



The Chemical Company

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

**Annual Report 2009**

## Annual Report 2009

### BASF Finance Europe N.V. Arnhem

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## 1. Directors' report

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

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

The Company has no employees on the payroll and receives services through other BASF group companies.

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

On 7 September 2007 the Company established a so-called Debt Issuance Program (hereinafter: DIP)<sup>1</sup>. Under this DIP the Company or BASF SE may from time to time issue one or more notes to a specific number of banks (so-called: Dealers). On 4 September 2009, the maximum aggregate principal amount of the notes outstanding at any time under the DIP was increased to € 15.000.000.000. Notes issued by the Company under the DIP will have the benefit of a guarantee given by BASF SE. Notes will be issued in such denominations as may be agreed between the issuer and the relevant Dealer and as indicated in the applicable final terms, save that the minimum denomination of the Notes will be € 1.000 or an equivalent of that in a different currency. Notes issued under the DIP can be listed for trading on the regulated market of the Luxembourg Stock Exchange and other European stock exchanges.

### Notes overview DIP

In 2007, 2008 and 2009 the following Notes were issued by the company under the DIP.

<i>Date</i>	<i>Interest rate</i>		€
Total amount DIP			15,000,000,000
26-Sep-07	5.000%		1,000,000,000
26-Sep-07	5.000%		250,000,000
3-Jun-08	3.250%	CHF 300,000,000	186,219,739
3-Jun-08	3.625%	CHF 200,000,000	124,146,493
4-Dec-08	6.000%		1,250,000,000
9-Feb-09	5.125%		1,500,000,000
24-Feb-09	4.500%		150,000,000
29-May-09	5.125%		500,000,000
Issued loans			4,960,366,232
Total remaining capacity under DIP			10,039,633,768

<sup>1</sup> More detailed information can be found on the BASF internet site:  
[http://www.basf.com/group/corporate/en\\_GB/investor-relations/bonds-and-credit-rating/index](http://www.basf.com/group/corporate/en_GB/investor-relations/bonds-and-credit-rating/index)

## Outside DIP

Outside the DIP program, the following loans/notes were issued in 2007 and 2008 (none in 2009) which are also guaranteed by BASF SE.

<i>Date</i>	<i>Interest rate</i>		€
27-Jun-07	3-Month Euribor + 0,600%	USD 1,350,000,000	917,057,265
24-Sep-08	3-Month Euribor + 0,600%		500,000,000
24-Sep-08	3-Month Euribor + 0,600%		54,000,000
Issued loans			<u><u>1,471,057,265</u></u>

## Result

Due to the increase of issued and provided loans/notes the result of the Company has improved. The Company has completed the year with a positive result of € 2,495,000 (2008 € 1,349,000).

The fluctuations in exchange rates for the EURO vs. the US dollar (1.3917 at the beginning of the year 2009 and 1.4406 at the end of 2009) and the Swiss Franc (1.4850 at the beginning of the year 2009 and 1.4836 at year-end 2009) did not have a substantial influence on the result of the Company, as loans are passed on in the same currencies.

Similarly the development of interest rates had little impact on the result of the Company as the rates on the major part of the financing were fixed. Loans with variable interest rates have a fixed margin. In the financial year 2009 the Company did not use financial derivatives.

## Risk Report

The risk management goal of BASF Finance Europe N.V. is to identify and evaluate risk as early as possible and limit business losses by taking suitable measures, thus avoiding risks that pose a threat to the continued existence of the Company.

## Financial risk

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

## Interest risk

Interest rate risks are the result of changes in prevailing market interest rates, which can cause a change in the present value of fixed-rate instruments, and changes in the interest payments of variable-rate-instruments. To hedge these risks the interest rates of the assets and the liabilities have the same base. This will offset most of the interest rate risk. The remaining interest results are due to the timing differences between the date on which financing was received and the date on which the loans were issued to the group companies.

### **Liquidity risk**

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

### **Foreign currency risk**

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

The fluctuations of the exchange rates for the EURO vs. the US dollar and the Swiss Franc did not have any substantial influence on the result of the Company.

### **Current ratio**

The current ratio as per 31 December 2009 measured as Current Assets / Current Liabilities amounts 1.07 (2008: 1.02).

### **Solvency ratio**

The solvency ratio as per 31 December 2009 measured as Stockholders' Equity / Total of Liabilities amounts 0.00 (2008: 0.00).

### **Outlook 2010**

In 2010, we plan to keep the current loans and bonds which are not due in 2010 and repay the bonds and taken loans which are due. If new applications for financing will be received during the course of 2010, BASF Finance Europe N.V. will decide if, how and where to issue new bonds or to take or provide new loans.

### **Internal control**

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

All these processes and procedures are aimed at ensuring a reasonable level of assurance that we have identified and managed the significant risks of the Company and that we meet our operational and financial objectives in compliance with applicable laws and regulations.

While we routinely work towards continuous improvement of our processes and procedures regarding financial reporting, the Board of Management is of the opinion that, as regards financial reporting risks, the internal risk management and control systems:

- Provide a reasonable level of assurance that the financial reporting in this 2009 Annual Report does not contain any errors of material importance.
- Have worked properly in the year 2009.

## Responsibility statement

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

- The annual financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of BASF Finance Europe N.V.
- The annual report gives a true and fair view of the position as per 31 December 2009 and the development during the financial year of BASF Finance Europe N.V. and
- The annual report describes the principal risks BASF Finance Europe N.V. is facing.

Arnhem, 29 March 2010

Board of Management:

G.A.D. van der Lubbe

W.D. Starp

## 2. Financial statements

### 2.1. Balance sheet as at December 31, 2009 (€ x 1,000 before appropriation of result)

	<u>31 Dec. 2009</u>	<u>31 Dec. 2008</u>
<b>NON CURRENT ASSETS</b>		
<b>Financial non-current assets</b>		
Loans to group companies	5,537,393	3,562,864
<b>CURRENT ASSETS</b>		
<b>Accounts receivable and prepayments</b>		
Accounts receivable from group companies	100,003	36,366
Loans to group companies	2,777	147,302
Capitalized commission costs	-	199
Other receivables	<u>1</u>	<u>1</u>
	102,781	183,868
	<u><u>5,640,174</u></u>	<u><u>3,746,732</u></u>

**Balance sheet as at December 31, 2009 – continued**

(€ x 1,000 before appropriation of result)

		<u>31 Dec. 2009</u>	<u>31 Dec. 2008</u>
<b>SHAREHOLDERS' EQUITY</b>	2.5.3		
Capital Stock		2,087	2,087
Stock premium		2,496	2,496
Reserve for exchange difference		17	17
Other reserves		1,864	515
Retained earnings		<u>2,495</u>	<u>1,349</u>
		8,959	6,464
<b>NON CURRENT LIABILITIES</b>	2.5.4		
Notes/loans payable		5,535,337	3,560,458
<b>CURRENT LIABILITIES</b>	2.5.5		
Income tax		440	402
Bonds		2,777	147,301
Accruals		<u>92,661</u>	<u>32,107</u>
		95,878	179,810
		<u><u>5,640,174</u></u>	<u><u>3,746,732</u></u>



**2.2 Income statement for the year ended 31 December 2009**  
(€ x 1,000)

		<u>2009</u>	<u>2008</u>
Interest and similar income	2.6.1	267,992	115,032
Interest and similar expense	2.6.2	(256,352)	(109,906)
		<u>11,640</u>	<u>5,126</u>
<b>Gross income from financing activities</b>			
General and administrative expenses	2.6.3	(8,306)	(3,340)
		<u>3,334</u>	<u>1,786</u>
Result before taxation			
Income tax expense	2.6.4	(839)	(437)
		<u>2,495</u>	<u>1,349</u>
<b>Net result</b>		<u><u>2,495</u></u>	<u><u>1,349</u></u>

**2.3 Cash flow statement for the year ended 31 December 2009**

(€ x 1,000)

	<u>2009</u>	<u>2008</u>
<b>Net cash flow from operating activities</b>		
Gross income from financing activities	11.640	5.126
General and administrative expenses	<u>(8.306)</u>	<u>(3.340)</u>
	3.334	1.786
Corporate income tax paid	<u>(801)</u>	<u>(271)</u>
<i>Net cash flow from operating activities</i>	2.533	1.515
<b>Net cash flow from investing activities</b>		
	-	-
	<u>-</u>	<u>-</u>
<i>Net cash flow from investing activities</i>	-	-
<b>Net cash flow from financing activities</b>		
De-/(increase) current assets	81.087	448.281
In-/(decrease) current liabilities	<u>(83.970)</u>	<u>(454.170)</u>
	(2.883)	(5.889)
In-/(decrease) non current liabilities	1.974.879	2.001.433
(In-)/decrease financial non-assets	<u>(1.974.529)</u>	<u>(1.997.065)</u>
	350	4.368
<i>Net cash flow from financing activities</i>	<u>(2.533)</u>	<u>(1.521)</u>
<b>Changes in cash &amp; cash equivalents</b>	<u>-</u>	<u>(6)</u>
<b>Cash &amp; cash equivalents January 1</b>	-	(6)
<b>Cash &amp; cash equivalents December 31</b>	<u>-</u>	<u>-</u>
<b>Changes in cash &amp; cash equivalents</b>	<u>-</u>	<u>(6)</u>

## **2.4 Notes to the 2009 financial statements**

### **2.4.1 General**

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

#### **2.4.1.1 Ownership**

BASF Finance Europe N.V. registered Groningensingel 1, Arnhem, the Netherlands, is a wholly-owned subsidiary of BASF SE in Ludwigshafen, Germany.

The financial data of BASF Finance Europe N.V. are included in the group financial statements of BASF SE in Ludwigshafen, Germany.

#### **2.4.1.2 Activities**

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

### **2.4.2 Basis of preparation**

The financial statements have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code. The principles adopted for the valuation of assets and liabilities and determination of the results are based on the historical cost convention.

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

#### **2.4.2.1 Accounting principles**

The accounting policies have remained unchanged since last year.

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

### **2.4.3 Financial instruments**

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

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

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

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

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

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

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

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

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

### **2.4.4 Income tax**

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

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

### **2.4.5 Foreign currency translation**

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

BASF Finance Europe N.V. has issued bonds on the stock exchanges of Frankfurt, Luxembourg and Zurich. The financing obtained through some of those bonds is denominated in USD and CHF. BASF

Finance Europe N.V. in its turn has issued loans to group companies, for the same amount and denominated in the same currency as the bonds issued on the aforementioned stock exchanges. As such, except for the applicable margin, foreign currency risks are passed on to group companies and do not have any impact on the results of BASF Finance Europe N.V. Nevertheless, there is currency exposure due to timing differences between the date on which financing was received and the date on which the loans were issued to group companies.

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

In the profit and loss account foreign currency amounts are translated at monthly average rates. Foreign exchange gains and losses are included in General and administrative expenses.

The fluctuations in exchange rates for the EURO vs. the US Dollar (1.394782 average of 2009 and 1.4406 at year-end of 2009) and the Swiss Franc (1.510018 average of 2009 and 1.4836 at year-end of 2009) did not have a substantial influence on the result of the Company.

#### **2.4.6 Notes to the cash flow statement**

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet items cash at banks and in hand. Cash flows in foreign currencies have been translated at the weighted average exchange rates. Receipts and payments of interest, dividends received and corporate income tax are included in the cash flow from operating activities.

#### **2.4.7 Determination of fair value**

A number of accounting principles and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. For measurement and disclosure purposes, the fair value is determined.

The fair value of financial fixed assets is estimated on the basis of the expected and/or contractual cash flows. These cash flows are discounted at the market interest rates as at balance sheet date, including a margin representing the relevant risks involved.

Where applicable, detailed information concerning the principles for determining the fair value are included in the section that specifically relates to the relevant asset or liability.

## 2.5 Notes to the individual items on the balance sheet

### 2.5.1 Financial non-current assets

#### 2.5.1.1 Loans to group companies

	<u>2009</u>	<u>2008</u>
1) Loan 1, BASF Antwerpen N.V.	-	182,511
2) Loan 2, BASF Antwerpen N.V.	1,000,000	1,000,000
3) Loan 3, BASF Antwerpen N.V.	250,000	250,000
4) Loan 5, BASF Antwerpen N.V.	201,860	201,416
5) Loan 6, BASF Antwerpen N.V.	133,903	133,626
6) Loan 7, BASF Antwerpen N.V.	499,223	499,024
7) Loan 8, BASF Antwerpen N.V.	53,946	53,932
8) Loan 9, BASF Antwerpen N.V.	1,243,727	1,242,355
9) Loan 10a, BASF Antwerpen N.V.	495,866	-
10) Loan 10b, BASF SE	991,733	-
11) Loan 11, BASF SE	149,537	-
11) Loan 12, BASF Nederland B.V.	517,598	-
<b>Balance as of 31 December</b>	<b><u>5,537,393</u></b>	<b><u>3,562,864</u></b>

#### 2.5.1.1.1 Loan 1, BASF Antwerpen N.V.

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	182,511	917,057
Redemption of loans	(168,748)	(627,793)
Exchange rate difference	(10,986)	40,548
<b>Balance as of 31 December</b>	<b><u>2,777</u></b>	<b><u>329,812</u></b>
Current portion as at 31 December	2,777	147,301
<b>Long term as at 31 December</b>	<b><u>-</u></b>	<b><u>182,511</u></b>

This loan has been issued on 22 October 2007 to BASF group company BASF Antwerpen N.V. for a total amount of \$ 1,350,000 (€ 952,986) and a term of 2 years and 9 months. The interest rate will be determined as the sum of 3-Month LIBOR and the applicable spread. The loan shall be repaid in full on 20 July 2010. Early redemption is possible.

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

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	1,000,000	1,000,000
<b>Balance as of 31 December</b>	<u>1,000,000</u>	<u>1,000,000</u>

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

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

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	250,000	250,000
<b>Balance as of 31 December</b>	<u>250,000</u>	<u>250,000</u>

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

**2.5.1.1.4 Loan 5, BASF Antwerpen N.V.**

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	201,416	-
Issued	-	186,220
Less: disagio	-	685
	<u>201,416</u>	<u>185,535</u>
Correction surcharge in book value 2008	3	
Amortization of disagio	247	130
Exchange rate difference	194	15,751
<b>Balance as of 31 December</b>	<u>201,860</u>	<u>201,416</u>
Cumulative amortization of disagio as at 31 December	377	130

This loan has been issued on 3 June 2008 to BASF Group company BASF Antwerpen N.V. for a total amount of CHF 300,000 less disagio for an amount of CHF 1,100 (€ 186,220 less disagio € 685) and a term of 3 years. The interest rate amounts to 3.26% per annum plus the applicable spread. The loan shall be repaid in full on 3 June 2011.

#### 2.5.1.1.5 Loan 6, BASF Antwerpen N.V.

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	133,626	-
Issued	-	124,146
Less: disagio	-	1,051
	<u>133,626</u>	<u>123,095</u>
Correction surcharge in book value 2008	1	
Amortization of disagio	147	78
Exchange rate difference	129	10,453
<b>Balance as of 31 December</b>	<u><u>133,903</u></u>	<u><u>133,626</u></u>
Cumulative amortization of disagio as at 31 December	226	79

This loan has been issued on 3 June 2008 to BASF group company BASF Antwerpen N.V. for a total amount of CHF 200,000 less disagio for an amount of CHF 1,688 (€ 124,146 less disagio € 1,051) and a term of 7 years. The interest rate amounts to 3.635% per annum plus the applicable spread. The loan shall be repaid in full on 3 June 2015.

#### 2.5.1.1.6 Loan 7, BASF Antwerpen N.V.

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	499,024	-
Issued	-	500,000
Less: disagio	-	1,025
	<u>499,024</u>	<u>498,975</u>
Amortization of disagio	199	49
<b>Balance as of 31 December</b>	<u><u>499,223</u></u>	<u><u>499,024</u></u>
Cumulative amortization of disagio as at 31 December	248	49

This loan has been issued on 24 September 2008 to BASF group Company BASF Antwerpen N.V. for a total amount of € 500,000 less disagio for an amount of € 1,025, and a term of 5 years. The interest rate will be determined as the sum of 3-Month EURIBOR and the applicable spread. The loan shall be repaid in full on 24 September 2013.



**2.5.1.1.7 Loan 8, BASF Antwerpen N.V.**

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	53,932	-
Issued	-	54,000
Less: disagio	-	71
	<u>53,932</u>	<u>53,929</u>
Amortization of disagio	14	3
<b>Balance as of 31 December</b>	<u><u>53,946</u></u>	<u><u>53,932</u></u>
Cumulative amortization of disagio as at 31 December	17	3

This loan has been issued on 24 September 2008 to BASF group company BASF Antwerpen N.V. for a total amount of € 54,000 less disagio for an amount of € 71, and a term of 5 years. The interest rate will be determined as the sum of 3-Month EURIBOR and the applicable spread. The loan shall be repaid in full on 24 September 2013.

**2.5.1.1.8 Loan 9, BASF Antwerpen N.V.**

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	1,242,355	-
Issued	-	1,250,000
Less: disagio	-	7,750
	<u>1,242,355</u>	<u>1,242,250</u>
Amortization of disagio	1,372	105
<b>Balance as of 31 December</b>	<u><u>1,243,727</u></u>	<u><u>1,242,355</u></u>
Cumulative amortization of disagio as at 31 December	1,477	105

This loan has been issued on 4 December 2008 to BASF group Company BASF Antwerpen N.V. for a total amount of € 1,250,000 less disagio for an amount of € 7,750, and a term of 5 years. The interest rate amounts to 6.0% per annum plus the applicable spread. The loan shall be repaid in full on 4 December 2013.

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

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	-	-
Issued	500,000	-
Less: disagio	4,705	-
	<u>495,295</u>	<u>-</u>
Amortization of disagio	571	-
<b>Balance as of 31 December</b>	<u><u>495,866</u></u>	<u><u>-</u></u>
Cumulative amortization of disagio as at 31 December	571	-

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

**2.5.1.1.10 Loan 10b, BASF SE**

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	-	-
Issued	1,000,000	-
Less: disagio	9,410	-
	<u>990,590</u>	<u>-</u>
Amortization of disagio	1,143	-
<b>Balance as of 31 December</b>	<u><u>991,733</u></u>	<u><u>-</u></u>
Cumulative amortization of disagio as at 31 December	1,143	-

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

**2.5.1.1.11 Loan 11, BASF SE**

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	-	-
Issued	150,000	-
Less: disagio	517	-
	<u>149,483</u>	<u>-</u>
Amortization of disagio	54	-
<b>Balance as of 31 December</b>	<u><u>149,537</u></u>	<u><u>-</u></u>
Cumulative amortization of disagio as at 31 December	54	-

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

**2.5.1.1.12 Loan 12, BASF Nederland B.V.**

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	-	-
Issued	500,000	-
Agio	19,290	-
	<u>519,290</u>	<u>-</u>
Amortization of agio	(1,692)	-
<b>Balance as of 31 December</b>	<u><u>517,598</u></u>	<u><u>-</u></u>
Cumulative amortization of disagio as at 31 December	(1,692)	-

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

## 2.5.2 Accounts receivable and prepayment

### 2.5.2.1 Capitalized commission costs

The capitalized commission costs are fully amortized (2008: € 199).

### 2.5.2.2 Accounts receivable from group companies and other receivables

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

### 2.5.3 Shareholders' equity

The changes in the shareholders' equity are as follows:

	Share capital	Share premium reserve	Reserve for exchange difference	Other reserves	Unappropriated result	Total
	€	€	€	€	€	€
<b>1 January 2008</b>	2.087	2.496	17	215	300	5.115
Addition to other reserves	-	-	-	300	(300)	-
Net result for financial year	-	-	-	-	1.349	1.349
<b>31 December 2008</b>	<b>2.087</b>	<b>2.496</b>	<b>17</b>	<b>515</b>	<b>1.349</b>	<b>6.464</b>
Addition to other reserves	-	-	-	1.349	(1.349)	-
Net result for financial year	-	-	-	-	2.495	2.495
<b>31 December 2009</b>	<b>2.087</b>	<b>2.496</b>	<b>17</b>	<b>1.864</b>	<b>2.495</b>	<b>8.959</b>

#### 2.5.3.1 Authorised and issued capital

The authorised and issued capital of the Company amounts to € 2,087 (2008: € 2,087) consisting of 46,375 ordinary shares with a nominal value of € 45 each.

#### 2.5.3.2 Other reserves

The result from the previous financial year has been added to other reserves.

#### 2.5.3.3 Reserve for exchange difference

At 31 December 2000, the authorised and issued capital consisting of common shares of NLG 100.- was transferred into pieces of € 45.-. For the exchange difference, a reserve was created for an amount of € 17,531.

#### 2.5.4 Non current liabilities

	<u>2009</u>	<u>2008</u>
1) Loan 1, Bank of America Securities LLC and Morgan Stanley & Co Inc.	-	182,511
2) Loan 2, 5% Euro bond 2007-2014	996,290	995,613
3) Loan 3, 5% Euro bond 2007-2014	251,659	251,978
4) Loan 5, 3.25% CHF bond 2008-2011	201,850	201,417
5) Loan 6, 3.625% CHF bond 2008-2015	133,901	133,627
6) Loan 7, Landesbank Baden-Württemberg (Joint-Lead-Manager) 2008-2013	499,223	499,025
7) Loan 8, Landesbank Baden-Württemberg (Joint-Lead-Manager) 2008-2013	53,946	53,932
8) Loan 9, 6% Euro bond 2008-2013	1,243,732	1,242,355
9) Loan 10, 5.125% Euro bond 2009-2015	1,487,611	-
10) Loan 11, 4.5% Euro bond 2009-2016	149,537	-
11) Loan 12, 5.125% Euro bond 2009-2015	517,588	-
<b>Balance as of 31 December</b>	<b><u>5,535,337</u></b>	<b><u>3,560,458</u></b>

Of the total amount of long term liabilities, € 3,246,700 is payable in the period 2011 up to and including 2014 and € 2,288,637 is payable after 2014.

	<u>Total</u>	<u>2011 up to and including 2014</u>	<u>2015 and 2016</u>
1) Loan 1, Bank of America Securities LLC and Morgan Stanley & Co Inc.	-	-	-
2) Loan 2, 5% Euro bond 2007-2014	996,290	996,290	-
3) Loan 3, 5% Euro bond 2007-2014	251,659	251,659	-
4) Loan 5, 3.25% CHF bond 2008-2011	201,850	201,850	-
5) Loan 6, 3.625% CHF bond 2008-2015	133,901	-	133,901
6) Loan 7, Landesbank Baden-Württemberg (Joint-Lead-Manager) 2008-2013	499,223	499,223	-
7) Loan 8, Landesbank Baden-Württemberg (Joint-Lead-Manager) 2008-2013	53,946	53,946	-
8) Loan 9, 6% Euro bond 2008-2013	1,243,732	1,243,732	-
9) Loan 10, 5.125% Euro bond 2009-2015	1,487,611	-	1,487,611
10) Loan 11, 4.5% Euro bond 2009-2016	149,537	-	149,537
11) Loan 12, 5.125% Euro bond 2009-2015	517,588	-	517,588
<b>Total</b>	<b><u>5,535,337</u></b>	<b><u>3,246,700</u></b>	<b><u>2,288,637</u></b>

**2.5.4.1 Loan 1, Bank of America Securities LLC and Morgan Stanley & Co. Inc.**

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	182,511	917,057
Redemption of loans	(168,748)	(627,793)
Exchange rate difference	(10,986)	40,548
<b>Balance as of 31 December</b>	<u>2,777</u>	<u>329,812</u>
Current portion as at 31 December	2,777	147,301
Long term as at 31 December	<u><u>-</u></u>	<u><u>182,511</u></u>

On 27 June 2007 BASF Finance Europe N.V. received a loan in the amount of \$ 1,350,000 (€ 1,004,614) from Bank of America Securities LLC and Morgan Stanley & Co. Inc. First repayment date was 18 July 2008 and the last repayment will be on 20 July 2010. Interest is paid quarterly and was paid for the first time at 20 October 2007. Interest is calculated based on 3-month LIBOR plus a spread. BASF SE is the guarantor for this loan.

**2.5.4.2 Loan 2, 5% Euro Bond 2007-2014**

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	995,613	994,969
Amortization of disagio	677	644
<b>Balance as of 31 December</b>	<u><u>996,290</u></u>	<u><u>995,613</u></u>
Cumulative amortization of disagio as at 31 December	1,490	813

On 26 September 2007 BASF Finance Europe N.V. issued bonds at the Luxembourg Stock Exchange and the Frankfurter Stock Exchange (planned) for a total amount of € 1,000,000 less disagio for an amount of € 5,200 through Barclays Bank PLC and Deutsche Bank AG as Joint-Lead-Managers for these bonds. The bonds will be repaid on 26 September 2014. The interest amounts to 5% and will be paid annually. BASF SE is the guarantor for these bonds.

#### 2.5.4.3 Loan 3, 5% Euro Bond 2007-2014

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	251,978	252,257
Amortization of agio	(319)	(279)
<b>Balance as of 31 December</b>	<u>251,659</u>	<u>251,978</u>
Cumulative amortization of agio as at 31 December	428	747

On 31 October 2007 BASF Finance Europe N.V. issued bonds at the Luxembourg Stock Exchange and Frankfurter Stock Exchange for a total amount of € 250,000 with agio for an amount of € 2,725, from Barclays Bank PLC and Deutsche Bank AG as Joint-Lead-Managers for these bonds. The bonds will be repaid on 26 September 2014. The interest amounts to 5% and will be paid annually. BASF SE is the guarantor for these bonds.

#### 2.5.4.4 Loan 5, 3.25% CHF Bond 2008-2011

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	201.417	-
Bonds issued	-	186.220
Less: disagio	-	685
	<u>201.417</u>	<u>185.535</u>
Amortization of disagio	239	137
Exchange rate difference	194	15.745
<b>Balance as of 31 December</b>	<u>201.850</u>	<u>201.417</u>
Cumulative amortization of disagio as at 31 December	376	137

On 3 June 2008 BASF Finance Europe N.V. issued bonds at the SWX Swiss Exchange for a total amount of CHF 300,000 less disagio for an amount of CHF 1,100 (€ 186,220 less disagio € 685), from Royal Bank of Scotland PLC and ABN AMRO BANK N.V. Amsterdam, Zurich Branch UBS AG as Joint-Lead-Managers for these bonds. The bonds will be repaid on 3 June 2011. The interest amounts to 3.250% and will be paid annually. BASF SE is the guarantor for these bonds.

#### 2.5.4.5 Loan 6, 3.625% CHF Bond 2008-2015

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	133,626	-
Bonds issued	-	124,146
Less: disagio	-	1,051
	<u>133,626</u>	<u>123,095</u>
Amortization of disagio	146	78
	<u>133,772</u>	<u>123,173</u>
Exchange rate difference	129	10,453
<b>Balance as of 31 December</b>	<u><u>133,901</u></u>	<u><u>133,626</u></u>
Cumulative amortization of disagio as at 31 December	224	78

On 3 June 2008 BASF Finance Europe N.V. issued bonds at the SWX Swiss Exchange for a total amount of CHF 200,000 less a disagio for an amount of CHF 1,688 (€ 124,146 less disagio € 1,051) through Royal Bank of Scotland PLC and ABN AMRO BANK N.V. Amsterdam, Zurich Branch UBS AG as Joint-Lead-Managers for these bonds. The bonds will be repaid on 3 June 2015. The interest amounts to 3.625% and will be paid annually. BASF SE is the guarantor for these bonds.

#### 2.5.4.6 Loan 7, Landesbank Baden-Württemberg (Joint-Lead-Manager) 2008-2013

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	499.025	-
Loan received	-	500.000
Less: disagio	-	1.025
	<u>499.025</u>	<u>498.975</u>
Amortization of disagio	198	50
<b>Balance as of 31 December</b>	<u><u>499.223</u></u>	<u><u>499.025</u></u>
Cumulative amortization of disagio as at 31 December	248	50

On 24 September 2008 BASF Finance Europe N.V. received a loan for a total amount of € 500,000 less disagio for an amount of € 1,025, from several participating banks (below) with Landesbank Baden-Württemberg as Joint-Lead-Manager for this loan. The loan will be repaid on 24 September 2013. The interest is based on 3-month Euribor with a mark-up of 0,6%, is paid 3-monthly and was paid for the first time at 24 December 2008. BASF SE is the guarantor for this loan.



#### 2.5.4.7 Loan 8, Landesbank Baden-Württemberg (Joint-Lead-Manager) 2008-2013

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	53.932	-
Loan received	-	54.000
Less: disagio	-	71
	<u>53.932</u>	<u>53.929</u>
Amortization of disagio	14	3
<b>Balance as of 31 December</b>	<u><u>53.946</u></u>	<u><u>53.932</u></u>
Cumulative amortization of disagio as at 31 December	17	3

On 24 September 2008 BASF Finance Europe N.V. received a loan for a total amount of € 54,000 less disagio for an amount of € 71, from Caixa d'Estalvis i Pensions de Barcelona and Landesbank Baden-Württemberg as Joint-Lead-Manager for this loan. The loan will be repaid on 24 September 2013. The interest is based on 3-month Euribor with a mark-up of 0.6%, is paid 3-monthly and was paid for the first time at 24 December 2008. BASF SE is the guarantor for this loan.

#### 2.5.4.8 6% Loan 9, Euro Bond 2008-2013

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	1.242.355	-
Bonds issued	-	1.250.000
Less: disagio	-	7.750
	<u>1.242.355</u>	<u>1.242.250</u>
Amortization of disagio	1.377	105
<b>Balance as of 31 December</b>	<u><u>1.243.732</u></u>	<u><u>1.242.355</u></u>
Cumulative amortization of disagio as at 31 December	1.482	105

On 4 December 2008 BASF Finance Europe N.V. issued bonds at the Luxembourg Stock Exchange and Frankfurter Stock Exchange for a total amount of € 1,250,000 less disagio for an amount of € 7,750, through Barclays Bank PLC, Deutsche Bank AG, Société Générale France, BNP PARIBAS and HSBC Bank plc as Joint-Lead-Managers for these bonds. The bonds will be repaid on 4 December 2013. The interest amounts to 6% annual and was paid for the first time at 4 December 2009. BASF SE is the guarantor for these bonds.

#### 2.5.4.9 Loan 10, 5.125% Euro bond 2009-2015

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	-	-
Bonds issued	1.500.000	-
Less: disagio	14.115	-
	<u>1.485.885</u>	<u>-</u>
Amortization of disagio	1.726	-
<b>Balance as of 31 December</b>	<u><u>1.487.611</u></u>	<u><u>-</u></u>
Cumulative amortization of disagio as at 31 December	1.726	-

On 9 February 2009 BASF Finance Europe N.V. issued bonds at the Luxembourg Stock Exchange and Frankfurter Stock Exchange for a total amount of € 1,500,000 less disagio for an amount of € 14,115, through Barclays Bank PLC, Deutsche Bank AG, Société Générale France, BNP PARIBAS and HSBC Bank PLC as Joint-Lead-Managers for these bonds. The bonds will be repaid on 9 June 2015. The interest amounts to 5.125% annual and was paid for the first time at 9 June 2009. BASF SE is the guarantor for these bonds.

#### 2.5.4.10 Loan 11, 4.5% Euro bond 2009-2016

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	-	-
Bonds issued	150.000	-
Less: disagio	517	-
	<u>149.483</u>	<u>-</u>
Amortization of disagio	54	-
<b>Balance as of 31 December</b>	<u><u>149.537</u></u>	<u><u>-</u></u>
Cumulative amortization of disagio as at 31 December	54	-

On 24 February 2009 BASF Finance Europe N.V. issued bonds at the Luxembourg Stock Exchange for a total amount of € 150,000 less disagio for an amount of € 517, through Commerzbank AG. The bonds will be repaid on 24 February 2016. The interest amounts to 4.5% annual and will be paid for the first time at 24 February 2010. BASF SE is the guarantor for these bonds.

#### 2.5.4.11 Loan 12, 5.125% Euro bond 2009-2015

	<u>2009</u>	<u>2008</u>
<b>Balance as of 1 January</b>	-	-
Bonds issued	500.000	-
Agio	19.290	-
	<u>519.290</u>	<u>-</u>
Amortization of agio	(1.702)	-
<b>Balance as of 31 December</b>	<u><u>517.588</u></u>	<u><u>-</u></u>
Cumulative amortization of disagio as at 31 December	(1.702)	-

On 29 May 2009 BASF Finance Europe N.V. issued bonds at the Luxembourg Stock Exchange and Frankfurter Stock Exchange for a total amount of € 1,500,000 with agio for an amount of € 19,290, through Société Générale France, BNP PARIBAS and Royal Bank of Scotland as Joint-Lead-Managers for these bonds. The bonds will be repaid on 9 June 2015. The interest amounts to 5.125% annual and was paid for the first time at 9 June 2009. BASF SE is the guarantor for these bonds.

#### 2.5.5 Current Liabilities

The accounts payable are due within one year. The other payables consist of accrued interest with a short term nature.

	<u>2009</u>	<u>2008</u>
<b>Income tax</b>		
Balance as of 1 January	402	236
To be paid for the year	839	166
Paid	<u>(801)</u>	<u>-</u>
Balance as of 31 December	440	402
<b>Bonds</b>	2,777	147,301
<b>Accruals</b>		
Payable interest	92,654	32,102
Creditors	-	-
Other payables	<u>7</u>	<u>5</u>
	92,661	32,107
<b>Total current liabilities</b>	<u><u>95,878</u></u>	<u><u>179,810</u></u>

## 2.6 Notes to the income statement for 2009

### 2.6.1 Interest and similar income

	<u>2009</u>	<u>2008</u>
1) Loan 1, Interest income BASF Antwerpen N.V.	3,685	27,781
2) Loan 2, Interest income BASF Antwerpen N.V.	52,841	52,803
3) Loan 3, Interest income BASF Antwerpen N.V.	12,570	12,561
4) Loan 5, Interest income BASF Antwerpen N.V.	7,105	4,003
5) Loan 6, Interest income BASF Antwerpen N.V.	5,215	2,939
6) Loan 7, Interest income BASF Antwerpen N.V.	12,334	7,915
7) Loan 8, Interest income BASF Antwerpen N.V.	1,324	853
8) Loan 9, Interest income BASF Antwerpen N.V.	78,751	6,041
9) Loan 10a, Interest income BASF Antwerpen N.V.	24,576	-
10) Loan 10b, Interest income BASF SE	49,153	-
11) Loan 11, Interest income BASF SE	6,126	-
12) Loan 12, Interest income BASF Nederland B.V.	14,287	-
13) Interest income others	25	136
<b>Total interest income</b>	<b><u>267,992</u></b>	<b><u>115,032</u></b>

### 2.6.2 Interest and similar expense

	<u>2009</u>	<u>2008</u>
1) Loan 1, Interest Bank of America Securities LLC and Morgan Stanley & Co. Inc.	3,124	26,218
2) Loan 2, Interest 5% Euro bond 2007-2014	50,677	50,610
3) Loan 3, Interest 5% Euro bond 2007-2014	12,181	12,195
4) Loan 5, Interest 3.25% CHF bond 2008-2011	6,717	3,733
5) Loan 6, Interest 3.625% CHF bond 2008-2015	4,961	2,757
6) Loan 7, Interest Landesbank Baden-Wurttemberg 2008-2013	11,367	7,657
7) Loan 8, Interest Landesbank Baden-Wurttemberg 2008-2013	1,220	825
8) Loan 9, Interest 6% Euro bond 2008-2013	76,377	5,859
9) Loan 10, Interest 5.125% Euro bond 2009-2015	70,387	-
10) Loan 11, Interest 4.5% Euro bond 2009-2016	5,806	-
11) Loan 12, Interest 5.125% Euro bond 2009-2015	13,532	-
12) Interest expense others	3	52
<b>Total interest expense</b>	<b><u>256,352</u></b>	<b><u>109,906</u></b>

### 2.6.3 General and administrative expenses

	<u>2009</u>	<u>2008</u>
Guarantee fees	7,906	2,886
Other	400	454
	<u>8,306</u>	<u>3,340</u>

The Other general and administrative expenses include the auditing fees.

### 2.6.4 Taxation

Income tax expense consists of current income tax. The effective tax rate of 25.2% (2008: 24.5%) is equal to the prevailing tax rates for 2009 in The Netherlands.

### 2.6.5 Employees

The average number of employees during the year, converted to full-time equivalents, is 0 (2008: 0) .

### 2.6.6 Remuneration directors

During the year the directors did not receive any remuneration.

### 2.6.7 Transactions with related parties

Transactions with related parties include the loans as presented under financial fixed assets, interest and guarantee fees. All transactions are at arm's length. There are no other transactions with related parties.

### 2.6.7 Financial risk management

#### 2.6.7.1 General

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

The company does not trade financial derivatives and follows procedures and lines of conduct to limit the size of the credit risk with each counterparty and market. If a counterparty fails to meet its payment obligations to the company, the expected losses are limited to the fair value of the instruments in question. The contract value or principal amounts of the financial instruments serve only as an indication of the extent to which such financial instruments are used, and not of the value of the credit or market risks.

#### 2.6.7.2 Credit risk

Approximately 100.0% (2008: 99.9%) of the receivables of the company are held with related parties, which are 100.0% (2008: 100.0%) concentrated with group companies.

In general the management of the Company tends to assess and review credit risk for counterparties within the Group.

### **2.6.7.3 Interest rate risk**

The company is exposed to interest rate cash flow risk regarding floating interest rates on receivables and liabilities. For fixed rate interest bearing receivables and liabilities the company is exposed to fair value interest rate risk. The Company strives to match interest rate risks of its assets and liabilities. Derivative financial instruments may be used by the entity to hedge interest rate risks if deemed necessary.

Interest rate derivative financial instruments may be used to adjust the fixed or floating nature of the external loans obtained to the desired profile. The interest rate policy is determined by BASF Group. Derivative financial instruments are not used for speculative purposes. Per year end 2009 no derivative financial instruments are outstanding.

### **2.6.7.4 Currency risk**

The company is exposed to foreign exchange risk on loans and receivables denominated in a currency other than Euro. The Company strives to match foreign exchange risks of its assets and liabilities.

Foreign currency derivative financial instruments, mainly currency forwards and swaps may be used to reduce the foreign currency risk arising on financing and funding transactions in foreign currencies. Forward exchange contracts and currency swap contracts are entered into to adjust the currency of the payables and receivables to the desired currency. Derivative financial instruments are not used for speculative purposes.

The income statement does include any currency results

### **2.6.7.5 Liquidity risk**

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

The finance department of BASF SE accounts for these risks by defining a benchmark for the relationship between variable and fixed-interest on a BASF Group level. Potential risk positions are covered through the service agreement with BASF SE where a certain interest spread is guaranteed.

### 2.6.7.6 Fair value

The fair value of the financial instruments stated on the balance sheet can be specified as follows:

	<b>Note Ref.</b>	<b>Fair value 2009</b>	<b>Book value 2009</b>	<b>Fair value 2008</b>	<b>Book value 2008</b>
<b>Financial fixed assets</b>					
Loans to BASF SE group companies	2.5.1.1	5,980,098	5,537,393	2,319,539	3,562,864
<b>Loans and receivables</b>					
Loans to BASF SE group companies	2.5.1.1.1	2,777	2,777	147,302	147,302
<b>Long term liabilities</b>					
Notes/loans payable	2.5.4	5,923,144	5,535,337	2,316,779	3,560,458
<b>Current liabilities</b>					
Loans to group companies	2.5.4.1	2,777	2,777	147,301	147,301

The fair values represent the clean fair value excluding interest accruals.

The fair value of financial instruments other than the ones stated in the above table is close to the carrying amount.

As per 31 December 2009, no derivative financial instruments were outstanding.

### 2.6.8 Off-balance sheet commitments

#### 2.6.8.1 Guarantees

The ultimate mother Company BASF SE is guarantor for all debt financing programs the Company enters into.

Prepared on 29 March 2010

Management Board:

G.A.D. van der Lubbe

W.D. Starp

#### Note:

The shareholder has approved these Annual Accounts on 23 April 2010.

## 3 Other information

### 3.1 Auditor's report

To: General Meeting of Shareholders of BASF Finance Europe N.V.

#### **Report on the financial statements**

We have audited the accompanying financial statements 2009 of BASF Finance Europe N.V., Arnhem, which comprise the balance sheet as at 31 December 2009, the income statement for the year then ended and the notes.

#### **Management's responsibility**

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of BASF Finance Europe N.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

#### **Report on other legal requirements**

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Arnhem, 29 March 2010  
KPMG ACCOUNTANTS N.V.

A.H. Gardien RA



### **3.2 Subsequent events**

#### **Loans to group companies**

At signing date of these annual accounts no loans have been issued in 2010.

#### **Bonds**

At signing date of these annual accounts no loans have been received in 2010.

### **3.3 Provisions in the articles of association governing the appropriation of profit**

Article 20 of the Articles of Association states the following concerning the appropriation of profit:

The profit will be at the disposal of the General Meeting of Shareholders. The General Meeting of Shareholders can decide to pay an interim dividend.

### **3.4 Proposed profit appropriation for the financial year 2009**

The Annual General Meeting of Shareholders will be recommended to add the entire net result for 2009 to the other reserves.