)	(155)	(124)
Financial result	(177)	(152)	(365)	(316)

At €14 million and €10 million, respectively, net income from shareholdings in the second quarter of 2016 and in the first half of 2016 decreased by €13 million and by €19 million compared with the same periods of 2015. This was primarily attributable to the previous second quarter's income from the disposal of shareholdings through the sale of Indaver N.V., Antwerp, Belgium.

The interest result fell by €6 million in the second quarter of 2016, from minus €115 million to minus €121 million, but rose by €1 million in the first half of 2016, from minus €221 million to minus €220 million. Compared with the second quarter and first half of 2015, interest income decreased largely on account of the lower interest rate level. The reduction in cumulated interest expense resulted mainly from more favorable refinancing conditions. Contrasting this was the addition to bank liabilities outside the eurozone in the second quarter of 2016.

Compared with the previous year, income from the capitalization of construction period interest was considerably lower as major investment projects either partly or fully began operations in 2015. These particularly included the TDI complex in Ludwigshafen, Germany; the production complex for acrylic acid and superabsorbents in Camaçari, Brazil; and the MDI plant in Chongqing, China.

The year-on-year decrease in net interest expense from underfunded pension plans was primarily the result of adjusted assumptions for the discount rate and projected pension increase.

The rise in other financial expenses was attributable in both the second quarter and first half of 2016 mostly to hedging costs from the hedging of loans in U.S. dollars.

8 Income taxes

Income before taxes and minority interests (million €)

	2nd Quarter		1st Half	
	2016	2015	2016	2015
Germany	532	774	1,020	1,174
Foreign	1,009	1,113	2,199	2,544
Income before taxes and minority interests	1,541	1,887	3,219	3,718

Income taxes

		2nd Quarter		1st Half	
		2016	2015	2016	2015
Germany	million €	158	260	288	362
Foreign	million €	256	246	384	687
Income taxes	million €	414	506	672	1,049
Tax rate	%	26.9	26.8	20.9	28.2

The lower tax rate in the first half of 2016 was particularly the result of lower taxes in the Oil & Gas segment due to the currency-driven decrease in temporary differences to the values used for the calculation of taxable income in Norway.

Lower earnings from countries with high taxes, especially in Norway, also contributed to a reduction in the tax rate.

9 Minority interests

Million €	2nd Quarter		1st Half	
	2016	2015	2016	2015
Minority interests in profits	40	126	79	244
Minority interests in losses	(5)	(10)	(11)	(14)
Minority interests	35	116	68	230

In the second quarter and first half of 2016, lower minority interests in profits year-on-year were mainly the result of the disposal of shares in companies active in the gas trading and storage business in connection with the asset swap completed with Gazprom on September 30, 2015. BASF TOTAL Petrochemicals LLC in Port Arthur, Texas, also contributed to the decrease.

The decline in minority interests in losses arose from the positive earnings contribution of Shanghai BASF Polyurethane Company Ltd. in Shanghai, China, in both the second quarter and the first half of 2016. In the same periods of the previous year, this company had contributed to minority interests in losses. Due to a drop in sales prices, the second quarter and the first half of 2016 both included minority interests in losses primarily at BASF PETRONAS Chemicals Sdn. Bhd., Shah Alam, Malaysia.

10 Earnings per share

		2nd Quarter		1st Half	
		2016	2015	2016	2015
Net income	million €	1,092	1,265	2,479	2,439
Number of outstanding shares (weighted average)	thousands	918,479	918,479	918,479	918,479
Earnings per share	€	1.19	1.38	2.70	2.66

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

In the second quarter of 2016, and in the corresponding period of 2015, there was no dilutive effect; basic earnings per share were the same as the diluted value per share.

11 Noncurrent assets

First-half development of intangible assets and property, plant and equipment (million €)

	Intangible assets		Property, plant and equipment	
	2016	2015	2016	2015
Acquisition costs				
Balance as of January 1	16,373	16,325	67,234	64,414
Additions	44	172	1,922	2,688
Disposals	(363)	(43)	(440)	(627)
Transfers	(5)	(269)	3	(929)
Exchange differences	18	876	(296)	1,959
Balance as of June 30	16,067	17,061	68,423	67,505
Amortization and depreciation				
Balance as of January 1	3,836	3,358	41,974	40,918
Additions	299	340	1,719	1,510
Disposals	(295)	(42)	(347)	(598)
Transfers	–	(35)	(1)	(189)
Exchange differences	21	168	(202)	1,015
Balance as of June 30	3,861	3,789	43,143	42,656
Net carrying amount as of June 30	12,206	13,272	25,280	24,849

Significant investments in the first half of 2016 especially pertained to the construction of the aroma ingredients complex in Kuantan, Malaysia, and of oil and gas production facilities and wells in Europe and South America, as well as the expansion of the Dicamba plant in Beaumont, Texas. Investments were particularly made at the sites in Ludwigshafen, Germany; Freeport, Texas; Geismar, Louisiana; and Kuantan, Malaysia.

Reductions in property, plant and equipment and intangible assets were mainly attributable to the derecognition of fully

written off assets. Disposals were also related to the sale of the global polyolefin catalyst business to W. R. Grace & Co., Columbia, Maryland.

Exchange differences for property, plant and equipment arose to a large extent from the depreciation of the U.S. dollar and the Chinese renminbi relative to the euro. The appreciation of the Brazilian real had a counterbalancing effect.

First-half development of investments accounted for using the equity method (million €)

	2016	2015
Balance as of January 1	4,436	3,245
Additions	40	45
Disposals	(1)	(5)
Transfers	(15)	63
Exchange differences	(6)	110
Balance as of June 30	4,454	3,458

Other financial assets (million €)

	June 30, 2016	December 31, 2015	June 30, 2015
Other shareholdings	424	420	484
Long-term securities	112	106	87
Other financial assets	536	526	571

12 Current assets

Million €	June 30, 2016	December 31, 2015	June 30, 2015
Raw materials and factory supplies	3,007	2,944	3,156
Work-in-process, finished goods and merchandise	6,532	6,680	7,064
Advance payments and services-in-process	121	69	109
Inventories	9,660	9,693	10,329
Accounts receivable, trade	10,610	9,516	11,512
Other receivables and miscellaneous current assets	3,546	3,095	4,139
Marketable securities	21	21	20
Cash and cash equivalents	1,825	2,241	2,578
Assets of disposal groups	–	–	1,113
Other current assets	5,392	5,357	7,850
Current assets	25,662	24,566	29,691

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 increase in trade accounts receivable since December 31, 2015, was primarily attributable to seasonal effects in the Agricultural Solutions and Performance Products segments.

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 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 €15 million in the first half of 2016.

Reserves (million €)

	June 30, 2016	December 31, 2015
Legal reserves	609	594
Other retained earnings	29,326	29,526
Retained earnings	29,935	30,120

Payment of dividends

In accordance with the resolution of the Annual Shareholders' Meeting on April 29, 2016, BASF SE paid a dividend of €2.90 per share from the retained profit of the 2015 fiscal year. With 918,478,694 shares entitled to dividends, this amounts to a total dividend payout of €2,663,588,212.60.

14 Provisions for pensions

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

	Germany		United States		Switzerland		United Kingdom	
	June 30, 2016	Dec. 31, 2015	June 30, 2016	Dec. 31, 2015	June 30, 2016	Dec. 31, 2015	June 30, 2016	Dec. 31, 2015
Discount rate	1.50	2.50	3.40	4.20	0.20	0.80	3.10	4.00
Projected pension increase	1.50	1.50	–	–	–	–	2.70	2.90

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

	Germany		United States		Switzerland		United Kingdom	
	2016	2015	2016	2015	2016	2015	2016	2015
Discount rate	2.50	2.40	4.20	3.90	0.80	1.00	4.00	3.70
Projected pension increase	1.50	1.75	–	–	–	–	2.90	2.90

The assumptions used to determine the defined benefit obligation as of December 31, 2015, are to be used in the 2016 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 scheduled benefit and contribution payments to be made during the year.

The considerable drop in the discount rate due to capital market developments in the first half of 2016 in all relevant countries was primarily responsible for actuarial losses of €3,708 million in the defined benefit obligation. Including the deviation between the actual and standardized return on plan assets, a negative remeasurement occurred in the amount of €3,417 million. This was recognized in other comprehensive income (OCI), taking into account deferred taxes of €1,000 million. This valuation effect was the main reason for the €3,314 million increase in pension provisions.

15 Other provisions

Development of other provisions 1st Half 2016 (million €)

	January 1, 2016	Additions	Unwinding of discount	Utilization	Reversals	Other changes	June 30, 2016
Restoration obligations	1,266	41	14	(34)	(13)	(5)	1,269
Environmental protection and remediation costs	538	36	2	(31)	(6)	(4)	535
Employee obligations	1,569	670	2	(973)	(11)	(50)	1,207
Obligations from sales and purchase contracts	775	766	–	(191)	(26)	7	1,331
Restructuring measures	196	25	–	(58)	(6)	(2)	155
Litigation, damage claims, warranties and similar obligations	86	11	–	(11)	(3)	6	89
Other	1,479	78	–	(101)	(11)	(50)	1,395
Total	5,909	1,627	18	(1,399)	(76)	(98)	5,981

On June 30, 2016, other provisions had risen by €72 million compared with year-end 2015.

A significant drop was posted in provisions for employee obligations following the payout of the 2015 bonus to employees of the BASF Group.

Current accruals for discounts considerably surpassed the utilization of provisions from 2015, leading to a seasonal increase in provisions for obligations from sales contracts.

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, 2016		December 31, 2015		June 30, 2015	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Accounts payable, trade	3,940	–	4,020	–	4,683	–
Bonds and other liabilities to the capital market	3,509	9,112	2,696	9,505	4,743	9,894
Liabilities to credit institutions	1,680	1,631	1,378	1,618	1,346	1,666
Financial indebtedness	5,189	10,743	4,074	11,123	6,089	11,560
Tax liabilities	1,355	–	1,082	–	1,303	–
Advances received on orders	93	–	447	–	104	–
Negative fair values from derivatives and liabilities for precious metal obligations	589	77	361	75	575	60
Liabilities related to social security	81	96	73	95	169	19
Miscellaneous liabilities	1,677	544	1,568	536	2,428	962
Deferred income	92	169	71	163	227	192
Other liabilities	2,532	886	2,520	869	3,503	1,233
Liabilities	13,016	11,629	11,696	11,992	15,578	12,793

Financial indebtedness (in million €)

				Carrying amounts based on effective interest method		
		Nominal value (million, in issuing currency)	Effective interest rate	June 30, 2016	Dec. 31, 2015	June 30, 2015
Currency						
BASF SE						
Commercial paper		USD	2,531	2,273	1,714	4,172
4.5%	Bond 2006/2016	EUR	500	4.62%	500	499
variable	Bond 2013/2016	EUR	200	variable	200	200
4.25%	Bond 2009/2016	EUR	200	4.40%	200	200
variable	Bond 2014/2017	EUR	300	variable	300	300
5.875%	Bond 2009/2017	GBP	400	6.04%	483	544
4.625%	Bond 2009/2017	EUR	300	4.69%	300	300
1.375%	Bond 2014/2017	GBP	250	1.46%	302	340
variable	Bond 2013/2018	EUR	300	variable	300	300
1.5%	Bond 2012/2018	EUR	1,000	1.51%	1,000	1,000
1.375%	Bond 2014/2019	EUR	750	1.44%	749	748
variable	Bond 2013/2020	EUR	300	variable	300	300
1.875%	Bond 2013/2021 ¹	EUR	1,000	1.47%	1,018	698
2%	Bond 2012/2022	EUR	1,250	1.93%	1,256	1,256
2.5%	Bond 2014/2024	EUR	500	2.60%	497	496
3.675%	Bond 2013/2025	NOK	1,450	3.70%	156	151
1.5%	Bond 2016/2031	EUR	200	1.58%	198	–
3%	Bond 2013/2033	EUR	500	3.15%	491	490
2.875%	Bond 2013/2033	EUR	200	3.09%	198	198
3.25%	Bond 2013/2043	EUR	200	3.27%	199	199
3.89%	U.S. Private Placement Series A 2013/2025	USD	250	3.92%	225	229
4.09%	U.S. Private Placement Series B 2013/2028	USD	700	4.11%	629	641
4.43%	U.S. Private Placement Series C 2013/2034	USD	300	4.45%	270	275
Ciba Specialty Chemicals Finance Luxembourg S.A.						
4.875%	Bond 2003/2018	EUR	477	4.88%	455	449
Other bonds				622	672	646
Bonds and other liabilities to the capital market				12,621	12,201	14,637
Liabilities to credit institutions				3,311	2,996	3,012
Financial indebtedness				15,932	15,197	17,649

¹ The 1.875% EUR bond from 2013 was tapped on March 29, 2016; its volume was increased by €300 million, effective April 5, 2016. With an issue price of over 100%, the tap resulted in an effective annual interest rate of 0.37%.

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.

Valuation allowances were recognized as an expense for other receivables from nonconsolidated subsidiaries in the amount of €20 million for the second quarter and €21 million in the first half of 2016. The balance of valuation allowances for other receivables from nonconsolidated subsidiaries therefore rose from €39 million as of December 31, 2015, to €60 million

as of June 30, 2016. In the corresponding period of the previous year, there had been no material expenses from valuation allowances for other receivables from related parties.

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	
	2016	2015	2016	2015
Nonconsolidated subsidiaries	99	97	236	232
Joint ventures	69	105	139	202
Associated companies	50	96	107	233

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

	Accounts receivable, trade		
	June 30, 2016	December 31, 2015	June 30, 2015
Nonconsolidated subsidiaries	181	139	172
Joint ventures	69	71	69
Associated companies	42	34	72

	Accounts payable, trade		
	June 30, 2016	December 31, 2015	June 30, 2015
Nonconsolidated subsidiaries	42	60	53
Joint ventures	66	54	207
Associated companies	28	44	28

Other receivables from and payables to related parties (million €)

	Other receivables		
	June 30, 2016	December 31, 2015	June 30, 2015
Nonconsolidated subsidiaries	153	161	178
Joint ventures	181	229	174
Associated companies	453	517	816

	Other payables		
	June 30, 2016	December 31, 2015	June 30, 2015
Nonconsolidated subsidiaries	155	180	147
Joint ventures	54	120	137
Associated companies	178	203	552

Alternative Performance Measures

The Half-Year Management's Report also uses the following alternative performance measures, not defined by IFRS, to describe the BASF Group's results of operations. These should not be viewed in isolation, but treated as supplementary information.

The special items used to calculate some alternative performance measures arise from the integration of acquired businesses, restructuring measures, impairments, gains or losses resulting from divestitures and sales of shareholdings, and other material expenses and income that generally do not arise in conjunction with ordinary business activities.

Income from operations (EBIT) before special items (million €)

	2nd Quarter		1st Half	
	2016	2015	2016	2015
Income from operations (EBIT) ¹	1,718	2,039	3,584	4,034
Special items	(11)	4	29	79
EBIT before special items	1,707	2,043	3,613	4,113

Adjusting for special items makes EBIT before special items an especially suitable figure for illustrating the development of operating business over time as well as for forecasts. It is therefore among the most important performance measures for managing the BASF Group.

Income from operations before depreciation and amortization (EBITDA) (million €)

	2nd Quarter		1st Half	
	2016	2015	2016	2015
Income from operations (EBIT) ¹	1,718	2,039	3,584	4,034
Amortization and depreciation of, and valuation allowances on, intangible assets and property, plant and equipment	1,072	955	2,018	1,850
EBITDA	2,790	2,994	5,602	5,884

Income from operations before depreciation and amortization (EBITDA) describes operational performance independently of age-related amortization and depreciation of assets and any valuation allowances (impairments or write-ups). It is therefore particularly useful for comparing companies.

Adjusted earnings per share

		2nd Quarter		1st Half	
		2016	2015	2016	2015
Income before taxes and minority interests	million €	1,541	1,887	3,219	3,718
Special items	million €	(11)	(8)	29	67
Amortization and impairment of intangible assets	million €	167	191	299	340
Impairment of intangible assets contained in special items	million €	(42)	(37)	(42)	(37)
Adjusted income before taxes and minority interests	million €	1,655	2,033	3,505	4,088
Adjusted income taxes	million €	(428)	(555)	(741)	(1,178)
Adjusted income before minority interests	million €	1,227	1,478	2,764	2,910
Adjusted minority interests	million €	(36)	(114)	(68)	(229)
Adjusted net income	million €	1,191	1,364	2,696	2,681
Weighted average number of outstanding shares	1,000	918,479	918,479	918,479	918,479
Adjusted earnings per share	€	1.30	1.49	2.94	2.92

Compared with earnings per share², this measure has been adjusted for special items and amortization of intangible assets. The latter primarily result from the purchase price allocation following acquisitions. The amortization of intangible assets is therefore of a temporary nature. Adjusted earnings per share is therefore a suitable measure for long-term comparability and predicting future profitability.

¹ The calculation of income from operations (EBIT) is presented in the Statement of Income on page 21.

² For information on the calculation of earnings per share in accordance with IFRS, see the Notes on page 35.

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

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the Consolidated Half-Year Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Half-Year Management's

Report includes a fair review of the development and performance of the business as well as position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining financial year.

Ludwigshafen, July 25, 2016

BASF SE
The Board of Executive Directors

Forward-Looking Statements

This report contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. Future statements are not guarantees of the future developments and results outlined therein. Rather, future developments and results are dependent on a number of factors; they involve various risks and uncertainties and are based upon assumptions that may not prove to be accurate. Such factors include those discussed on pages 113 to 120 of the BASF Report 2015. 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.

Quarterly Statement 3rd Quarter 2016

October 27, 2016

Full-Year Results 2016

February 24, 2017

Quarterly Statement 1st Quarter 2017 / Annual Shareholders' Meeting 2017

April 27, 2017 / May 12, 2017

Half-Year Financial Report 2017

July 27, 2017

Further information

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