Interim Report
1st Quarter 2015

BASF with good results in chemicals and crop protection businesses

- Sales slightly up, EBIT before special items nearly reaches high level of previous first quarter
- Outlook for 2015 confirmed: Slight sales increase expected, EBIT before special items likely to match level of 2014

150 years

BASF

We create chemistry

BASF Group
1st Quarter 2015

		1st Quarter		
		2015	2014[1]	Change in %
Sales	million €	20,067	19,512	2.8
Income from operations before depreciation and amortization (EBITDA)	million €	2,890	2,951	(2.1)
Income from operations (EBIT) before special items	million €	2,070	2,112	(2.0)
Income from operations (EBIT)	million €	1,995	2,221	(10.2)
Financial result	million €	(164)	(183)	10.4
Income before taxes and minority interests	million €	1,831	2,038	(10.2)
Net income	million €	1,174	1,464	(19.8)
Earnings per share	€	1.28	1.59	(19.5)
Adjusted earnings per share[2]	€	1.43	1.63	(12.3)
Cash provided by operating activities	million €	2,390	1,747	36.8
Additions to long-term assets[3]	million €	1,334	949	40.6
Research expenses	million €	474	443	7.0
Amortization and depreciation[3]	million €	895	730	22.6
Segment assets (as of March 31)[4]	million €	67,050	57,371	16.9
Personnel costs	million €	2,877	2,324	23.8
Number of employees (as of March 31)		113,896	112,305	1.4

[1] The figures for the first quarter of 2014 have been adjusted to reflect the dissolution of the gas trading disposal group at the end of 2014. For more information, see the Interim Financial Statements from page 21 onward, as well as the "Restated Figures 2013 and 2014" brochure at basf.com/publications.

[2] For further information, see page 36.

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

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

Sales
Change compared with 1st quarter 2014

+3%

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

2,070 (–42)

Contents

Interim Management's Report

Interim Financial Statements

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

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

← **On the cover:** Two lab technicians work together on a new formulation with BASF's effect pigments for the cosmetic industry at the Personal Care Development and Application Technology Laboratory in Shanghai, China.

BASF's segments

Chemicals

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

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Performance Products

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

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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.

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

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Oil & Gas

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

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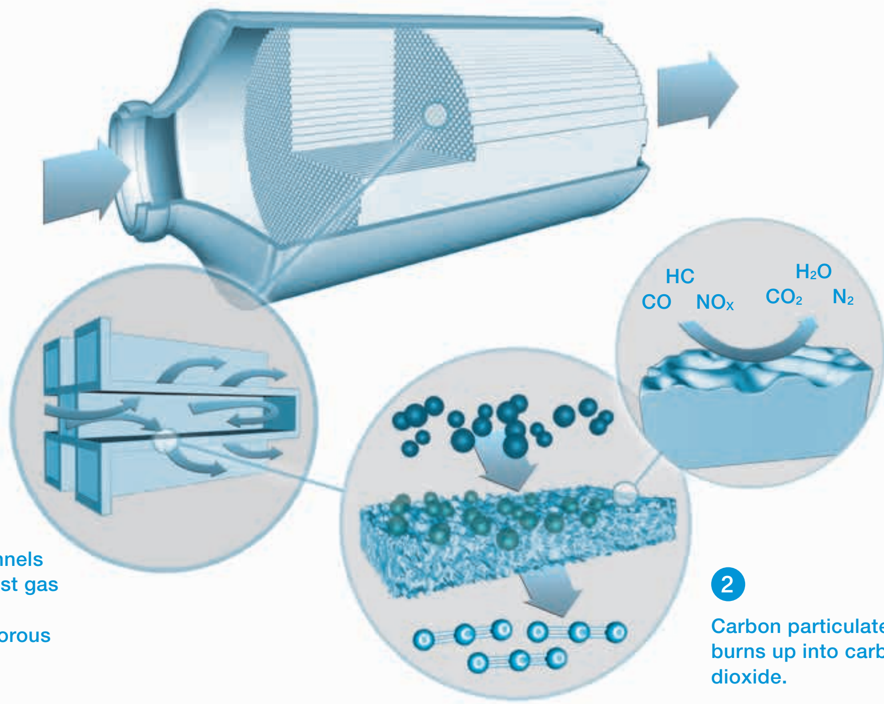
How a four-way conversion catalyst works:



1 Alternating closed channels force exhaust gas through the catalyst's porous walls.

2 Carbon particulate matter burns up into carbon dioxide.

3 Unburnt hydrocarbons, carbon monoxide and nitrogen oxides are transformed into water, carbon dioxide and nitrogen.

Four ways to a clean gasoline engine

More and more people desire mobility. Especially in big cities packed with cars, this has a negative impact on air quality. BASF's FWC™ four-way conversion catalyst is a trailblazing technology for reducing pollution from gasoline-powered combustion engines. Particles are filtered out of tailpipe emissions in addition to gaseous pollutants.

Three plus one equals four

The conventional three-way catalyst for gasoline engines can eliminate pollutants like nitrogen oxides, carbon monoxide and unburnt hydrocarbons from tailpipe emissions. In order to remove carbon particulates, a separate filter must be added. This requires additional space and can increase back pressure on the flowing exhaust gas, putting a strain on engine performance and increasing fuel consumption.

BASF researchers have developed the three-way conversion catalyst into a four-way conversion catalyst, or FWC™, that combines all important features into a single engine component. This helps automotive manufacturers comply with more stringent emissions regulations, such as Euro 6c, without having to install a separate gasoline carbon filter.

Compact and effective

Designed for gasoline engines, the FWC™ consists of a ceramic filter coated with catalytically active precious metals, filtering both gaseous pollutants and carbon particles out of exhaust flow. This means it takes up considerably less space than a three-way conversion catalyst with a downstream filter.

BASF's innovative production and coating technologies keep the back pressure on exhaust gases low. And because the carbon particulate matter is incinerated into carbon dioxide at high temperatures, the catalyst's pores cannot clog up, giving the component long-lasting durability.

Interim Management's Report
BASF Group Business Review 1st Quarter 2015

In the first quarter of 2015, higher volumes and positive currency effects led to sales growth. Because of the sharp drop in the price of oil, prices fell, especially for basic chemicals. Increased earnings in the chemicals[1] and crop protection businesses were not able to fully offset the considerable decline in Other.

Sales and income from operations before special items

- **Sales rise by 3% to €20.1 billion, supported by higher gas trading volumes**
- **Earnings down by 2% quarter-on-quarter to around €2.1 billion due to higher charges from LTI program**

Compared with the first quarter of 2014, our sales grew by 3% to €20.1 billion, despite a slight volumes decline in the chemicals business. This growth was mainly due to increased volumes and positive currency effects. Negative price effects arose from lower prices for crude oil and natural gas. The considerable sales decline in Other was primarily attributable to lower volumes and portfolio changes.

Income from operations before special items was down by €42 million to just under €2.1 billion as a result of considerably higher charges from Other, mainly due to higher provisions for our long-term incentive (LTI) program as a result of the positive performance of BASF shares. We were able to considerably raise earnings in the chemicals business and in the Agricultural Solutions segment.

Factors influencing sales

Factors influencing sales in 2015 (% of sales)

	1st Quarter
Volumes	5
Prices	(8)
Portfolio	(1)
Currencies	7
	3

Sales volumes grew compared with the first quarter of 2014. This was predominantly through a sharp increase in volumes in the Oil & Gas segment, especially in the Natural Gas Trading business sector. By contrast, volumes declined slightly in the chemicals business. As a consequence of the significantly lower prices of oil and gas, prices declined overall, especially in the Chemicals and Oil & Gas segments. Positive currency effects were observed in all segments. The disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore slightly reduced sales.

Sales and income from operations before special items in the segments

Sales in the **Chemicals** segment fell considerably below the level of the previous first quarter. This was largely due to falling prices on account of a sharp drop in raw material prices. Portfolio measures in the Petrochemicals division, along with slightly lower sales volumes overall, put an additional strain on sales. Currency effects were positive. Improved margins for a range of product lines, especially in Europe, led to a considerable rise in income from operations before special items.

First-quarter sales (million €, relative change)

Chemicals	**2015**	**3,866**	**(12%)**
	2014	4,398	
Performance Products	**2015**	**4,038**	**4%**
	2014	3,872	
Functional Materials & Solutions	**2015**	**4,584**	**8%**
	2014	4,236	
Agricultural Solutions	**2015**	**1,898**	**15%**
	2014	1,653	
Oil & Gas	**2015**	**4,993**	**17%**
	2014	4,276	
Other	**2015**	**688**	**(36%)**
	2014	1,077	

Sales grew slightly in the **Performance Products** segment. Positive currency effects in all divisions more than offset slightly lower overall sales volumes and declining prices. We were able to considerably improve income from operations before special items. Aside from lower raw material costs, this was largely the result of efficiency and restructuring measures in all divisions.

In the **Functional Materials & Solutions** segment, we achieved considerably higher sales quarter-on-quarter as a result of positive currency effects in all divisions. Volumes and prices dipped slightly overall. Higher demand, primarily from the automotive industry, was not able to compensate for lower sales volumes in precious metal trading. We significantly improved income from operations before special items. The Performance Materials division provided major support for this growth.

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

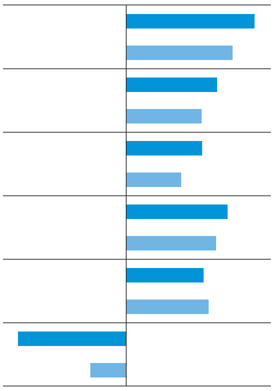
Sales in the **Agricultural Solutions** segment rose considerably as a result of increased contributions from Europe and North America. We posted volumes growth in all indications. Positive currency effects and higher prices provided additional momentum to sales growth. We were able to considerably improve income from operations before special items, largely because of increased volumes and prices as well as favorable exchange rate developments.

In the **Oil & Gas** segment, sales grew considerably on account of higher volumes, mainly in the Natural Gas Trading business sector. Income from operations before special items declined slightly. A greater earnings contribution from Natural Gas Trading was not able to fully offset the primarily oil price-related decrease in the Exploration & Production business sector.

Sales in **Other** fell considerably compared with the previous first quarter. This resulted mainly from lower volumes as well as the disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore at the end of 2014. Income from operations before special items declined considerably, largely because of valuation effects for the long-term incentive (LTI) program.

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

Chemicals	**2015**	**726**	**125**
	2014	601	
Performance Products	**2015**	**515**	**88**
	2014	427	
Functional Materials & Solutions	**2015**	**431**	**120**
	2014	311	
Agricultural Solutions	**2015**	**574**	**64**
	2014	510	
Oil & Gas	**2015**	**437**	**(29)**
	2014	466	
Other	**2015**	**(613)**	**(410)**
	2014	(203)	



Income from operations and special items

Special items in EBIT amounted to minus €75 million in the first quarter of 2015, and especially contained expenses for the employee bonus on the occasion of BASF's 150th anniversary. The previous first quarter had included tax-free special income from the disposal of shares in non-BASF-operated oil and gas fields in the British North Sea.

EBIT fell by €226 million to €1,995 million compared with the first quarter of 2014. EBITDA declined by €61 million to €2,890 million.

Special items reported in earnings before taxes (million €)

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

Financial result and net income

At minus €164 million, the **financial result** was above the level of the first quarter of 2014 (minus €183 million). This was due to the significant improvement in the interest result and a slight increase in other financial result. Income from shareholdings declined.

Income before taxes and minority interests fell by €207 million quarter-on-quarter to €1,831 million. The tax rate was at 29.7% (first quarter of 2014: 25.1%). This was largely the result of higher deferred taxes in the Oil & Gas segment as well as lower tax-free special income as compared with the previous first quarter.

Because of higher income taxes and increased minority interests, **net income** fell by €290 million to €1,174 million.

Earnings per share were €1.28 in the first quarter of 2015, compared with €1.59 in the same period of 2014. Adjusted for special items and amortization of intangible assets, earnings per share amounted to €1.43 (first quarter of 2014: €1.63).

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

Adjusted earnings per share (€)

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

BASF on the Capital Market

Overview of BASF shares

		1st Quarter 2015	Full Year 2014
Performance (with dividends reinvested)			
BASF	%	32.4	(6.8)
DAX 30	%	22.0	2.7
DJ EURO STOXX 50	%	18.2	3.9
DJ Chemicals	%	5.5	(0.1)
MSCI World Chemicals	%	8.3	9.0
Share prices and trading (XETRA)			
Average	€	81.78	77.93
High	€	94.30	87.36
Low	€	66.69	65.61
Close (end of period)	€	92.55	69.88
Average daily trade	million shares	3.5	2.9
Outstanding shares (end of period)	million shares	918.5	918.5
Market capitalization (end of period)	billion €	85.0	64.2

Share performance

- **BASF share significantly outperforms important industry indexes**

BASF shares traded at a new record high of €94.30 on March 30, 2015; at €92.55, the price at the end of the first quarter of 2015 was 32.4% above the closing price at the end of 2014. The BASF share thus considerably outperformed both the German stock index DAX 30 and the European benchmark index DJ EURO STOXX 50, both of which grew in the same period by 22.0% and 18.2%, respectively. The global industry indexes DJ Chemicals and MSCI World Chemicals rose in the first three months of the year by 5.5% and 8.3%, respectively.

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

Dividend increase to €2.80 per share

- **Payout of around €2.6 billion to BASF's shareholders**

The Board of Executive Directors and the Supervisory Board proposed to the Annual Shareholders' Meeting that a dividend of €2.80 per share be paid for the 2014 business year. We stand by our ambitious dividend policy and plan to pay out around €2.6 billion to our shareholders. Based on the year-end share price for 2014, BASF shares offer a high dividend yield of 4.0%. BASF is part of the DivDAX share index, which contains the 15 companies with the highest dividend yield in the DAX 30. We aim to increase our dividend each year, or at least maintain it at the previous year's level.

Good credit ratings and solid financing

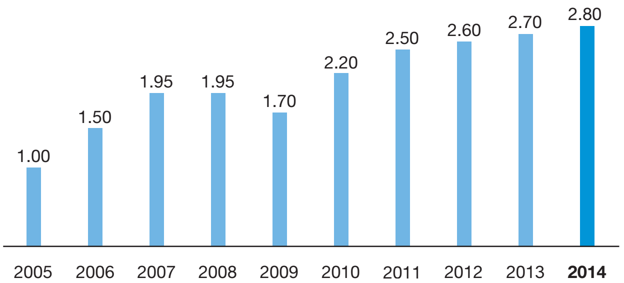
BASF has good credit ratings, especially in comparison with competitors in the chemical industry. Rating agency Moody's last confirmed their rating of "A1/P-1 outlook stable" on October 31, 2014. Standard & Poor's adjusted their rating of "A+/A-1" to an outlook of "negative" on April 10, 2015. This was largely due to an increase in pension provisions as a result of declining capital market interest rates. We continue to have solid financing. Since the beginning of the year, net debt increased by €121 million to around €13.8 billion.

Financial communication honored again

We took several leading rankings in Institutional Investor Magazine's annual survey in 2015. These included first prize in the Best Analyst Days in Europe (Chemicals) category for the Chemicals Investor Day held in London in 2014.

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

Dividend per share[1] (€ per share)



[1] Adjusted for two-for-one stock split conducted in 2008

Significant Events

January – April 2015

- **Global Creator Space™ tour begins**
- **Joint investments: We build an ammonia plant with Yara in Freeport, Texas, and a 2-EHA plant with PETRONAS in Kuantan, Malaysia**
- **We aim to globally expand our PVP production**

BASF is celebrating its 150th anniversary in 2015 with a number of activities and events. With "co-creation" as its motto, the program includes central components like the Creator Space™ tour, which will stop at six stations worldwide. Here, experts from customers, partners and BASF come together to discuss the future's topics of smart energy, food and urban life. The first stop on the tour, held in January in Mumbai, India, focused on sustainable water management, while urbanization took center stage in Shanghai, China, in March. One highlight of BASF's anniversary year was the company's birthday celebration in Ludwigshafen on April 23, 2015. BASF's employees around the world will receive an anniversary bonus of around €100 million in recognition of their contribution to the company's success.

Together with Yara International ASA, we will build an ammonia plant in Freeport, Texas, with an annual capacity of 750,000 metric tons and which uses hydrogen directly as a raw material instead of natural gas. This technology considerably reduces investment and maintenance costs as well as carbon emissions as compared with conventional processes. Yara's share in the joint venture will be 68%, and BASF's 32%. The plant is scheduled to be completed by the end of 2017.

We are building a production plant for 2-ethyl hexanoic acid (2-EHA) in Kuantan, Malaysia, with PETRONAS Chemicals Group Berhad (PCG). Construction of the plant, which will have an annual capacity of 30,000 metric tons, is scheduled to begin in the second quarter of 2015, with startup in the fourth quarter of 2016. 2-Ethyl hexanoic acid is an intermediate used, for example, in the production of synthetic lubricants.

We want to invest in the expansion of our polyvinylpyrrolidone (PVP) value chain over the next four years. By enlarging existing plants in Ludwigshafen, Germany, and Geismar, Louisiana, and by introducing PVP technology at our site in Shanghai, China, we will raise our global PVP production capacity by up to 6,000 metric tons. Mainly because of its properties as a binding agent, PVP is a polymer employed in numerous industries, such as the pharmaceutical sector.

Chemicals

Segment data Chemicals (million €)

	1st Quarter		
	2015	**2014**	**Change in %**
Sales to third parties	3,866	4,398	(12)
Thereof Petrochemicals	1,535	2,097	(27)
Monomers	1,599	1,590	1
Intermediates	732	711	3
Income from operations before depreciation and amortization (EBITDA)	940	782	20
Income from operations (EBIT) before special items	726	601	21
Income from operations (EBIT)	726	600	21
Assets (as of March 31)	13,229	11,237	18
Research expenses	50	44	14
Additions to property, plant and equipment and intangible assets	324	272	19

1st Quarter 2015

- **Declining prices lead to sales decrease**
- **Higher margins considerably improve earnings**

Sales in the Chemicals segment were considerably below the level of the previous first quarter. This was largely a consequence of falling prices in some business areas on account of a sharp drop in raw material prices. Sales volumes were slightly down in the Petrochemicals and Monomers divisions. Portfolio measures in the Petrochemicals division additionally reduced sales. Positive currency effects helped support sales development (volumes –1%, prices –16%, currencies 8%, portfolio –3%). Through improved margins for a range of product lines, especially in Europe, we were able to considerably raise our income from operations before special items.

Petrochemicals

Sales in the Petrochemicals division fell considerably, primarily because of declining sales prices in all product lines. These followed significant drops in raw material prices, especially of naphtha. Also reducing sales was the disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore at the end of 2014. Despite otherwise positive development in sales volumes, volumes were nevertheless slightly down as a result of a plant outage at the site in Moerdijk, Netherlands, at the beginning of June 2014. Positive currency effects helped support sales. Significantly increased margins for steam cracker products as well as for ethylene oxide and glycols, especially in Europe, more than compensated for weaker earnings in acrylic monomers. Earnings were therefore considerably above the level of the previous first quarter.

Monomers

Sales grew slightly in the Monomers division. This was largely the result of positive currency effects, which were able to more than compensate for lower prices in polyamides and isocyanates due to falling raw material costs. Because our customers adjusted their inventory management in expectation of lower raw material prices, sales volumes were down slightly. In addition, the plant outage at the Moerdijk, Netherlands, site has resulted in lower sales volumes of polyols since June 2014. We were able to considerably raise earnings, predominantly through improved margins for MDI and ammonia in Europe.

Intermediates

Sales rose slightly in the Intermediates division. This was mainly due to positive currency effects, supported by slight growth in sales volumes. We raised sales volumes worldwide in our business with amines. In North America and especially Asia, we achieved higher volumes in the polyalcohol and acetylene derivative business. Declining sales prices resulting from lower raw material costs put a strain on sales development. Quarter-on-quarter, we were able to considerably improve our margins, and thus also our earnings.

Sales

Change compared with 1st quarter 2014

–12%

EBIT before special items

(Change compared with 1st quarter 2014)
Million €

726 (+125)

Performance Products

Segment data Performance Products (million €)

	1st Quarter		
	2015	2014	Change in %
Sales to third parties	4,038	3,872	4
Thereof Dispersions & Pigments[1]	1,165	1,114	5
Care Chemicals	1,299	1,264	3
Nutrition & Health	515	495	4
Performance Chemicals[1]	1,059	999	6
Income from operations before depreciation and amortization (EBITDA)	724	611	18
Income from operations (EBIT) before special items	515	427	21
Income from operations (EBIT)	491	414	19
Assets (as of March 31)	15,552	13,975	11
Research expenses	91	85	7
Additions to property, plant and equipment and intangible assets	203	159	28

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

1st Quarter 2015

- **Slight, currency-driven rise in sales**
- **Considerable earnings increase through higher margins and efficiency measures**

In the Performance Products segment, sales grew slightly compared with the previous first quarter. We observed positive currency effects in all divisions, which in total more than compensated for slightly reduced sales volumes and falling prices (volumes –2%, prices –3%, currencies 9%). Ongoing pressure on prices in the paper chemicals business and for vitamin E had an especially negative effect on sales prices. We achieved considerably improved income from operations before special items. In addition to higher margins arising in part from lower raw material costs, this was largely the result of savings from efficiency and restructuring measures in all divisions.

Dispersions & Pigments

The Dispersions & Pigments division increased sales slightly, primarily on account of currency effects. Aside from lower prices, reduced sales volumes – especially of paper chemicals – also put a strain on sales development. Growth impetus came from higher sales volumes of resins and additives. In North America, demand recovered in both the paint and coatings industry and the construction sector. Volumes decreased in the European construction sector, however. Earnings improved considerably. This was largely due to positive currency effects, especially in terms of the U.S. dollar, as well as stronger margins as a result of lower raw material costs.

Sales
Change compared with 1st quarter 2014

+4%

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

515 (+88)

Care Chemicals

Sales in the Care Chemicals division rose slightly quarter-on-quarter. This was mainly attributable to highly positive currency effects, which more than offset the slight decline in volumes and prices in almost all regions. Decreased sales volumes were especially observed in formulation additives for technical applications, as well as in ingredients for the detergents and cleaners industry and the hygiene business area. Prices fell in response to lower raw material costs in nearly all business areas, especially hygiene, oleochemical surfactants and fatty alcohols. We were able to considerably increase earnings thanks to significantly improved margins – primarily the result of currency effects – and the positive impact of ongoing restructuring measures.

Nutrition & Health

Sales grew slightly in the Nutrition & Health division, supported by increased sales volumes in the animal nutrition business area, as well as by positive currency effects, particularly from the stronger U.S. dollar. This allowed us to more than compensate for declining volumes in the pharmaceutical business. Because of ongoing pressure on the price of vitamin E, prices dropped below the prior first-quarter levels. We saw a slight, partly margin-related decline in earnings.

Performance Chemicals

In the Performance Chemicals division, positive currency effects contributed to considerable sales growth. As a result of an unscheduled shutdown of our polyisobutene plant in Antwerp, Belgium, sales volumes remained slightly below the level of the previous first quarter. The increase in sales, our strict fixed cost management, and positive margin development in all business areas all led to a considerable rise in earnings.

Functional Materials & Solutions

Segment data Functional Materials & Solutions (million €)

	1st Quarter		
	2015	2014	Change in %
Sales to third parties	4,584	4,236	8
Thereof Catalysts	1,589	1,458	9
Construction Chemicals	503	443	14
Coatings	789	721	9
Performance Materials	1,703	1,614	6
Income from operations before depreciation and amortization (EBITDA)	600	424	42
Income from operations (EBIT) before special items	431	311	39
Income from operations (EBIT)	464	311	49
Assets (as of March 31)	14,291	12,405	15
Research expenses	92	87	6
Additions to property, plant and equipment and intangible assets	281	110	155

1st Quarter 2015

- **Positive currency effects in all divisions significantly influence sales growth**
- **Earnings improve considerably, especially through contribution from Performance Materials division**

Sales in the Functional Materials & Solutions segment grew considerably compared with the previous first quarter, on account of positive currency effects in all divisions. Volumes and prices declined slightly (volumes –1%, prices –1%, currencies 10%). Higher demand, especially from the automotive industry, was not able to offset lower sales volumes in precious metal trading. We considerably improved income from operations before special items despite a slightly smaller contribution from the Catalysts division. The Performance Chemicals division provided major support for this growth.

Catalysts

Sales in the Catalysts division grew considerably compared with the same quarter of the previous year. Lower volumes and prices were more than offset by positive currency effects. We increased sales volumes of mobile emissions catalysts and chemical catalysts. Despite positive currency effects, the reduced volumes led to decreased sales in precious metal trading of €612 million (first quarter of 2014: €626 million). Earnings declined slightly. This was mainly a consequence of lower margins in precious metal trading, higher fixed costs due to the startup of new plants, and increased research expenses.

Sales
Change compared with 1st quarter 2014

+8%

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

431 (+120)

Construction Chemicals

We posted a considerable quarter-on-quarter sales increase in the Construction Chemicals division. Together with positive currency effects, slightly higher prices and volumes contributed to this development. In Europe, price increases were unable to offset lower demand. We achieved considerable volumes growth in North America. Positive currency effects led to higher sales in Asia. Stronger margins enabled us to considerably improve earnings.

Coatings

Sales rose considerably in the Coatings division compared with the first quarter of 2014. This was mainly the result of positive currency effects in all business areas and the higher sales volumes of automotive OEM coatings in Asia and Europe. In the automotive refinish coatings business, currency effects more than compensated for a slight volumes decline. We observed a primarily currency-driven sales increase in industrial coatings and achieved slightly higher volumes. In the decorative paints business in Brazil, sales dipped slightly due to lower volumes. Earnings improved considerably overall, thanks in part to a more favorable product mix.

Performance Materials

We considerably increased sales in the Performance Materials division, despite the decline in sales prices arising from lower raw material costs. Positive currency effects were largely responsible for this sales growth. Higher volumes in the business areas for engineering plastics, Cellasto®, TPU and specialties compensated for lower sales volumes of styrenic foams and polyurethane systems. Demand from the construction industry was down, primarily in Europe, while sales volumes to the automotive industry improved sharply in Asia, North America and Europe. We also increased sales to the consumer goods industry in North America and Europe. We posted a considerable, margin and currency-driven boost in earnings despite higher fixed costs from the startup of new plants. Margins rose as a result of lower raw material prices as well as higher sales volumes of specialties.

Agricultural Solutions

Segment data Agricultural Solutions (million €)

	1st Quarter		
	2015	**2014**	**Change in %**
Sales to third parties	1,898	1,653	15
Income from operations before depreciation and amortization (EBITDA)	626	552	13
Income from operations (EBIT) before special items	574	510	13
Income from operations (EBIT)	573	510	12
Assets (as of March 31)	9,496	7,841	21
Research expenses	126	112	13
Additions to property, plant and equipment and intangible assets	85	63	35

1st Quarter 2015

- **Higher contributions from Europe and North America lead to considerable growth in sales and volumes**
- **Considerable earnings increase as a result of higher volumes and prices as well as positive currency effects**

We posted considerable earnings growth in the Agricultural Solutions segment in the first quarter of 2015. This was supported by increased sales in Europe and North America. We raised volumes in all indications. Positive currency effects and higher prices additionally boosted this sales growth (volumes 6%, prices 4%, currencies 5%).

In **Europe**, sales were considerably higher than in the same quarter of the previous year. We observed high demand earlier than expected, particularly for cereal fungicides in western Europe. Our business was very positive, especially in the United Kingdom and Germany. We were able to more than compensate for negative currency effects by increasing volumes and prices.

Sales rose considerably in **North America**, as well, largely supported by the strong U.S. dollar. We increased volumes and prices for herbicides, especially in our Kixor® and dicamba businesses.

Sales in **Asia** matched the level of the previous first quarter. Growth in China and Australia, together with positive currency effects, were able to offset the decline in Japan, where the previous first quarter had seen an extraordinarily sharp rise in sales. This had arisen from the increase in value-added tax in April 2014, which was responsible for advance purchases on the part of our customers.

Sales in **South America** remained slightly below the level of the first quarter of 2014. In Brazil, fungicide volumes declined mainly because of a lower incidence of fungal infections, and volumes of insecticides decreased on account of competition from generic products.

We considerably improved income from operations before special items. Increased volumes and prices, as well as favorable exchange rate developments, were decisive here.

Sales
Change compared with 1st quarter 2014

+15%

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

574 (+64)

Oil & Gas

Segment data Oil & Gas (million €)

	1st Quarter		
	2015	**2014**	**Change in %**
Sales to third parties	4,993	4,276	17
Thereof Exploration & Production	744	792	(6)
Natural Gas Trading	4,249	3,484	22
Income from operations before depreciation and amortization (EBITDA)	665	764	(13)
Thereof Exploration & Production	484	687	(30)
Natural Gas Trading	181	77	135
Income from operations (EBIT) before special items	437	466	(6)
Thereof Exploration & Production	276	407	(32)
Natural Gas Trading	161	59	173
Income from operations (EBIT)	436	597	(27)
Thereof Exploration & Production	275	538	(49)
Natural Gas Trading	161	59	173
Assets (as of March 31)	14,482	11,913	22
Thereof Exploration & Production	10,563	7,449	42
Natural Gas Trading	3,919	4,464	(12)
Exploration expenses	49	24	104
Additions to property, plant and equipment and intangible assets	418	309	35
Net income	359	429	(16)

1st Quarter 2015

- **Considerable sales growth through increased volumes in gas trading business**
- **Slight earnings reduction despite considerable decrease in oil prices**

We raised our sales considerably in the Oil & Gas segment compared with the previous first quarter (volumes 32%, prices/currencies –17%, portfolio 2%). This was predominantly the result of increased oil and gas production and higher volumes in the Natural Gas Trading business sector. Income from operations before special items declined slightly. A greater contribution from Natural Gas Trading was not able to fully compensate for the primarily oil price-related decrease in the Exploration & Production business sector. Net income was below the previous first quarter's level. The first quarter of 2014 had included special income from the divestiture of our shares in non-BASF-operated fields in the British North Sea.

For more on net income in the Oil & Gas segment, see the Notes to the Interim Financial Statements on page 25

Sales were down considerably in the **Exploration & Production** business sector. In the first quarter of 2015, the price of Brent blend crude oil averaged $54 per barrel, while it had sold at $108 per barrel (–50%) in the same quarter of the previous year. Production increases in Norway and Russia could not fully compensate for this price development. The activities in Norway acquired from Statoil at the end of 2014 led to positive portfolio effects. Earnings fell by a third as a result of the reduced prices as well as higher exploration expenses in Norway.

In the **Natural Gas Trading** business sector, we achieved a considerable, volumes-driven increase in sales. Higher sales volumes and more favorable procurement conditions led to considerable earnings growth.

Sales
Change compared with 1st quarter 2014

+17%

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

437 (–29)

Regional Results

Overview of regions (million €)

	Sales Location of company			Sales Location of customer			EBIT before special items		
	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %
1st Quarter									
Europe	11,973	11,901	1	11,459	11,427	0	1,339	1,430	(6)
Thereof Germany	9,071	8,919	2	4,634	3,874	20	549	657	(16)
North America	4,232	3,900	9	4,212	3,840	10	470	491	(4)
Asia Pacific	2,915	2,848	2	3,073	3,037	1	192	174	10
South America, Africa, Middle East	947	863	10	1,323	1,208	10	69	17	306
	20,067	**19,512**	**3**	**20,067**	**19,512**	**3**	**2,070**	**2,112**	**(2)**

Europe

- **Sales rise by 1%, earnings decline slightly to €1,339 million**

Sales for companies located in Europe grew by 1% compared with the previous first quarter. This was mainly because of the considerably higher volumes in the Natural Gas Trading business sector. Sales also grew considerably in the Agricultural Solutions segment on account of high demand. In the Petrochemicals division, sales were particularly weighed down by falling prices. Furthermore, lower volumes were mainly responsible for a decline in Other. Income from operations before special items fell by €91 million to €1,339 million due to the considerably lower earnings in Other.

North America

- **Sales grow by 9%, earnings down slightly to €470 million**

In North America, sales dropped by 10% in local currency terms on account of lower prices. In euro terms, they rose by 9%. Positive currency effects led to considerable sales growth in the Performance Products, Functional Materials & Solutions and Agricultural Solutions segments. In the Petrochemicals division, decreased raw material prices negatively impacted sales prices and sales. At €470 million, earnings declined slightly (first quarter of 2014: €491 million), primarily because of declines in the Chemicals segment.

Asia Pacific

- **Sales rise by 2%, earnings improve slightly to €192 million**

Sales in Asia Pacific dropped by 13% in local currency terms, predominantly on account of prices, and grew in euro terms by 2%. Sales were reduced by the disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore at the end of 2014. In the Functional Materials & Solutions and Performance Products segments, we posted considerable sales growth through positive currency effects. Earnings rose by €18 million to €192 million compared with the previous first quarter.

South America, Africa, Middle East

- **Sales increase by 10%, earnings up considerably to €69 million**

In South America, Africa, Middle East, sales exceeded prior first-quarter levels by 2% in local currency terms and 10% in euro terms. This development was particularly supported by higher sales in the Oil & Gas segment as well as in the Construction Chemicals and Performance Chemicals divisions. We were able to increase earnings by €52 million to €69 million.

Overview of Other Topics

Research and Development

- Innovative products: Styrodur® 3000 CS thermal insulation panel, Seltima® rice plant fungicide, Quice® magnetocaloric materials
- BASF and partner TODA KOGYO CORP. offer cathode materials for lithium-ion batteries in Japan
- Science symposium in Ludwigshafen on occasion of 150th anniversary

With Styrodur® 3000 CS, we have launched an insulation panel whose new production techology allows for a 15% improvement in thermal conductivity across all panel thicknesses. This enables architects, planners and builders to meet legal requirements using significantly thinner insulation panels. By joining thinner panels with good technical properties, we have also achieved improved thermal conductivity for thicker panels.

Our Seltima® formulation offers a highly efficient solution for protecting rice plants from fungal infections. Its special encapsulation technology ensures the precise release of the active ingredient exclusively over the rice leaf's surface, enabling better protection of both plant and environment. Seltima® has been available in Indonesia since March 2015 and will soon be introduced in further rice-farming countries.

Together with the Netherlands' Delft University of Technology, we have developed magnetocaloric materials that will be marketed under the brand name Quice®. These materials heat up when put in a magnetic field, and cool down when removed from it. As a basis for especially energy-efficient cooling systems, magnetocaloric materials create an alternative to conventional compressor-based technologies. In January 2015, BASF, Haier and Astronautics jointly presented the first prototype of a wine cooler that employs a magnetocaloric heat pump.

At the end of February, we acquired from our partner TODA KOGYO CORP. a 66% share in a company that specializes in cathode materials for lithium-ion batteries in Japan. As BASF TODA Battery Materials LLC, this expands our global network for battery materials. Lithium-ion batteries are used, for example, in cars and electronic entertainment.

In March 2015, the first of three science symposiums was held by BASF for the company's 150th anniversary. At the two-day conference in Ludwigshafen, 600 experts from science and industry discussed the topic "smart energy for a sustainable future." The second event will take place in June in Chicago, Illinois, on the topic of sustainable food; the third, on the future shape of urban life, will be held in Shanghai, China, in November.

Employees

- Number of employees rises to 113,896
- Personnel expenses up by 23.8%

Compared with the end of 2014, the number of BASF Group employees grew by 604 to a total of 113,896 as of March 31, 2015. On this date, 62.8% were employed in Europe while North America accounted for 15.1% of employees, Asia Pacific for 15.3% and South America, Africa, Middle East for 6.8%.

Compared with the same period of the previous year, personnel costs rose by 23.8% to €2,877 million. This was largely due to currency effects, expenses for the long-term incentive (LTI) program, and the employee anniversary bonus.

Employees by region

	Mar. 31, 2015	Dec. 31, 2014
Europe	71,433	71,474
Thereof Germany	53,157	53,277
North America	17,240	17,120
Asia Pacific	17,455	17,060
South America, Africa, Middle East	7,768	7,638
	113,896	**113,292**

Outlook

The global economy will likely grow by 2.8% in 2015, somewhat faster than in 2014 (+2.5%). Yet the risks remain high. We confirm our outlook for the full year: We aim to perform well and slightly increase sales in a volatile and challenging environment. Income from operations before special items will likely match the level of the previous year.

Opportunities and risks

- **Overall economic development as well as exchange rate and margin volatility present both opportunities and risks**

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

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

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

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

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

Forecast

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

Our expectations for the global economic environment in 2015 remain unchanged:

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

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

BASF Group Interim Financial Statements
Statement of Income

Statement of income (million €)

	Explanations in Note	1st Quarter 2015	1st Quarter 2014	Change in %
Sales revenue		**20,067**	**19,512**	**2.8**
Cost of sales		(14,731)	(14,695)	(0.2)
Gross profit on sales		**5,336**	**4,817**	**10.8**
Selling expenses		(1,937)	(1,771)	(9.4)
General administrative expenses		(342)	(306)	(11.8)
Research expenses		(474)	(443)	(7.0)
Other operating income	[5]	445	400	11.3
Other operating expenses	[5]	(1,118)	(573)	(95.1)
Income from companies accounted for using the equity method	[6]	85	97	(12.4)
Income from operations		**1,995**	**2,221**	**(10.2)**
Income from other shareholdings		20	6	233.3
Expenses from other shareholdings		(18)	(1)	–
Interest income		58	34	70.6
Interest expense		(164)	(158)	(3.8)
Other financial result		(60)	(64)	6.3
Financial result	[7]	**(164)**	**(183)**	**10.4**
Income before taxes and minority interests		**1,831**	**2,038**	**(10.2)**
Income taxes	[8]	(543)	(512)	(6.1)
Income before minority interests		**1,288**	**1,526**	**(15.6)**
Minority interests	[9]	(114)	(62)	(83.9)
Net income		**1,174**	**1,464**	**(19.8)**
Earnings per share	[10]			
Undiluted (€)		1.28	1.59	(19.5)
Diluted (€)		**1.28**	**1.59**	**(19.5)**

Statement of Income and Expense Recognized in Equity

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

	1st Quarter 2015	1st Quarter 2014
Income before minority interests	**1,288**	**1,526**
Remeasurement of defined benefit plans	(2,129)	(1,006)
Deferred taxes for items that will not be reclassified to the statement of income	677	307
Income and expense recognized directly in equity that will not be reclassified to the statement of income at a later date	**(1,452)**	**(699)**
Unrealized gains/losses from fair value changes in available-for-sale securities	7	(5)
Reclassifications of realized gains/losses recognized in the income statement	–	–
Fair value changes in available-for-sale securities, net	**7**	**(5)**
Unrealized gains/losses from future cash flow hedges	78	(115)
Reclassification of realized gains/losses recognized in the income statement	(50)	36
Cash flow hedges, net	**28**	**(79)**
Translation adjustment	1,913	(133)
Deferred taxes for items that will be reclassified to the statement of income	(54)	21
Income and expense recognized directly in equity that will be reclassified to the statement of income at a later date	**1,894**	**(196)**
Minority interests	111	(25)
Total income and expense recognized directly in equity	**553**	**(920)**
Income before minority interests and income and expense recognized directly in equity	**1,841**	**606**
Thereof attributable to shareholders of BASF SE	1,616	569
Thereof attributable to minority interests	225	37

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

	Other comprehensive income					
	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Fair value changes in available-for-sale securities	Cash flow hedges	Revaluation due to acquisition of majority of shares	Total income and expense recognized directly in equity
As of January 1, 2015	**(4,840)**	**(259)**	**20**	**(403)**	**–**	**(5,482)**
Changes	(2,129)	1,913	7	28	–	(181)
Deferred taxes	677	(28)	–	(26)	–	623
As of March 31, 2015	**(6,292)**	**1,626**	**27**	**(401)**	**–**	**(5,040)**
As of January 1, 2014	**(2,444)**	**(917)**	**15**	**(54)**	**–**	**(3,400)**
Changes	(1,006)	(133)	(5)	(79)	–	(1,223)
Deferred taxes	307	2	–	19	–	328
As of March 31, 2014	**(3,143)**	**(1,048)**	**10**	**(114)**	**–**	**(4,295)**

Balance Sheet

Assets (million €)

	Explanations in Note	Mar. 31, 2015	Mar. 31, 2014	Change in %	Dec. 31, 2014	Change in %
Intangible assets	[11]	13,961	12,208	14.4	12,967	7.7
Property, plant and equipment	[11]	25,486	19,330	31.8	23,496	8.5
Investments accounted for using the equity method	[11]	3,512	4,192	(16.2)	3,245	8.2
Other financial assets	[11]	533	678	(21.4)	540	(1.3)
Deferred tax assets		3,027	1,332	127.3	2,193	38.0
Other receivables and miscellaneous assets		1,917	869	120.6	1,498	28.0
Noncurrent assets		**48,436**	**38,609**	**25.5**	**43,939**	**10.2**
Inventories	[12]	11,066	10,255	7.9	11,266	(1.8)
Accounts receivable, trade	[12]	12,796	11,585	10.5	10,385	23.2
Other receivables and miscellaneous assets	[12]	4,423	4,146	6.7	4,032	9.7
Marketable securities	[12]	20	16	25.0	19	5.3
Cash and cash equivalents[1]	[12]	2,317	3,122	(25.8)	1,718	34.9
Assets of disposal groups		–	–	–	–	–
Current assets		**30,622**	**29,124**	**5.1**	**27,420**	**11.7**
Total assets		**79,058**	**67,733**	**16.7**	**71,359**	**10.8**

Equity and liabilities (million €)

	Explanations in Note	Mar. 31, 2015	Mar. 31, 2014	Change in %	Dec. 31, 2014	Change in %
Subscribed capital	[13]	1,176	1,176	–	1,176	–
Capital surplus	[13]	3,143	3,165	(0.7)	3,143	–
Retained earnings	[13]	29,953	27,566	8.7	28,777	4.1
Other comprehensive income		(5,040)	(4,295)	(17.3)	(5,482)	8.1
Equity of shareholders of BASF SE		**29,232**	**27,612**	**5.9**	**27,614**	**5.9**
Minority interests		745	643	15.9	581	28.2
Equity		**29,977**	**28,255**	**6.1**	**28,195**	**6.3**
Provisions for pensions and similar obligations	[14]	9,582	4,717	103.1	7,313	31.0
Other provisions	[15]	3,975	3,223	23.3	3,502	13.5
Deferred tax liabilities		3,846	2,713	41.8	3,420	12.5
Financial indebtedness	[16]	12,098	12,707	(4.8)	11,839	2.2
Other liabilities	[16]	1,316	1,304	0.9	1,197	9.9
Noncurrent liabilities		**30,817**	**24,664**	**24.9**	**27,271**	**13.0**
Accounts payable, trade		5,494	5,745	(4.4)	4,861	13.0
Provisions	[15]	3,377	2,905	16.2	2,844	18.7
Tax liabilities		1,481	1,376	7.6	1,079	37.3
Financial indebtedness	[16]	4,006	2,345	70.8	3,545	13.0
Other liabilities	[16]	3,906	2,443	59.9	3,564	9.6
Liabilities of disposal groups		–	–	–	–	–
Current liabilities		**18,264**	**14,814**	**23.3**	**15,893**	**14.9**
Total equity and liabilities		**79,058**	**67,733**	**16.7**	**71,359**	**10.8**

[1] For a reconciliation of the amounts in the statement of cash flows with the balance sheet item “cash and cash equivalents,” see page 18.

Statement of Cash Flows

Statement of cash flows (million €)

	1st Quarter	
	2015	**2014**
Net income	1,174	1,464
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	902	730
Changes in net working capital	309	(277)
Miscellaneous items	5	(170)
Cash provided by operating activities	**2,390**	**1,747**
Payments related to property, plant and equipment and intangible assets	(1,278)	(976)
Acquisitions/divestitures	26	263
Financial investments and other items	(250)	(97)
Cash used in investing activities	**(1,502)**	**(810)**
Capital increases/repayments, share repurchases	–	–
Changes in financial liabilities	(299)	413
Dividends	(101)	(24)
Cash used in / provided by financing activities	**(400)**	**389**
Net changes in cash and cash equivalents	488	1,326
Cash and cash equivalents as of beginning of year and other changes	1,829	1,796
Cash and cash equivalents at end of quarter	**2,317**	**3,122**

Cash provided by operating activities amounted to €2,390 million in the first quarter of 2015, up by €643 million compared with the same quarter of the previous year. The release of funds in net working capital resulted particularly from decreased inventories as well as higher operating provisions, especially for rebates.

Investing activities led to a cash outflow of €1,502 million, compared with €810 million in the same quarter of 2014. At €1,278 million, payments related to property, plant and equipment and intangible assets were higher than in the previous first quarter. Acquisitions and divestitures did not have any material impact in the first quarter of 2015. In the previous first quarter, payments from divestitures had arisen from the sale of shares in non-BASF-operated oil and gas fields in the British North Sea to the MOL Group.

Financing activities led to a cash outflow of €400 million, compared with an inflow of €389 million in the previous first quarter. Cash outflow from the change in financial liabilities amounted to €299 million, particularly through the repayment of other financial liabilities. By contrast, the first quarter of 2014 had included cash inflow from the issue of several bonds. Minority shareholders of Group companies received €101 million in the form of dividends.

Cash and cash equivalents amounted to €2,317 million as of March 31, 2015, compared with €1,718 million at the end of 2014.

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

Statement of Changes in Equity

1st Quarter 2015 (million €)

	Number of subscribed shares outstanding	Subscribed capital	Capital surplus	Retained earnings	Other comprehensive income[1]	Equity of shareholders of BASF SE	Minority interests	Equity
As of January 1, 2015	918,478,694	1,176	3,143	28,777	(5,482)	27,614	581	28,195
Effects of acquisitions achieved in stages	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	(101)[2]	(101)
Net income	–	–	–	1,174	–	1,174	114	1,288
Change in income and expense recognized directly in equity	–	–	–	–	442	442	111	553
Changes in scope of consolidation and other changes	–	–	–	2	–	2	40	42
As of March 31, 2015	918,478,694	1,176	3,143	29,953	(5,040)	29,232	745	29,977

1st Quarter 2014 (million €)

	Number of subscribed shares outstanding	Subscribed capital	Capital surplus	Retained earnings	Other comprehensive income[1]	Equity of shareholders of BASF SE	Minority interests	Equity
As of January 1, 2014	918,478,694	1,176	3,165	26,102	(3,400)	27,043	630	27,673
Effects of acquisitions achieved in stages	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	(24)[2]	(24)
Net income	–	–	–	1,464	–	1,464	62	1,526
Change in income and expense recognized directly in equity	–	–	–	–	(895)	(895)	(25)	(920)
Changes in scope of consolidation and other changes	–	–	–	–	–	–	–	–
As of March 31, 2014	918,478,694	1,176	3,165	27,566	(4,295)	27,612	643	28,255

[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 16.

[2] Including profit and loss transfers

Segment Reporting

1st Quarter (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %
Chemicals	3,866	4,398	(12.1)	940	782	20.2	726	601	20.8	726	600	21.0
Performance Products	4,038	3,872	4.3	724	611	18.5	515	427	20.6	491	414	18.6
Functional Materials & Solutions	4,584	4,236	8.2	600	424	41.5	431	311	38.6	464	311	49.2
Agricultural Solutions	1,898	1,653	14.8	626	552	13.4	574	510	12.5	573	510	12.4
Oil & Gas	4,993	4,276	16.8	665	764	(13.0)	437	466	(6.2)	436	597	(27.0)
Other	688	1,077	(36.1)	(665)	(182)	.	(613)	(203)	.	(695)	(211)	.
	20,067	**19,512**	**2.8**	**2,890**	**2,951**	**(2.1)**	**2,070**	**2,112**	**(2.0)**	**1,995**	**2,221**	**(10.2)**

1st Quarter (million €)

	Research expenses			Assets			Additions to noncurrent assets[1]			Amortization and depreciation[2]		
	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %	2015	2014	Change in %
Chemicals	50	44	13.6	13,229	11,237	17.7	324	272	19.1	214	182	17.6
Performance Products	91	85	7.1	15,552	13,975	11.3	203	159	27.7	233	197	18.3
Functional Materials & Solutions	92	87	5.7	14,291	12,405	15.2	281	110	155.5	136	113	20.4
Agricultural Solutions	126	112	12.5	9,496	7,841	21.1	85	63	34.9	53	42	26.2
Oil & Gas	12	13	(7.7)	14,482	11,913	21.6	418	309	35.3	229	167	37.1
Other	103	102	1.0	12,008	10,362	15.9	23	36	(36.1)	30	29	3.4
	474	**443**	**7.0**	**79,058**	**67,733**	**16.7**	**1,334**	**949**	**40.6**	**895**	**730**	**22.6**

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

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

Other[3] (million €)

	1st Quarter		
	2015	2014	Change in %
Sales	**688**	**1,077**	**(36.1)**
EBIT before special items	**(613)**	**(203)**	**.**
Thereof Group corporate costs	(55)	(49)	(12.2)
Corporate research	(101)	(98)	(3.1)
Currency results, hedges and other valuation effects	(382)	(95)	.
Other business	35	50	(30.0)
Special items	(82)	(8)	.
EBIT	**(695)**	**(211)**	**.**

[3] Further information on Other can be found in the Notes to the Interim Financial Statements on pages 24 and 25.

Notes to the Interim Financial Statements

1 – Basis of presentation

Selected exchange rates

	Closing rates		Average rates 1st Quarter	
1 € equals	**Mar. 31, 2015**	**Dec. 31, 2014**	**2015**	**2014**
Brazil (BRL)	3.50	3.22	3.22	3.24
China (CNY)	6.67	7.54	7.02	8.36
Great Britain (GBP)	0.73	0.78	0.74	0.83
Japan (JPY)	128.95	145.23	134.12	140.80
Malaysia (MYR)	3.99	4.25	4.08	4.52
Mexico (MXN)	16.51	17.87	16.83	18.13
Russian Federation (RUB)	62.44	72.34	70.96	48.04
Switzerland (CHF)	1.05	1.20	1.07	1.22
South Korea (KRW)	1,192.58	1,324.80	1,240.16	1,465.34
United States (USD)	1.08	1.21	1.13	1.37

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

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

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

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

Sales in the first quarter of 2014 contained €158 million and for the full year €415 million that, according to the new recognition method, would have been eliminated against cost of sales. If the recognition method had remained unchanged, sales and cost of sales in the first quarter of 2015 would each have been €19 million higher. This immaterial change in recognition has no further impact on the presentation of the net assets, financial position and results of operations of the BASF Group.

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

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

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

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

More information can be found in the "Restated Figures 2013 and 2014" flyer online at: basf.com/publications

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

Overview of income statement information for the BASF Group

Income statement information		1st Quarter 2014		
		restated	previous	change
Sales	million €	19,512	19,512	–
Income from operations (EBIT)	million €	2,221	2,249	(28)
Financial result	million €	(183)	(183)	–
Income from shareholdings	million €	5	5	–
Interest result	million €	(124)	(124)	–
Other financial result	million €	(64)	(64)	–
Income before taxes and minority interests	million €	2,038	2,066	(28)
Income taxes	million €	(512)	(525)	13
Minority interests	million €	(62)	(64)	2
Net income	million €	1,464	1,477	(13)
Earnings per share	€	1.59	1.61	(0.02)

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

Assets	March 31, 2014		
	restated	previous	change
Noncurrent assets	38,609	37,456	1,153
Current assets	29,124	30,484	(1,360)
Total assets	**67,733**	**67,940**	**(207)**

Equity and liabilities	March 31, 2014		
	restated	previous	change
Equity	28,255	28,386	(131)
Noncurrent liabilties	24,664	24,254	410
Current liabilities	14,814	15,300	(486)
Total equity and liabilities	**67,733**	**67,940**	**(207)**

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

Statement of cash flows	1st Quarter 2014		
	restated	previous	change
Cash provided by operating activities	1,747	1,704	43
Cash used in investing activities	(810)	(770)	(40)
Cash used in financing activities	389	389	–

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

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

In the first quarter of 2014, this led to a €78 million decrease in the line item “changes in net working capital” and a rise of €78 million in the line item “miscellaneous items.”

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

2 – Scope of consolidation

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

Since the beginning of 2015, six companies have been deconsolidated due to mergers with other BASF companies or because of reduced materiality. Four companies were included in the scope of consolidation for the first time due to increased significance, and one company was acquired.

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

Scope of consolidation

	2015	2014
As of January 1	281	309
Thereof proportionally consolidated	7	8
First-time consolidations	5	1
Thereof proportionally consolidated	–	–
Deconsolidations	6	5
Thereof proportionally consolidated	–	–
As of March 31	**280**	**305**
Thereof proportionally consolidated	7	8

Companies consolidated using the equity method

	2015	2014
As of January 1	34	34
As of March 31	**35**	**33**

3 – Acquisitions and divestitures

Acquisitions

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

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

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

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

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

The purchase prices for businesses acquired in the first quarter of 2015 totaled €190 million; as of the balance sheet date, payments made amounted to €112 million. The purchase price allocations were carried out in accordance with IFRS 3 and are based on estimates. The resulting goodwill amounted to €18 million. The purchase price allocations should be regarded as preliminary and can be adjusted within one year after the acquisition.

Divestitures

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

4 – Segment reporting

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

The Chemicals segment comprises 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 is made up of the Petrochemicals, Monomers and Intermediates divisions.

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

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

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

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

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

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

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

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

Sales in Other declined quarter-on-quarter, due primarily to lower volumes as well as the disposal of BASF's 50% share in the Ellba Eastern Private Ltd. joint operation in Singapore at the end of 2014. Income from operations in Other were also considerably below the level of the first quarter of 2014. This was primarily attributable to valuation effects for the LTI program: As a result of the positive performance of BASF shares, higher provisions were recognized than in the previous first quarter. A liability for the anniversary bonus and negative currency effects were also among the factors that weighed down earnings.

Assets of Other (million €)

	March 31, 2015	March 31, 2014
Assets of businesses included under Other	2,362	2,663
Financial assets	533	678
Deferred tax assets	3,027	1,332
Cash and cash equivalents / marketable securities	2,337	3,138
Defined benefit assets	18	46
Miscellaneous receivables / prepaid expenses	3,731	2,505
Assets of Other	**12,008**	**10,362**

Reconciliation reporting for Oil & Gas (million €)

	1st Quarter	
	2015	2014
Income from operations	**436**	**597**
Income from shareholdings	–	–
Other income	162	(47)
Income before taxes and minority interests	**598**	**550**
Income taxes	(194)	(120)
Income before minority interests	**404**	**430**
Minority interests	(45)	(1)
Net income	**359**	**429**

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.

Income from operations fell by €161 million compared with the previous first quarter. In the Natural Gas Trading business sector, earnings rose as a result of higher sales volumes and more favorable procurement conditions, while earnings in the Exploration & Production business sector declined on account of the lower prices of oil and natural gas, despite increased production. Furthermore, the sale to the MOL Group of shares in non-BASF-operated oil and gas fields in the British North Sea had led to special income of €132 million in the first quarter of 2014.

The Oil & Gas segment's other income relates to income and expenses not included in the segment's income from operations, the interest result as well as the other financial result. As in the previous first quarter, other income resulted primarily from the currency translation of intercompany loans.

Higher income taxes were especially the product of currency-related changes in the value of deferred taxes. These pertain to the currency-driven increase in temporary differences in the calculation of taxable income in Norway. The lower amount of tax-free income in the first quarter of 2015 also led to an increase in the tax rate. The first quarter of 2014 had included tax-free special income from the sale of shares in North Sea oil and gas fields to the MOL Group.

5 – Other operating income and expenses

Other operating income (million €)

	1st Quarter	
	2015	**2014**
Income on the reversal of provisions	2	21
Revenue from miscellaneous revenue-generating activities	41	34
Income from foreign currency and hedging transactions	140	134
Income from the translation of financial statements in foreign currencies	104	6
Gains on the disposal of fixed assets and divestitures	60	137
Income on the reversal of valuation allowances for business-related receivables	11	8
Miscellaneous income	87	60
Other operating income	**445**	**400**

Other operating expenses (million €)

	1st Quarter	
	2015	**2014**
Expenses from the LTI program as well as other personnel obligations	286	68
Restructuring measures	19	10
Environmental protection and safety measures, costs of demolition and removal, and project expenses related to capital expenditures that are not subject to mandatory capitalization	96	60
Amortization, depreciation and impairments of intangible assets and property, plant and equipment	19	2
Costs from miscellaneous revenue-generating activities	41	28
Expenses from foreign currency and hedging transactions	230	144
Losses from the translation of financial statements in foreign currencies	70	47
Losses from the disposal of fixed assets and divestitures	5	5
Oil and gas exploration expenses	49	24
Expenses from the addition of valuation allowances for business-related receivables	19	15
Expenses from the use of inventories measured at market value and the derecognition of obsolete inventory	44	34
Miscellaneous expenses	240	136
Other operating expenses	**1,118**	**573**

The result of foreign currency and hedging transactions declined quarter-on-quarter from minus €10 million to minus €90 million. This was predominantly attributable to lower income from commodity derivatives as well as the negative market value development of hedging transactions for the Russian ruble and the U.S. dollar.

The increase in the result from the translation of financial statements in foreign currencies from minus €41 million to plus €34 million was mainly based on higher income arising from the translation of subsidiaries outside of the eurozone that use the euro as their functional currency.

The decline in gains from the disposal of fixed assets and divestitures in the first quarter of 2015 came from the previous first quarter's disposal gains in connection with the sale to the Hungarian MOL Group of shares in non-BASF-operated oil and gas fields in the British North sea.

Expenses from the long-term incentive (LTI) program rose considerably quarter-on-quarter. This was due to the sharp increase in the value of BASF shares in the first quarter of 2015.

The rise in other expenses was mostly the result of the recognition of a liability in the first quarter of 2015 for the anniversary bonus to be paid to BASF employees on the occasion of the company's 150th birthday.

6 – Income from companies accounted for using the equity method

The largest portion of income from companies accounted for using the equity method pertained to the Oil & Gas segment, especially the companies GASCADE Gastransport GmbH and Nord Stream AG. The shares in Styrolution Holding GmbH disposed as of November 17, 2014, were the predominant factor behind the decline in income from companies accounted for using the equity method in the first quarter of 2015.

7 – Financial result

Million €	1st Quarter	
	2015	**2014**
Dividends and similar income	10	3
Income from the disposal of shareholdings	8	–
Income from profit transfer agreements	2	2
Income from tax allocation to participating interests	–	1
Income from other shareholdings	**20**	**6**
Expenses from profit transfer agreements	(2)	(1)
Write-downs on / losses from the sale of shareholdings	(16)	–
Expenses from other shareholdings	**(18)**	**(1)**
Interest income from cash and cash equivalents	52	24
Interest and dividend income from securities and loans	6	10
Interest income	**58**	**34**
Interest expenses	**(164)**	**(158)**
Net interest income from overfunded pension plans and similar obligations	1	–
Net interest income from other long-term employee obligations	–	–
Income from the capitalization of construction interest	42	34
Miscellaneous financial income	–	–
Other financial income	**43**	**34**
Write-downs on / losses from the disposal of securities and loans	(1)	(1)
Net interest expense from underfunded pension plans and similar obligations	(49)	(37)
Net interest expense from other long-term employee obligations	(3)	(3)
Interest accrued on other noncurrent liabilities	(16)	(18)
Miscellaneous financial expenses	(34)	(39)
Other financial expenses	**(103)**	**(98)**
Financial result	**(164)**	**(183)**

In addition to higher income from other shareholdings, write-downs of and losses from the sale of investments arose in part due to shareholdings' mergers with their parent companies.

The interest result improved by €18 million from minus €124 million in the first quarter of 2014 to minus €106 million in the first quarter of 2015. While interest income and interest expenses both rose, particularly through interest and currency swaps, interest expenses additionally reflected favorable conditions from refinancing financial indebtedness in the third quarter of 2014.

Other financial result improved by €4 million compared with the first quarter of 2014. Higher financial expenses were more than offset by higher other financial income, primarily from the capitalization of construction interest.

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

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

8 – Income taxes

Income before taxes and minority interests (million €)

	1st Quarter	
	2015	**2014**
Germany	400	547
Foreign	1,431	1,491
Income before taxes and minority interests	**1,831**	**2,038**

Income taxes

		1st Quarter	
		2015	**2014**
Germany	million €	102	189
Foreign	million €	441	323
Income taxes	**million €**	**543**	**512**
Tax rate	%	29.7	25.1

The rise in the tax rate resulted particularly from higher deferred taxes in the Oil & Gas segment. These pertain to the currency-driven increase in temporary differences in the values used for the calculation of taxable income in Norway. Furthermore, the lower amount of tax-free income led to an increase in the tax rate.

The previous year had included tax-free special income from the sale of shares in non-BASF-operated oil and gas fields in the British North Sea to the MOL Group.

9 – Minority interests

Million €	1st Quarter	
	2015	2014
Minority interests in profits	118	77
Minority interests in losses	(4)	(15)
Minority interests	**114**	**62**

The increase in minority interests in the first quarter of 2015 arose mainly through improved earnings at WINGAS GmbH as a result of higher sales volumes and more favorable procurement conditions in natural gas trading. The first quarter of 2014 had contained minority interests in losses for WINGAS GmbH. Total Petrochemicals LLC also contributed to the increase with higher minority interests in profits.

10 – Earnings per share

		1st Quarter	
		2015	2014
Net income	million €	1,174	1,464
Number of outstanding shares (weighted average)	in thousands	918,479	918,479
Earnings per share	€	**1.28**	**1.59**

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 first quarter of 2015, and in the corresponding period of 2014, there was no dilutive effect; undiluted earnings per share were the same as the diluted value per share.

11 – Noncurrent assets

Development (million €)

	1st Quarter 2015			
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method	Other financial assets
Acquisition costs				
Balance as of January 1	16,325	64,414	3,270	747
Additions	87	1,247	35	14
Disposals	(42)	(148)	(5)	(13)
Transfers	64	53	65	(27)
Exchange differences	1,217	2,995	172	17
Balance as of March 31	**17,651**	**68,561**	**3,537**	**738**
Amortization and depreciation				
Balance as of January 1	3,358	40,918	25	207
Additions	149	746	–	7
Disposals	(42)	(128)	–	(1)
Transfers	3	(8)	–	(9)
Exchange differences	222	1,547	–	1
Balance as of March 31	**3,690**	**43,075**	**25**	**205**
Net carrying amount as of March 31	**13,961**	**25,486**	**3,512**	**533**

Development (million €)

	1st Quarter 2014			
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method	Other financial assets
Acquisition costs				
Balance as of January 1	15,420	57,190	4,174	837
Additions	24	925	–	34
Disposals	(198)	(657)	–	(1)
Transfers	102	(2)	46	2
Exchange differences	(43)	(44)	(28)	–
Balance as of March 31	**15,305**	**57,412**	**4,192**	**872**
Amortization and depreciation				
Balance as of January 1	3,096	37,961	–	194
Additions	147	583	–	–
Disposals	(127)	(449)	–	–
Transfers	–	1	–	–
Exchange differences	(19)	(14)	–	–
Balance as of March 31	**3,097**	**38,082**	**–**	**194**
Net carrying amount as of March 31	**12,208**	**19,330**	**4,192**	**678**

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

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

12 – Current assets

Million €	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2014
Raw materials and factory supplies	3,399	2,814	2,679
Work-in-process, finished goods and merchandise	7,554	8,358	7,449
Advance payments and services-in-process	113	94	127
Inventories	**11,066**	**11,266**	**10,255**
Accounts receivable, trade	**12,796**	**10,385**	**11,585**
Other receivables and miscellaneous current assets	4,423	4,032	4,146
Marketable securities	20	19	16
Cash and cash equivalents	2,317	1,718	3,122
Assets of disposal groups	–	–	–
Other current assets	**6,760**	**5,769**	**7,284**
Current assets	**30,622**	**27,420**	**29,124**

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

The decline in inventories compared with December 31, 2014, resulted predominantly from the scheduled reduction of storage inventories in the Natural Gas Trading business sector.

Trade accounts receivable increased compared with year-end 2014 primarily as a result of seasonal effects in the Agricultural Solutions segment.

13 – Equity

Authorized capital

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

Retained earnings

Transfers from other retained earnings increased legal reserves by €11 million in the first quarter of 2015.

Reserves (million €)

	Mar. 31, 2015	Dec. 31, 2014
Legal reserves	545	534
Other retained earnings	29,408	28,243
Retained earnings	**29,953**	**28,777**

14 – Provisions for pensions

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

	Germany		United States		Switzerland		United Kingdom	
	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2015	Dec. 31, 2014
Discount rate	1.60	2.40	3.70	3.90	0.60	1.00	3.40	3.70
Projected pension increase	1.75	1.75	–	–	–	–	2.90	2.90

Assumptions used to determine expenses for pension benefits (from January 1 through March 31 of the respective year in %)

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

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

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

The considerable drop in the discount rate due to capital market developments in the first quarter of 2015 in all relevant countries was primarily responsible for actuarial losses in the defined benefit obligation. Including the deviation between the actual and standardized return on plan assets as well as the change in the asset ceiling, a negative remeasurement occurred in the amount of €2,129 million. This was recognized in other comprehensive income (OCI), taking into account deferred taxes of €677 million. This valuation effect was the main reason for the €2,269 million increase in pension provisions.

15 – Other provisions

Development of other provisions from January to March 2015 (million €)

	Jan. 1, 2015	Additions	Unwinding of discount	Utilization	Reversals	Other changes	Mar. 31, 2015
Restoration obligations	1,428	39	12	(27)	–	59	1,511
Environmental protection and remediation costs	621	56	1	(22)	–	39	695
Employee obligations	1,744	671	1	(310)	(7)	67	2,166
Sales and purchase risks	715	432	–	(121)	(13)	52	1,065
Restructuring measures	156	2	–	(24)	(1)	9	142
Litigation, damage claims, guarantees and similar obligations	112	5	2	(6)	(1)	(6)	106
Other	1,570	156	–	(108)	(6)	55	1,667
Total	**6,346**	**1,361**	**16**	**(618)**	**(28)**	**275**	**7,352**

On March 31, 2015, other provisions had increased by €1,006 million compared with the end of 2014. Currency effects were responsible for an increase of €276 million.

Provisions for environmental protection measures and remediation rose on account of obligations for the return of emissions certificates to the respective national trading offices. Furthermore, the present value of long-term provisions increased as a result of the adjustment of the discount rate from 4% to 3%.

In provisions for employee obligations, proportional additions for variable compensation components in the current business year were nearly offset by utilizations for the previous year. The bulk of the payout for variable compensation for 2014 will take place in the second quarter of 2015. Provisions for the long-term incentive program rose considerably in the first quarter of 2015.

Accruals and deferrals for discounts that exceeded the utilization of provisions from the previous year led to a seasonal increase in provisions for sales risks.

16 – Liabilities

Liabilities (million €)

	March 31, 2015		December 31, 2014		March 31, 2014	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Accounts payable, trade	**5,494**	**–**	**4,861**	**–**	**5,745**	**–**
Bonds and other liabilities to the capital market	2,609	10,443	2,368	10,180	1,467	11,656
Liabilities to credit institutions	1,397	1,655	1,177	1,659	878	1,051
Financial indebtedness	**4,006**	**12,098**	**3,545**	**11,839**	**2,345**	**12,707**
Tax liabilities	**1,481**	**–**	**1,079**	**–**	**1,376**	**–**
Advances received on orders	183	–	374	–	172	–
Negative fair values from derivatives and liabilities for precious metal obligations	1,215	58	1,190	64	320	275
Liabilities related to social security	167	25	148	23	138	36
Miscellaneous liabilities	2,122	1,040	1,698	931	1,608	791
Deferred income	219	193	154	179	205	202
Other liabilities	**3,906**	**1,316**	**3,564**	**1,197**	**2,443**	**1,304**
Liabilities	**14,887**	**13,414**	**13,049**	**13,036**	**11,909**	**14,011**

Financial indebtedness (million €)

					Carrying amounts based on effective interest method		
		Currency	Nominal value (million, in issuing currency)	Effective interest rate	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2014
BASF SE							
Commercial paper		USD	400		372	124	218
4.5%	Bond 2006/2016	EUR	500	4.62%	499	499	499
variable	Bond 2013/2016	EUR	200	variable	200	200	200
4.25%	Bond 2009/2016	EUR	200	4.40%	200	199	199
variable	Bond 2014/2017	EUR	300	variable	300	300	300
5.875%	Bond 2009/2017	GBP	400	6.04%	548	512	481
4.625%	Bond 2009/2017	EUR	300	4.69%	300	300	299
1.375%	Bond 2014/2017	GBP	250	1.46%	343	320	–
variable	Bond 2013/2018	EUR	300	variable	300	300	300
1.5%	Bond 2012/2018	EUR	1,000	1.51%	1,000	1,000	1,000
1.375%	Bond 2014/2019	EUR	750	1.44%	748	748	748
variable	Bond 2013/2020	EUR	300	variable	300	300	300
1.875%	Bond 2013/2021	EUR	700	1.94%	697	697	697
2%	Bond 2012/2022	EUR	1,250	1.93%	1,257	1,257	987
2.5%	Bond 2014/2024	EUR	500	2.60%	496	496	496
3.675%	Bond 2013/2025	NOK	1,450	3.70%	166	160	175
3%	Bond 2013/2033	EUR	500	3.15%	490	490	489
2.875%	Bond 2013/2033	EUR	200	3.09%	198	198	198
3.25%	Bond 2013/2043	EUR	200	3.27%	199	199	199
3.89%	U.S. Private Placement Series A 2013/2025	USD	250	3.92%	232	205	181
4.09%	U.S. Private Placement Series B 2013/2028	USD	700	4.11%	649	575	506
4.43%	U.S. Private Placement Series C 2013/2034	USD	300	4.45%	278	246	217
BASF Finance Europe N.V.							
5%	Bond 2007/2014	EUR	1,250	5.04%	–	–	1,250
3.625%	Bond 2008/2015	CHF	200	3.77%	191	166	164
5.125%	Bond 2009/2015	EUR	2,000	5.07%	1,499	2,001	2,001
4.5%	Bond 2009/2016	EUR	150	4.56%	501	–	150
Ciba Specialty Chemicals Finance Luxembourg S.A.							
4.875%	Bond 2003/2018	EUR	477	4.88%	441	438	430
Other bonds					**648**	**618**	**439**
Bonds and other liabilities to the capital market					**13,052**	**12,548**	**13,123**
Liabilities to credit institutions					3,052	2,836	1,929
Financial indebtedness					**16,104**	**15,384**	**15,052**

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 business and other operating business.

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

The €542 million decline in sales to associated companies in the first quarter of 2015 as compared with the first quarter of 2014 came primarily from the fact that transactions with Styrolution Group companies had been classified as transactions with associated companies only until the sale of Styrolution in November 2014.

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

Sales to related parties (million €)

	1st Quarter	
	2015	2014
Nonconsolidated subsidiaries	135	167
Joint ventures	97	165
Associated companies	137	679

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

	Accounts receivable, trade		
	March 31, 2015	December 31, 2014	March 31, 2014
Nonconsolidated subsidiaries	166	141	196
Joint ventures	247	145	160
Associated companies	92	88	344

	Accounts payable, trade		
	March 31, 2015	December 31, 2014	March 31, 2014
Nonconsolidated subsidiaries	54	62	52
Joint ventures	550	238	540
Associated companies	47	50	69

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

	Other receivables		
	March 31, 2015	December 31, 2014	March 31, 2014
Nonconsolidated subsidiaries	171	204	180
Joint ventures	210	160	65
Associated companies	815	641	764

	Other liabilities		
	March 31, 2015	December 31, 2014	March 31, 2014
Nonconsolidated subsidiaries	117	120	111
Joint ventures	145	86	31
Associated companies	422	178	187

Calculation of Adjusted Earnings per Share

		1st Quarter	
		2015	2014
Income before taxes and minority interests	million €	1,831	2,038
Special items	million €	75	(67)
Amortization of intangible assets	million €	149	147
Amortization of intangible assets contained in special items	million €	–	–
Adjusted income before taxes and minority interests	**million €**	**2,055**	**2,118**
Adjusted income taxes	million €	(623)	(562)
Adjusted income before minority interests	**million €**	**1,432**	**1,556**
Adjusted minority interests	million €	(115)	(63)
Adjusted net income	**million €**	**1,317**	**1,493**
Weighted average number of outstanding shares	in thousands	918,479	918,479
Adjusted earnings per share	**€**	**1.43**	**1.63**

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

Special items arise from the integration of acquired businesses, restructuring measures, impairments, gains or losses resulting from divestitures and sales of shareholdings, and other expenses and income that do not arise in conjunction with ordinary business activities.

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

The calculation of earnings per share in accordance with the International Financial Reporting Standards (IFRS) is presented in the Notes on page 29. Adjusted income before taxes and minority interests, adjusted net income and adjusted earnings per share are key ratios that are not defined under IFRS. They should not be viewed in isolation, but rather treated as supplementary information.

Forward-Looking Statements

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

Interim Report 1st Half 2015

July 24, 2015

Interim Report 3rd Quarter 2015

October 27, 2015

Full-Year Results 2015

February 26, 2016

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

April 29, 2016

Further information

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