

BASF A/S  
Ved Stadsgraven 15  
DK-2300 Copenhagen

CVR no. 17 41 26 12

Annual Report for 2015

Approved at the Company's Annual General Meeting on 25 May 2016

CHAIRMAN

  
\_\_\_\_\_  
Niels Kjær

<b>CONTENTS</b>	<u>Page</u>
Company details.....	3
Statement by the Board of Directors and the Executive Board.....	4
Independent auditor's report.....	5
Management's review.....	6
Accounting policies .....	11
Income statement .....	17
Balance sheet at 31 December .....	18
Statement of changes in equity at 31 December .....	20
Notes .....	21

## **COMPANY DETAILS**

### **COMPANY**

BASF A/S

Ved Stadsgraven 15

DK-2300 Copenhagen

CVR no. 17 41 26 12

Municipality of domicile: Copenhagen

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Fax no. +45 32 57 22 02

Internet: [www.basf.de/nordic](http://www.basf.de/nordic)

### **BOARD OF DIRECTORS**

Torben Berlin Jensen

Managing director Mark Meier

Connie Belling, vice-chairman

Jørgen Holm, employee representative

Bo Kilund, employee representative

### **EXECUTIVE BOARD**

Managing director Mark Meier

### **AUDITOR**

KPMG Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28

DK-2100 Copenhagen

CVR no. 25 57 81 98

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of BASF A/S for the financial year 1 January – 31 December 2015.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 18 May 2016

**BASF A/S**

### Executive Board



Mark Meier

### Board of Directors



Torben Berlin Jensen  
chairman

Connie Belling  
vice chairman

Mark Meier

Jørgen Holm

Bo Kilund



## INDEPENDENT AUDITOR'S REPORT

To the shareholders of BASF A/S

### Independent auditor's report on the financial statements

We have audited the financial statements of BASF A/S for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of its operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

#### *Statement on the Management's review*

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 18 May 2016

#### **KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Michael Sten Larsen

State Authorised Public Accountant

Michael Tuborg

State Authorised Public Accountant

## MANAGEMENT'S REVIEW

### Financial highlights

Key figures in MDKK	2011	2012	2013	2014	2015
Net turnover	1,425.4	1,498.6	1,470.6	1,458.9	1,302.6
Gross profit	798.9	838.5	809.1	647.1	510.2
Operating profit/loss	519.7	511.1	(24.9)	92.0	35.5
Net financials	(42.9)	(55.3)	(1.6)	(10.6)	(3.1)
Profit/loss for the year before tax	182.0	175.7	(26.5)	81.3	32.5
Profit/loss for the year	136.8	129.5	(12.3)	44.8	24.4
Inventories	166.3	138.3	172.3	348.0	190.3
Accounts receivable	142.8	135.9	190.9	218.7	231.7
Equity	1,069.7	1,156.6	1,144.2	1,189.1	1,168.6
Total assets	2,111.8	1,899.6	1,654.1	1,694.6	1,412.6
Investments in property, plant and equipment	11.5	19.1	68.8	25.6	18.1

### Financial ratios

Gross margin (%)	56.0	56.0	55.0	44.4	39.2
Profit margin	36.5	34.1	(1.7)	6.3	2.7
Return on invested capital (%)	26.8	30.6	(1.7)	6.7	2.9
Return on equity (%)	13.2	11.6	(1.1)	3.8	2.1
Equity ratio (%)	50.7	60.9	69.2	70.2	82.7

The Company's key figures and financial ratios for 2011-2013 have been adjusted due to the merger with the subsidiary Pronova BioPharma Danmark A/S at 1 January 2014.

The Company's key figures and financial ratios for 2011-2012 have been adjusted due to the merger with the subsidiary BTC Speciality Chemicals Distribution A/S at 1 January 2013 as well as the acquisition of the activities in the Danish branch of BASF IT Services Ltd.

## FINANCIAL DEVELOPMENT

### Main activity

BASF A/S is a subsidiary of BASF Societe Europe, Ludwigshafen, Germany.

The Company's headquarter is situated in Copenhagen.

The site in Copenhagen is an active partner on the Danish market and sells approx. 4,000 products from BASF's broad product palette. The Company's customers are mainly the Danish industry.

Companies working within the plastic, paper, chemicals and building industries as well as the agricultural industry use the BASF products.

The site in Ballerup develops, formulates and produces vitamins for the food and pharmaceutical industries throughout the world. Marketing is effected through the BASF Group's worldwide network of agencies and sales companies.

The site in Rødekro produces and sells products that are used in the construction industry.

The site in Kalundborg produces high-purified and high-concentrated Omega-3 products in bulk also characterised as API (Active Pharmaceutical Ingredients). The production has been mothballed (since Janua

## **MANAGEMENT'S REVIEW**

### **Development in activities and financial position**

The revenue from agro products has increased by 18% mainly due to hoarding caused by changed legislation of duties. The sale of own products has decreased by 33%, which is a direct result of the mothballing of the Kalundborg site.

The revenue from products for the construction industry has increased by 12%.

The commission rate regarding the agency business has decreased by 4% due to changed market conditions and decreased turnover. In total, the revenue has decreased by 156 MDKK.

The gross profit decreased by 137 MDKK, which again is mainly caused by Kalundborg.

External costs have decreased as a result of among other things the mothballing of the Kalundborg site. The production in Ballerup was higher than last year, which entailed a small compensation for the idle capacity of 10 MDKK.

Due to the mothballing of the Kalundborg site, 96 employees were made redundant in 2014, which resulted in a decrease in personnel costs of 77 MDKK in 2015.

Moreover, strong cost control was in focus.

The Company has distributed dividend in 2015.

The profit before tax amounted to 32.5 MDKK compared to 81.3 MDKK in 2014, which is considered satisfactory.

Compared to earlier given information, the turnover was as expected and with a decent profit at the level expected.

### **Special risks**

#### **Operating risks**

The Company's main operating risk lies in being a raw material supplier to the export industry. Another operating risk is that the sale of agricultural products to a wide extent depends on the weather such as sun and rain conditions. A third risk is the sale of products for the construction industry, which is quite volatile.

#### **Financial risks**

The parent company, BASF SE, controls the financial risks centrally and coordinates the Group's liquidity management, including capital procurement and placing of excess liquidity.

#### **Currency risks**

The purchase and sale of goods are mainly carried out in DKK or EUR. As the Danish government constantly keeps the Danish krone close to the euro, the currency risk is moderate. The Company, BASF A/S, follows a policy to cover currency risks, where the net position exceeds the equivalent to 2 MEUR by using financial instruments such as forward exchange contracts, and those contracts are only entered into through the German parent company BASF SE. By the end of the fiscal year 2015, the Company had two contracts.

## MANAGEMENT'S REVIEW

### Interest rate risks

The Company's net interest-bearing debt compiled as interest-bearing deposits from which interest-bearing loans are deducted have decreased from a payable of 213 MDKK in 2014 to a receivable of 122 MDKK in 2015.

The net interest-bearing debt is mainly designated in EUR and DKK. Based on the net outstanding balance at the end of the fiscal year 2015, an increase by one percentage point in the general interest rate level will cause an increase in the annual interest income before tax of approximately 1.2 MDKK. The Company does not hedge interest rate risks as these solely relate to the German parent company BASF SE's area of responsibility.

### Credit risks

Credit risks in respect of financial assets equal the valued included in the balance sheet.

The Company's policy for undertaking credit risks entails that all major customers are credit rated regularly.

### Liquidity

It is the policy of the BASF Group that capital creation and placing of excess liquidity is controlled centrally by the German parent company BASF SE.

### Environmental performance

In 2015, the Company has operated based on an environmental, security and health strategy. To control environmental performance, operations have been based on an environmental, security and health policy with supporting objectives that have been developed from the BASF Group's policy in these areas. The vision is to act responsibly based on the "Responsible Care" principle.

<http://www.report.basf.com/2015/en/managements-report/responsibility-along-the-value-chain/responsible-care.htm>

### Intellectual capital resources

The Company's products are based on high-technology production facilities. Production is performed in accordance with the GMP rules. The Company operates in a competitive market that is demanding in terms of product development, flexibility and quality. This calls for staff with thorough knowledge of the Company's business processes, products and customers. In addition, particular requirements for knowledge resources exist in relation to development of products.

In order to live up to these demands and requirements, the Company needs to be able to recruit, develop and retain staff with a high level of experience, training and education in the area of process-industrial formulation of vitamins.

In 2015, 1.8 MDKK was spent on staff training. Staff with higher education accounts for about 43% of the salaried employees. Employee turnover was approx. 5% in 2015.

### Research and development activities

In 2015, research and development activities were performed in close cooperation with the Parent Company. Development activities primarily included projects within the Agro sector. In 2015, the costs for these projects amounted to 18.8 MDKK (2014: 16.5 MDKK).

At 31 December, no such development projects have been found which fulfill the criteria for capitalisation and a following recognition in the Company's balance sheet.



## **MANAGEMENT'S REVIEW**

### **Statutory corporate social responsibility report**

No special description of the politics with regards to social responsibility, including climate and human rights, for the Company have been prepared, as the Company is included in the BASF group formal guidelines.

A reference to the description in the annual report for BASF SE for 2015 is therefore made.

<http://www.report.basf.com/2015/en/managements-report/social-commitment.html>

### **Statutory report on underrepresented gender in Management**

In the spring, the Board of Directors decided that the target for the participation of the underrepresented gender on the Board of Directors should be 33% in 2017 (end-2015: 33%).

1 out of 3 elected by the shareholders can max be 33%. The target for the share of the underrepresented gender at the other management levels in the Company has been set to 40% (end-2015: 26%). The Company has worked out a policy which should assist to increase the participation of the underrepresented gender at the other management levels. We hire the best candidates, but at the same time we try to attract qualified women to management positions.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date and until today that will significantly change the evaluation of the annual report and the financial position.

### **Expected development**

For 2016, the turnover is expected to be reduced compared to 2015 as a result of the mothballing of the Kalundborg site and with a profit before tax around 35 MDKK.

### **Group structure**

The Company is included in the consolidated financial statements of BASF SE, Ludwigshafen, Germany. A copy of the consolidated financial statements of the Group can be requested from BASF A/S.

BASF SE, Carl-Bosch-Strasse 38, 67056 Ludwigshafen, Germany, Idnr. DE 149 145 247 is registered as owner of the share capital of 1,029.2 MDKK.

## **Financial Statements 1 January - 31 December**

### **ACCOUNTING POLICIES**

The annual report of BASF A/S is prepared in accordance with the provisions applying to reporting class C (large) entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### **Cash flow statement**

Pursuant to section 86(4) of the Danish Financial Statements Act, a cash flow statement is not prepared.

#### **Intercompany mergers**

When applying intercompany mergers, the uniting-of-interests method has been used.

#### **Foreign currency translation**

On initial recognition, transactions in foreign currency are translated at the exchange rate of the transaction date. Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate at the balance sheet date. Currency exchange rate differences occurring between the transaction date rate and the rate on the payment date are included in the income statement as financial income and expenses.

#### **Derivative financial instruments**

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised as other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

For derivative financial instruments that do not fulfil the hedging requirements, the changes in the fair value are recorded in the income statement as financial income and expenses.

## **Financial Statements 1 January - 31 December**

### **ACCOUNTING POLICIES**

#### **Income statement**

##### **Revenue**

Revenue from the sale of commodities and finished goods is included in the income statement when delivery and transfer of risk to the buyer has taken place. Revenue is included excluding VAT, duties and rebates in connection with the sale.

The Company receives commission from the parent company and some larger units in the BASF Group regarding agency activities. Commissions are included in the same month as the agency activities take place.

##### **Cost of sales**

Cost of sales includes the direct related consumption of goods sold and landing costs.

Cost of sales includes in addition the research and development costs as far as these costs cannot be assessed for recording in the balance sheet.

##### **Other external expenses**

Other external expenses include all other external costs that do not relate to consumption of goods, personnel costs, depreciation and financial expenses, e.g. freight, rent and travel costs.

##### **Staff costs**

Staff costs consist of salaries and wages, including holiday allowances and pensions as well as other costs for social security, etc., of the employees in the Company. In the staff costs compensations from the public authorities have been deducted.

##### **Share-based incentive scheme**

The value of service provisions received as compensation for allocated options are recognised at the value of the options' intrinsic value, which is the difference between the option value and the market price of the shares in BASF SE at the balance sheet date.

The value of the share options is recognised at each balance sheet date and at final settlement. Adjustments of the valuation of the options are included in the income statement under personnel costs pro rata over the vesting period. The counter entry to this is included under liabilities in the balance sheet.

##### **Financial income and expenses**

Financial income and expenses include interest income and interest expense, realised and unrealised exchange gains and losses regarding payables, receivables and transactions in foreign currencies and surcharges and refunds under the on-account tax scheme.

##### **Tax for the year**

Tax for the year, which includes current tax for the year and changes in deferred tax, is included in the income statement by the tax expense relating to the profit/loss for the year, and the tax expense directly relating to items in equity are recognised directly in equity.

## **Financial Statements 1 January - 31 December**

### **ACCOUNTING POLICIES**

#### **BALANCE SHEET**

##### **Intangible assets**

Intangible assets include software.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or use the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

Development costs comprise costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Software is recognised as costs at purchase price.

Intangible assets are amortised on a straight-line basis over the assets' expected useful lives, which are determined to be 5 years.

The carrying value is continuously assessed and written down to a lower realisable value in the income statement if the carrying value exceeds the estimated future net cash flows from the activity to which the intangible asset relates.

##### **Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.



## Financial Statements 1 January - 31 December

### ACCOUNTING POLICIES

#### Property, plant and equipment

The cost comprises the acquisition price, costs directly attributable to the acquisition, and costs of preparing the asset for intended use. For company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. Interest expenses on loans for financing the manufacturing of property, plant and equipment are included in cost if they relate to the manufacturing period.

The basis of depreciation is cost less estimated residual value at the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful life of the assets:

Buildings	30 years
Production buildings	10-20 years
Installations in buildings	10-25 years
Plant and machinery	5-10 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	10 years

Property, plant and equipment are written down to the lower of recoverable amount if this is lower than the carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and the carrying value at the time of sale. Losses are recognised in the income statement together with depreciation and impairment losses. Profits are recognised as other operating income.

#### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consist of purchase price plus landing costs. The costs of manufactured goods and work in progress consist of costs of raw materials, consumables and direct labour costs as well as indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included.

The net realisable value of inventories is calculated as the estimated selling price less costs to complete and cost of sale.

## **Financial Statements 1 January - 31 December**

### **ACCOUNTING POLICIES**

#### **Receivables**

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

#### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost which usually corresponds to the nominal value.

#### **Cash and cash equivalents**

Cash and cash equivalents include bank deposits.

Receivables on the group cash-pool arrangements are not recognised as cash and cash equivalents, but is included in the liability/receivable with group enterprises.

#### **Leases**

Leases concerning fixed assets, where the company has substantially all of the risks and rewards incidental to ownership (finance leases), is initially recognised in the balance to the lower of the market value or the net present value of the future lease payments. In the calculation of the net present value the interest rate implicit in the lease or the incremental borrowing rate is used as a discount rate.

Finance lease assets are presented as other assets owned by the company.

The capitalised lease obligation is included in the balance sheet as a liability at amortised cost, where the interest element of the lease payment is included in the income statement over the contractual period.

All other leases are treated as operating leases. The lease payments in connection with operating leases and other tenancy agreements are included in the income statement straight-line over the contractual period. The total obligation concerning operating leases and tenancy agreements is explained under contractual obligations etc. In the notes.

#### **Equity**

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

#### **Provisions**

Provisions comprise anticipated costs of decided and published restructurings, etc. Provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to fall due more than one year after the balance sheet date are discounted using an average bond yield.

#### **Corporation tax and deferred tax**

Current tax liabilities and tax receivables, respectively, are included in the balance sheet.

Deferred tax is measured according to the balance-sheet liability method for all temporary differences between the carrying amount and tax value of assets and liabilities, where the tax value of the assets is calculated based on the planned use of each asset.

## Financial Statements 1 January - 31 December

### ACCOUNTING POLICIES

#### Corporation tax and deferred tax

Deferred tax assets, including the tax value of tax loss carryforwards, are included in the balance sheet at the value at which the asset can be expected to be realised, either by off-setting towards the deferred tax liabilities or as net tax assets.

The Company is jointly taxed with the other Danish subsidiaries and branches in the BASF Group and branches. The current Danish corporation tax is distributed between the jointly taxed Danish entities in relation to their taxable income (full allocation with reimbursement regarding tax losses). The Company is the administrative company in the joint taxation.

#### Liabilities other than provisions

These liabilities are measured at amortised cost, which usually corresponds to the nominal value.

#### Segment information

Disclosures are provided on business segments (primary segment) and geographical markets (secondary segment). The segmental disclosures comply with the Company's accounting policies and internal financial management.

#### Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

Gross margin	=	$\frac{\text{Gross profit or loss} \times 100}{\text{Revenue}}$
Operating margin	=	$\frac{\text{Operating profit or loss} \times 100}{\text{Revenue}}$
Return on invested capital	=	$\frac{\text{Operating profit or loss} \times 100}{\text{Average invested capital}}$
Return on equity	=	$\frac{\text{Profit or loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio	=	$\frac{\text{Equity} \times 100}{\text{Total equity and liabilities at year end}}$
Invested Capital	=	Operational intangibles and property, plant and equipment as well as net working capital

## INCOME STATEMENT

	Note	2015 KDKK	2014 KDKK
Revenue	1	1,302,576	1,458,900
Cost of sales		(650,237)	(954,229)
Change in inventory of finished goods and work in progress		(142,140)	142,468
<b>GROSS PROFIT</b>		510,199	647,139
Other external expenses	3	(145,595)	(148,864)
Staff costs	2	(179,576)	(256,712)
Amortisation of intangible assets and impairment losses		(8,970)	(8,970)
Depreciation on property, plant and equipment	6	(140,533)	(140,612)
<b>OPERATING PROFIT</b>		35,525	91,981
Financial income	4	4,338	7,491
Financial expenses	4	(7,411)	(18,138)
<b>PROFIT BEFORE TAX</b>		32,452	81,334
Tax on profit for ther year	5	(8,073)	(36,494)
<b>PROFIT FOR THE YEAR</b>		24,379	44,840

## PROPOSED PROFIT APPROPRIATION

The Board of Directors proposes the profit for the year distributed as follows:

	2015 KDKK	2014 KDKK
Proposed dividend for the financial year	139,000	44,840
Retained earnings	(114,621)	-
	24,379	44,840

# BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2015 KDKK	2014 KDKK
<b>NON-CURRENT ASSETS</b>			
Software		2,763	3,687
<b>Intangible assets</b>	<b>6</b>	<b>2,763</b>	<b>3,687</b>
Land and buildings		477,056	513,863
Plant and machinery		487,278	580,817
Fixtures and fittings, tools and equipment		4,402	4,559
Property, plant and equipment under construction		7,183	8,234
<b>Property, plant and equipment</b>	<b>7</b>	<b>975,919</b>	<b>1,107,473</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>978,682</b>	<b>1,111,160</b>
<b>CURRENT ASSETS</b>			
Raw materials and consumables		44,360	59,967
Work in progress		11,579	6,787
Finished goods and goods for resale		134,352	281,284
<b>Inventories</b>		<b>190,291</b>	<b>348,038</b>
Trade receivables		59,485	39,468
Receivables from group entities	<b>12</b>	172,257	179,246
Other receivables		10,977	4,009
Corporation tax receivables	<b>13</b>	-	10,660
Prepayments	<b>8</b>	867	1,706
<b>Total receivables</b>		<b>243,586</b>	<b>235,089</b>
<b>Cash at bank and in hand</b>		<b>20</b>	<b>269</b>
<b>TOTAL CURRENT ASSETS</b>		<b>433,897</b>	<b>583,396</b>
<b>TOTAL ASSETS</b>		<b>1,412,579</b>	<b>1,694,556</b>

# BALANCE SHEET AT 31 DECEMBER

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2015 KDKK</b>	<b>2014 KDKK</b>
<b>EQUITY</b>			
Share capital	<b>9</b>	1,029,200	1,029,200
Retained earnings		424	115,045
Proposed dividends for the financial year		139,000	44,840
<b>TOTAL EQUITY</b>		<b>1,168,624</b>	<b>1,189,085</b>
Provisions for deferred tax	<b>10</b>	22,327	31,802
<b>TOTAL PROVISIONS</b>		<b>22,327</b>	<b>31,802</b>
<b>LIABILITIES OTHER THAN PROVISIONS</b>			
Non-current liabilities other than provisions	<b>11</b>	23,136	30,217
<b>Non-current liabilities other than provisions</b>		<b>23,136</b>	<b>30,217</b>
Current portion of non-current liabilities other than provisions		7,081	6,776
Bank loans		3	7
Trade payables		25,214	32,791
Payables to group entities	<b>12</b>	79,743	288,843
Corporation tax payables	<b>13</b>	8,298	-
Other payables	<b>14</b>	78,153	115,035
<b>Current liabilities other than provisions</b>		<b>198,492</b>	<b>443,452</b>
<b>Total liabilities other than provision</b>		<b>221,628</b>	<b>473,669</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,412,579</b>	<b>1,694,556</b>
Contingent liabilities	<b>15</b>		

STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER

	Share capital KDKK	Retained earnings KDKK	Proposed dividend for the year KDKK	Total KDKK
<b>Equity at 1 January 2014</b>	<b>1,029,200</b>	<b>115,045</b>	<b>-</b>	<b>1,144,245</b>
Dividend paid	-	-	-	-
Profit for the year	-	-	44,840	44,840
<b>Equity at 1 January 2015</b>	<b>1,029,200</b>	<b>115,045</b>	<b>44,840</b>	<b>1,189,085</b>
Dividend paid	-	-	(44,840)	(44,840)
Transfer		(114,621)	114,621	-
Profit for the year	-	-	24,379	24,379
<b>Equity at 31 December 2015</b>	<b>1,029,200</b>	<b>424</b>	<b>139,000</b>	<b>1,168,624</b>



## Notes

### 1. Segmental information

Revenue	2015 KDKK	2014 KDKK
<b>Activities, primary segment</b>		
Agricultural and nutrition	529,656	451,048
Pharma/Food	517,018	770,189
Other fine chemicals	-	-
Chemicals	8,914	10,313
Special chemicals	5,911	4,883
Plastics	1,925	858
Construction chemicals	172,657	153,750
Not allocated	66,495	67,858
<b>Total revenue</b>	<b>1,302,576</b>	<b>1,458,900</b>

For revenue, the secondary segment can be specified as follows:

Geography	2015 KDKK	2014 KDKK
Domestic market	358,302	299,012
EU countries	547,805	626,680
NAFTA countries	55,650	156,525
Other countries	315,046	350,057
	1,276,803	1,432,274
Commission regarding sales on the domestic market (Agency sales)	25,773	26,626
<b>Total revenue</b>	<b>1,302,576</b>	<b>1,458,900</b>

The total revenue including agency sales can be specified as follows:

Own revenue excluding commissions	1,276,803	1,432,274
Agency sales	839,604	860,413
<b>Total revenue inclusive agency sales</b>	<b>2,116,407</b>	<b>2,292,687</b>



## Notes

### 2. Staff costs, etc.

Wages and salaries  
Pensions  
Other social security costs

2015 KDKK	2014 KDKK
159,717	231,308
16,478	21,267
3,381	4,137
<b>179,576</b>	<b>256,712</b>

Under Staff costs, severance payment of 596 KDKK

(2014: 27.096 KDKK) is included.

Of this, total remuneration for Executive Board and the Board of Directors Management has a pension scheme that has been covered by an insurance. The costs for this coverage are included in the above-mentioned amount as remuneration to Executive Management.

3,335	3,535
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Average number of employees

273	356
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Certain executive officers of the Company are entitled to receive cash-settled share options in BASF SE.

The Company's liability relating to this scheme is included in the other liabilities

1,198	961
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### 3. Fees to the auditor appointed at the general meeting

Statutory audit  
Tax assistance  
Other assurance engagements  
Non-audit services  
Total fees to KPMG

2015 KDKK	2014 KDKK
516	637
-	-
-	-
-	-
<b>516</b>	<b>637</b>

### 4. Financial income and expenses

Interest income on bank deposit  
Interest income from group entities  
Foreign exchange gains  
Interest on tax on account  
Total financial income

2015 KDKK	2014 KDKK
14	46
12	8
4,087	7,389
225	48
<b>4,338</b>	<b>7,491</b>

Interest and charges, bank loans  
Interest expense to group entities  
Foreign exchange losses  
Other financial expenses  
Total financial expenses

(86)	(87)
(73)	(1,376)
(5,535)	(14,715)
(1,717)	(1,958)
<b>(7,411)</b>	<b>(18,136)</b>

## Notes

### 5. Tax on profit for the year

	2015 KDKK	2014 KDKK
Calculated tax of the year's taxable income	22,992	10,668
The year's adjustment of deferred tax	(9,475)	(11,995)
Correction of deferred tax, beginning of year	-	8,714
Adjustment of tax, previous years	(5,444)	29,107
Tax on profit for the year	<u>8,073</u>	<u>36,494</u>

### 6. Intangible assets

	Soft- ware KDKK	Total KDKK
Cost at 1 January 2015	4,482	4,482
Additions	-	-
Disposal	-	-
<b>Cost at 31 December 2015</b>	<u>4,482</u>	<u>4,482</u>
Amortisation and impairment losses at 1 January 2015	(795)	(795)
Amortisation for the year	(924)	(924)
Amortisation regarding the year's disposal	-	-
<b>Amortisation and impairment losses at 31 December 2015</b>	<u>(1,719)</u>	<u>(1,719)</u>
<b>Book value at 31 December 2015</b>	<u>2,763</u>	<u>2,763</u>
<b>Book value at 31 December 2014</b>	<u>3,687</u>	<u>3,687</u>

## Notes

### 7. Property, plant and equipment

	Land and buildings KDKK	Plant and machinery KDKK	Fixtures and fittings, tools and equip- ment KDKK	Property, plant and equipment under construction KDKK	Total KDKK
Cost at 1 January 2015	959,361	1,486,518	54,872	8,234	2,508,985
Additions	6,722	10,103	1,251	-	18,076
Disposals	-	-	-	(1,051)	(1,051)
<b>Cost at 31 December 2015</b>	<b>966,083</b>	<b>1,496,621</b>	<b>56,123</b>	<b>7,183</b>	<b>2,526,010</b>
Depreciation and impairment losses at 1 January 2015	(445,498)	(905,701)	(50,313)	-	(1,401,512)
Depreciation for the year	(43,529)	(103,642)	(1,408)	-	(148,579)
Depreciation regarding the year's disposals	-	-	-	-	-
<b>Depreciation and impairment losses at 31 December 2015</b>	<b>(489,027)</b>	<b>(1,009,343)</b>	<b>(51,721)</b>	<b>-</b>	<b>(1,550,091)</b>
<b>Book value at 31 December 2015</b>	<b>477,056</b>	<b>487,278</b>	<b>4,402</b>	<b>7,183</b>	<b>975,919</b>
<b>Book value at 31 December 2015</b>	<b>513,863</b>	<b>580,817</b>	<b>4,559</b>	<b>8,234</b>	<b>1,107,473</b>

The profit from sale of property, plant and equipment totals 0 KDKK (2014: 4,459 KDKK)

The amount is included in the income statement under the item depreciation on property, plant and equipment.

Plant and machinery, under finance leases are included by 23,567 KDKK (2014: 32,537 KDKK).

### 8. Prepayments

The item primarily consists of prepaid insurance.

### 9. Share capital

The share capital consists of 94,420 shares of 10 KDKK each, 8 shares of 10 MDKK each and 1 share of 5 MDKK each.

The shares are not divided into classes.

In the last five years, the following changes have been made to the share capital:

	<u>KDKK</u>
Share capital at 1 January 2011	95,500
Capital increase at 2 December 2013	933,700
<b>Share capital at 31 December 2015</b>	<b><u>1,029,200</u></b>

## Notes

### 10. Deferred tax

	2015 KDKK	2014 KDKK
Deferred tax at 1 January 2015	(31,802)	(35,084)
Adjustment of deferred tax, beginning of year	-	(8,714)
The year's adjustment of deferred tax	9,475	11,995
<b>Deferred tax at 31 December 2015</b>	<b>(22,327)</b>	<b>(31,802)</b>

Provisions for deferred tax relate to:

Intangible assets	(1,848)	(1,856)
Property, plant and equipment	(84,710)	(105,602)
Inventories	(19,291)	(65,964)
Receivables	-	305
Provisions	4,360	28,560
	(101,489)	(144,557)

Deferred tax, 22%

(22,327)	(31,802)
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### 11. Non-current liabilities other than provisions

	2015 KDKK	2014 KDKK
Finance lease due between 1-5 years	18,386	23,535
Finance lease due over 5 years	4,750	6,682
<b>Non-current liabilities other than provisions</b>	<b>23,136</b>	<b>30,217</b>

### 12. Receivables from / Payables to group entities

The item receivable includes an intra-group cash-pool of 122 MDKK (2014: debt 213 MDKK)

### 13. Corporation tax payable

	2015 KDKK	2014 KDKK
Calculated tax of the year's taxable income	(22,992)	(10,668)
Prepaid tax during the year	14,694	21,328
	<b>(8,298)</b>	<b>10,660</b>

### 14. Other payables

	2015 KDKK	2014 KDKK
VAT and duties	10,335	19,163
Wages and salaries, social security costs, holiday allowance	50,994	87,429
Other costs payable	16,824	8,443
	<b>78,153</b>	<b>115,035</b>

## Notes

### 15. Contingent liabilities, contractual obligations etc.

The Company is a part of the compulsory joint taxation with the Danish BASF companies and branches. The companies have unlimited joint and several liability for Danish corporation taxes and withholding taxes with in the joint taxation group.

The Company has entered into leases on the premises at Ballerup and Rødekro. The Company may terminate the leases at four years' to six months' notice. The annual lease expense amounts to 3.6 MDKK. (2014: 3.5 MDKK). The remaining obligation is 11.0 MDKK (2014: 13.4 MDKK).

The Company has entered into an irrevocable lease concerning harbour area in Kalundborg.

The Company may terminate the lease at 12 months' notice. The remaining obligation amounts to 0.5 MDKK (2014: 0.5 MDKK).

The Company has entered into two finance leases. One for 35 months ending in 2018.

The other for a 87-month term ending in 2023. The total remaining obligation is 30,217 KDKK (2014: 36,994 KDKK).

Operating leases have been entered into for the period 2016 to 2018 concerning automobiles, etc.:

Operating leases	2015 MDKK	2014 MDKK
0-1 year	3.9	4.1
1-5 year	5.7	5.6
> 5 year	-	-
	<b>9.6</b>	<b>9.7</b>

### 16. Currency and interest rate exposure, credit risks and financial instruments

	Receivables and cash KDKK	Liabilities other than provisions KDKK	Hedged portion KDKK	Net position 2015 KDKK	Net position 2014 KDKK
Currency exposure - recognised transactions					
USD	1,068	(409)	-	659	722
EUR	51,273	(6,741)	(46,255)	(1,723)	169
SEK	690	(62)	-	629	2,397
NOK	119	-	-	119	259
Other	1,149	(74)	-	1,075	274
	<b>54,300</b>	<b>(7,286)</b>	<b>(46,255)</b>	<b>759</b>	<b>3,821</b>

The Company uses hedging instruments such as forward contracts to hedge recognised transactions.

Hedging of recognised transactions includes receivables and liabilities other than provisions.

At 31 December 2015, unrealised net losses on derivative financial instruments for currency hedging totalled 39 KDKK.

	Contract value 2015 KDKK	Contract value 2014 KDKK	gains/(losses) 2015 KDKK	gains/(losses) 2014 KDKK
Currency exposure - recognised transactions				
Currency bought on future deals	46,255	60,862	(39)	(161)
	<b>46,255</b>	<b>60,862</b>	<b>(39)</b>	<b>(161)</b>

Forward contracts concern hedging of receivables from sale and payables from purchase of goods, see accounting policies.

## Notes

### 16. Currency and interest rate exposure, credit risks and financial instruments

#### Interest rate exposure

Contractual dates reassessment and repayment of financial assets

Receivables from group entities

Payables to group entities

2015 KDKK	2014 KDKK
122,119	-
-	(213,000)

None of the above assets and liabilities fall due after more than one year. For further description of the interest risks, please refer to the Management's review.

#### Credit exposure

Trade receivables

Carrying value KDKK	Credit risk KDKK
59,485	59,485

The customers are mainly large domestic and foreign companies.  
The Company has experienced very few losses on its receivables.

### 17. Related parties

Related parties exercising control:

The parent company BASF SE, Ludwigshafen, Tyskland

Related parties also include group enterprises, Executive Board and the Board of Directors, management employees as well as their close family members. Moreover, related parties include companies in which the above-mentioned list of persons have major interests.

Other related parties with whom the Company had postings at the end of 2015:

The other BASF market companies in Europe North

BASF AB, Haraldsgatan 5, SE-41314 Göteborg, Sweden

BASF AS, Lilleakerveien 2C, NO-1327 Lysaker, Norway

BASF OY, Tammasaarenkatu 3, FIN-00180 Helsinki, Finland

BASF Coatings Services AB, Transportgatan 37, S-42502 Hisings Kärra, Sweden

BASF UAB, Tauro 12, LT 01114 Vilnius, Lithuania

BASF PLC, Cheadle Hulme, Earl Road, SK8 6QG Cheadle, England

BASF Coordination Center, Haven 725 Scheldelaan 600, B-2040 Antwerpen Belgium

BASF Services Europe GmbH, Rotherstrasse 11, D-10245 Berlin, Germany

Pronova BioPharma Norge AS, Lilleakerveien 2C, NO-0283 Oslo, Norway

Related parties also include group enterprises, Executive Board and the Board of Directors, management employees as well as their close family members. Moreover, related parties include companies in which the above-mentioned list of persons have major interests.

Other related parties with whom the Company had postings at the end of 2015:

BASF Business Services B.V., Arnhem (NL), Filial Wädenswil, CH-8820 Wädenswil/AU

Appital, P.O.Box 80, Switzerland



## Notes

### 17. Related parties

In 2015, the following transactions between the above-mentioned group enterprises and BASF A/S have taken place. All transactions with related parties have been carried out on an arm's length basis.

The main part of purchases has been carried out with the holding company as well as the received commission regarding agency sales mainly originates from that side. The other three Nordic market companies and BASF A/S act as one organisation, and a considerable Nordic cooperation has been established within areas such as business management, order handling, sales and technical customer advice and administration of services between the companies.

BASF A/S has a cooperation within agriculture with BASF UAB

BASF A/S has a cooperation within management, sales and technology as well as administration with BASF PLC

BASF A/S has an agreement with BASF Coatings Services AB in Denmark where

BASF A/S has provided services within environment, HR, Finance and renting offices.

BASF Coordination Center takes care of the surplus/need of cash in BASF A/S

BASF A/S buys IT services from BASF Business Services B.V., Arnhem (NL) branch in Wädenswil. Furthermore, BASF A/S rents pc equipment from the same company.

BASF A/S buys financial services from BASF Services Europe GmbH

BASF A/S has a cost manufacturing agreement with Pronova BioPharma Norge AS regarding the Kalundborg site and the remaining costs after the mothballing of the site.

BASF A/S has a limited number of transactions with other group enterprises regarding purchase of goods and received commission regarding agency business.