

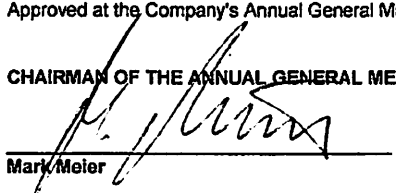
**BASF A/S**  
**Ved Stadsgraven 15**  
**DK-2300 Copenhagen**

**CVR no. 17 41 26 12**

**Annual Report for 2016**

Approved at the Company's Annual General Meeting on 22 May 2017

**CHAIRMAN OF THE ANNUAL GENERAL MEETING**

  
\_\_\_\_\_  
**Mark Meier**

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## **COMPANY DETAILS**

### **COMPANY**

**BASF A/S**

Ved Stadsgraven 15

DK-2300 Copenhagen

CVR no. (VAT-No) 17 41 26 12

Municipality of domicile: Copenhagen

Telephone no. +45 32 66 07 00

Internet: <https://www.basf.com/dk/en.html>

### **BOARD OF DIRECTORS**

|                         |                      |
|-------------------------|----------------------|
| Chairman                | Torben Berlin Jensen |
| Managing Director       | Mark Meier           |
| Deputy chairman         | Connie Belling       |
| Employee representative | Jørgen Holm          |
| Employee representative | Bo Kilund            |

### **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 2016.

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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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, 15 May 2017

**BASF A/S**

**Executive Board**



Mark Meier

**Board of Directors**



Torben Berlin Jensen  
Chairman



Connie Belling  
Deputy Chairman



Mark Meier  
Managing Director



Jørgen Holm  
Employee Representative



Bo Kilund  
Employee Representative

## **Independent auditor's report**

To the shareholders of BASF A/S

### **Opinion**

We have audited the financial statements of BASF A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are 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 2016 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

#### Independent auditor's report

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 15 May 2017

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 31 98



Michael Sten Larsen

State Authorised Public Accountant

## MANAGEMENT'S REVIEW

### Financial highlights

#### Key figures in MDKK

|  | 2012    | 2013    | 2014    | 2015    | 2016    |
|--|---------|---------|---------|---------|---------|
| Net turnover                                 | 1.498,6 | 1.470,6 | 1.458,9 | 1.302,6 | 1.262,8 |
| Gross profit                                 | 838,5   | 809,1   | 647,1   | 510,2   | 580,5   |
| Operating profit/loss                        | 511,1   | (24,9)  | 92,0    | 35,5    | 101,5   |
| Net financials                               | (55,3)  | (1,6)   | (10,6)  | (3,1)   | 3,6     |
| Profit/loss for the year before tax          | 175,7   | (26,5)  | 81,3    | 32,5    | 98,9    |
| Profit/loss for the year                     | 129,5   | (12,3)  | 44,8    | 24,4    | 86,0    |
| Inventories                                  | 138,3   | 172,3   | 348,0   | 190,3   | 300,9   |
| Accounts receivable                          | 135,9   | 190,9   | 218,7   | 231,7   | 199,8   |
| Equity                                       | 1.156,6 | 1.144,2 | 1.189,1 | 1.168,6 | 1.115,7 |
| Total assets                                 | 1.899,6 | 1.654,1 | 1.694,6 | 1.412,6 | 1.348,5 |
| Investments in property, plant and equipment | 19,1    | 68,8    | 25,6    | 17,0    | 8,4     |

#### Financial ratios

|                            | 2012  | 2013  | 2014  | 2015  | 2016  |
|----------------------------|-------|-------|-------|-------|-------|
| Gross margin               | 56,0% | 55,0% | 44,4% | 39,2% | 46,0% |
| Profit margin              | 34,1% | -1,7% | 6,3%  | 2,7%  | 8,0%  |
| Return on invested capital | 30,6% | -1,7% | 6,7%  | 2,9%  | 9,8%  |
| Return on equity           | 11,2% | -1,1% | 3,8%  | 2,1%  | 7,7%  |
| Equity ratio               | 60,9% | 69,2% | 70,2% | 82,7% | 82,7% |

The Company's key figures and financial ratios for 2012-2013 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 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 activities

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 industrial companies in Denmark.

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

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

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 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 January 2015.

## **MANAGEMENT'S REVIEW**

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

The revenue from agro products decreased by 8%. However, the Baltic Markets increased by 15%, as the market size increased. The sales to Danish customers decreased by 39%, mainly due to the hoarding in 2015 of 41 MDKK of products by the customers.

The volume of own production as increased by 20%, but due to lower prices, the net sales is lower.

The sales of nutrition and vitamins decreased by 4% mainly due to lower prices and slightly lower volume at the Ballerup site. The production in Ballerup was higher than last year, which entailed a smaller cost for the idle capacity of 40.5 MDKK vs 50.8 MDKK in 2015.

The idle capacity cost is in 2016 compensated in the company's transfer pricing, so only 6.5 MDKK is invoiced.

The revenue from products for the construction industry increased by 9%.

The commissions received for the agency business has increased by 8% due to changed market conditions and commission rates for pigments and paper and water. This is despite a decrease in the turnover of 10 MDKK or 1%.

The gross profit increased in 2016 by 70 MDKK, mainly due to high production levels in our factories.

The external costs in 2016 are slightly higher than in 2015 due to more temporary staff at the construction chemicals factory where demand was high.

Strong cost control was in focus in 2016 and will continue to be so in 2017. Especially on travel costs marketing and entertainment, there have been reductions.

The Company has distributed dividend in 2016 for 2015 and will do the same in 2017 for 2016.

The profit before tax amounted to 97.9 MDKK compared to 32.5 MDKK in 2015 is considered satisfying.

The increase in profit is partly due to the sale of the Copenhagen office site which increased the income on special items of 47.5m DKK. The Danish headquarters will instead be moved to leased premises.

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 exposure to 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 financing and placing of excess liquidity.

#### **Currency risks**

The purchase and sale of goods are mainly carried out in DKK or EUR. As the Danish National Bank pegs the Danish Krone close to the euro, the currency risk is moderate. The Company, BASF A/S, follows a policy to currency 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 2016, the Company had one forward exchange contract.



## **MANAGEMENT'S REVIEW**

### **Interest rate risks**

The Company's net interest-bearing position is interest-bearing deposits, which in 2016 was a receivable of 101 MDKK in 2016 compared to a net 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 2016, 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 1.0 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 value 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 2016, the overall company strategy was founded on environment, health and safety.

Operations have been based on sound focus on environment, health and safety policies supporting the 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.

<https://www.basf.com/en/company/sustainability.html>

### **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 2016, 1.7 MDKK was spent on staff training.

Staff with higher education accounts for about 43% of the salaried employees.

Employee turnover was approx. 5.3% in 2016.

### **Research and development activities**

In 2016 research and development activities were performed in close cooperation with the Parent Company. Development activities primarily included projects within the Agro business unit.

In 2016, the costs for these projects amounted to 17.4 MDKK (2015: 18.8 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 2016 is therefore made.

<https://www.basf.com/en/company/sustainability.html>

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

The Board of Directors has decided that the target for the participation of the underrepresented gender in the Board of Directors should be 33% in 2016. This target was achieved in 2016 and will be unchanged for 2017.

Policy: The Company has worked out a policy which should assist to increase the participation of the underrepresented gender at the other management levels.

Actions: We hire the best candidates, but at the same time we try to attract qualified women to management positions.

Results: The target for the share of the underrepresented gender at the other management levels in the Company has been set to 40% and we reached 26% by the end of 2016.

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

BASF A/S will in 2017 move to a leased office location in Copenhagen. The new lease agreement will be a five year contract.

### **Expected development**

For 2017, the turnover is expected to be higher than 2016 as a result of more production shifts working at our Ballerup site and we expect a profit before tax around 60m DKK. This will be lower than in 2016, where we had additional income from the sale of our Copenhagen office site.

### **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 140 145 247 is registered as owner of the share capital of 1,029.2 MDKK.

# INCOME STATEMENT

## Notes

Financial Statements 1 January - 31 December  
ACCOUNTING POLICIES

|   | 1        | 2016             | 2015             |
|---|----------|------------------|------------------|
|   |          | KDKK             | KDKK             |
| <b>Revenue</b>  | <b>2</b> | <b>1.262.790</b> | <b>1.302.576</b> |
| Cost of sales   |          | (772.447)        | (666.322)        |
| Change in inventory of finished goods and work in progress                      |          | 90.202           | (126.055)        |
| <b>GROSS PROFIT</b>   |          | <b>580.545</b>   | <b>510.199</b>   |
| Other external expenses   |          | (198.578)        | (145.595)        |
| Staff costs   | 3        | (180.085)        | (179.576)        |
| Amortisation on intangible assets   | 4        | (924)            | (924)            |
| Depreciation on property, plant and equipment                                   | 5        | (147.092)        | (148.579)        |
| <b>Other operating income</b>   | <b>6</b> | <b>47.534</b>    | <b>-</b>         |
| <b>OPERATING PROFIT</b>   |          | <b>101.401</b>   | <b>35.525</b>    |
| Financial income  | 7        | 3.039            | 4.338            |
| Financial expenses  | 7        | (6.575)          | (7.411)          |
| <b>PROFIT BEFORE TAX</b>  |          | <b>97.865</b>    | <b>32.452</b>    |
| Tax on profit for the year  | 8        | (11.834)         | (8.073)          |
| <b>PROFIT FOR THE YEAR</b>  |          | <b>86.031</b>    | <b>24.379</b>    |
|   |          | <b>86.031</b>    | <b>24.379</b>    |
| <b>PROPOSED PROFIT APPROPRIATION</b>  |          |                  |                  |
| The Board of Directors proposes the profit for the year distributed as follows: |          | 2016             | 2015             |
|   |          | KDKK             | KDKK             |
| Proposed dividend for the financial year  |          | 86.000           | 139.000          |
| Retained earnings   |          | 31               | (114.621)        |
|   |          | <b>86.031</b>    | <b>24.379</b>    |

**BALANCE SHEET AT 31 DECEMBER**
**ASSETS**
**NON-CURRENT ASSETS**

|  | Notes | 2016<br>KDKK   | 2015<br>KDKK   |
|--|-------|----------------|----------------|
| Software   | 9     | 1.839          | 2.763          |
| <b>Intangible assets</b>                         |       | <b>1.839</b>   | <b>2.763</b>   |
| Land and buildings                               | 10    | 435.404        | 477.056        |
| Plant and machinery                              |       | 392.192        | 487.278        |
| Fixtures and fittings, tools and equipment       |       | 3.608          | 4.402          |
| Property, plant and equipment under construction |       | 4.720          | 7.183          |
| <b>Property, plant and equipment</b>             |       | <b>835.924</b> | <b>975.919</b> |

**TOTAL NON-CURRENT ASSETS**
**837.763 978.682**
**CURRENT ASSETS**

|                                     |    |                |                |
|-------------------------------------|----|----------------|----------------|
| Raw materials and consumables       |    | 48.657         | 28.275         |
| Work in progress                    |    | 14.393         | 11.579         |
| Finished goods and goods for resale |    | 237.825        | 150.437        |
| <b>Inventories</b>                  |    | <b>300.875</b> | <b>190.291</b> |
| Trade receivables                   |    | 50.359         | 59.485         |
| Receivables from group entities     | 11 | 149.605        | 172.257        |
| Other receivables                   |    | 6.714          | 10.977         |
| Corporation tax receivables         | 12 | 2.167          | -              |
| Deferred tax                        |    | -              | -              |
| Prepayments                         | 13 | 824            | 867            |
| <b>Total receivables</b>            |    | <b>209.669</b> | <b>243.586</b> |
| Cash at bank and in hand            |    | 163            | 20             |

**TOTAL CURRENT ASSETS**
**510.707 433.897**
**TOTAL ASSETS**
**1.348.470 1.412.579**
**EQUITY AND LIABILITIES**
**EQUITY**

|   |    | 2016<br>KDKK     | 2015<br>KDKK     |
|---|----|------------------|------------------|
| Share capital                             | 14 | 1.029.200        | 1.029.200        |
| Retained earnings                         |    | 455              | 424              |
| Proposed dividends for the financial year |    | 86.000           | 139.000          |
| <b>TOTAL EQUITY</b>                       |    | <b>1.115.655</b> | <b>1.168.624</b> |

**Provisions for deferred tax**
**TOTAL PROVISIONS**

|    |               |               |
|----|---------------|---------------|
| 15 | 16.953        | 22.327        |
|    | <b>16.953</b> | <b>22.327</b> |

**LIABILITIES OTHER THAN PROVISIONS**

|  |    |               |               |
|--|----|---------------|---------------|
| Non-current liabilities other than provisions        | 16 | 15.905        | 23.304        |
| <b>Non-current liabilities other than provisions</b> |    | <b>15.905</b> | <b>23.304</b> |

**Current liabilities**
**Current portion of non-current liabilities other than provisions**

|  |    |                |                |
|--|----|----------------|----------------|
| Bank loans                                       |    | 7.400          | 7.081          |
| Trade payables                                   |    | -              | 3              |
| Payables to group entities                       |    | 38.739         | 25.214         |
| Corporation tax payables                         |    | 84.326         | 79.743         |
| Other payables                                   | 17 | 69.492         | 8.298          |
| <b>Current liabilities other than provisions</b> |    | <b>199.957</b> | <b>198.324</b> |

**Total liabilities other than provision**
**215.862 221.628**
**TOTAL EQUITY AND LIABILITIES**
**1.348.470 1.412.579**
**Contingent liabilities**
**18**
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**STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER**

|                                   | Share<br>capital<br>KDKK | Retained<br>earnings<br>KDKK | Proposed<br>dividend<br>for the year<br>KDKK | Total<br>KDKK    |
|-----------------------------------|--------------------------|------------------------------|--|------------------|
| <b>Equity at 1 January 2016</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 1 January 2016</b>   | <b>1.029.200</b>         | <b>424</b>                   | <b>139.000</b>                               | <b>1.168.624</b> |
| Dividend paid                     | -                        | -                            | (139.000)                                    | (139.000)        |
| Transfer                          | -                        | -                            | -  | -                |
| Profit for the year               | -                        | 31                           | 86.000                                       | 86.031           |
| <b>Equity at 31 December 2016</b> | <b>1.029.200</b>         | <b>455</b>                   | <b>86.000</b>                                | <b>1.115.655</b> |

## Notes

### 1. 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.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015.

The changes have no monetary effect on the income statement or the balance sheet for 2015 or for the comparative figures.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

#### 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 with the requirements for 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.

#### 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 directly 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.

## **Notes**

### **1. Financial Statements 1 January - 31 December ACCOUNTING POLICIES**

#### **Share-based Incentive scheme**

The value of services received as compensation for allocated cash-settled options are recognised at the value of the options' intrinsic value, which is the difference between the option exercise price and the market price of the shares in BASF SE at the balance sheet date. The liability related to the options is adjusted 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 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. The tax expense directly relating to items in equity are recognised directly in the equity.

### **BALANCE SHEET**

#### **Intangible assets**

Intangible assets include software

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.

## Notes

### 1. 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 of 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 a lower 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.

#### 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.

#### Notes

#### 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 arrangement is not recognised as cash and cash equivalents, but is included in the liability/receivable with group enterprises.



## Notes

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

#### ACCOUNTING POLICIES

##### 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.

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.

##### 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 |

## Notes

### 2. Segmental Information

|                             | 2016             | 2015             |
|-----------------------------|------------------|------------------|
| Revenue                     | KDKK             | KDKK             |
| Activities, primary segment |                  |                  |
| Agricultural and nutrition  | 489.291          | 529.656          |
| Pharma/Food                 | 495.777          | 517.018          |
| Other fine chemicals        | -                | -                |
| Chemicals                   | 9.827            | 8.914            |
| Special chemicals           | 7.816            | 5.911            |
| Plastics                    | 2.253            | 1.925            |
| Construction chemicals      | 188.133          | 172.657          |
| Not allocated               | 69.694           | 66.495           |
| <b>Total revenue</b>        | <b>1.262.790</b> | <b>1.302.576</b> |

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

#### Geography

|  |                  |                  |
|--|------------------|------------------|
| Domestic market  | 255.158          | 358.302          |
| EU countries   | 567.405          | 547.805          |
| NAFTA countries  | 45.812           | 55.650           |
| Other countries  | 366.642          | 315.046          |
|  | 1.235.017        | 1.276.803        |
| Commission regarding sales on the domestic market (Agency sales) | 27.773           | 25.773           |
| <b>Total revenue</b>   | <b>1.262.790</b> | <b>1.302.576</b> |

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

|   |                  |                  |
|---|------------------|------------------|
| Own revenue excluding commissions           | 1.235.017        | 1.276.803        |
| Agency sales                                | 829.370          | 839.604          |
| <b>Total revenue inclusive agency sales</b> | <b>2.064.387</b> | <b>2.116.407</b> |

### 3. Staff costs

|                             | 2016           | 2015           |
|-----------------------------|----------------|----------------|
|                             | KDKK           | KDKK           |
| Wages and salaries          | 160.686        | 159.717        |
| Pensions                    | 16.757         | 16.478         |
| Other social security costs | 2.643          | 3.381          |
| <b>Total staff costs</b>    | <b>180.085</b> | <b>179.576</b> |

Included in Staff costs, is severance payments of 2,43M DKK (2015: 596 KDKK)

|  |              |              |
|--|--------------|--------------|
| <b>Total remuneration for Executive Management</b> | <b>3.129</b> | <b>3.335</b> |
|--|--------------|--------------|

|                                    |            |            |
|------------------------------------|------------|------------|
| <b>Average number of employees</b> | <b>261</b> | <b>273</b> |
|------------------------------------|------------|------------|

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 | 2016  | 2015  |
|  | 2.821 | 1.198 |

### 4. Amortisation on intangible assets

|  | 2016         | 2015         |
|--|--------------|--------------|
| Software                                       | (924)        | (924)        |
| <b>Total amortisation on intangible assets</b> | <b>(924)</b> | <b>(924)</b> |

### 5. Depreciation on property, plant and equipment

|  | 2.016            | 2.015            |
|--|------------------|------------------|
| Land & Buildings   | (44.004)         | (43.529)         |
| Plant & Machinery  | (101.814)        | (103.642)        |
| Fixtures, fittings, tools & equipment                      | (1.274)          | (1.408)          |
| Property & plant under construction                        | -                | -                |
| <b>Total depreciation on property, plant and equipment</b> | <b>(147.092)</b> | <b>(148.579)</b> |

## Notes

### 6. Other operating income

The gain on sale of Land & building amounts to 47.5 MDKK

### 7. Financial income and expenses

|                                     | 2016           | 2015           |
|-------------------------------------|----------------|----------------|
|                                     | KDKK           | KDKK           |
| Interest income on bank deposit     | -              | 14             |
| Interest income from group entities | 5              | 12             |
| Foreign exchange gains              | 3.022          | 4.087          |
| Interest on tax on account          | 12             | 225            |
| <b>Total financial income</b>       | <b>3.039</b>   | <b>4.338</b>   |
| Interest and charges, bank loans    | (95)           | (86)           |
| Interest expense to group entities  | (14)           | (73)           |
| Foreign exchange losses             | (5.203)        | (5.535)        |
| Other financial expenses (leasing)  | (1.358)        | (1.717)        |
| <b>Total financial expenses</b>     | <b>(6.669)</b> | <b>(7.411)</b> |

### 8. Tax on profit for the year

|   | 2016          | 2015         |
|---|---------------|--------------|
|   | KDKK          | KDKK         |
| Calculated tax of the year's taxable income   | 18.329        | 22.992       |
| The year's adjustment of deferred tax         | (5.375)       | (9.475)      |
| Correction of deferred tax, beginning of year | (1.120)       | -            |
| Adjustment of tax, previous years             | -             | (5.444)      |
| <b>Tax on profit for the year</b>             | <b>11.834</b> | <b>8.073</b> |

### 9. Software

|                                 | KDKK          |
|---------------------------------|---------------|
| Cost at 1 January 2016          | 11.985        |
| Additions                       | -             |
| Disposal                        | -             |
| <b>Cost at 31 December 2016</b> | <b>11.985</b> |

|   |                 |
|---|-----------------|
| Amortisation and impairment losses at 1 January 2016          | (9.222)         |
| Amortisation for the year                                     | (924)           |
| Amortisation regarding the year's disposal                    | -               |
| <b>Amortisation and impairment losses at 31 December 2016</b> | <b>(10.146)</b> |

Book value at 31 December 2016

1.839

Book value at 31 December 2015

2.763

### 10. property, plant and equipment

|  | Land and buildings<br>KDKK | Plant and machinery<br>KDKK | Fixtures, fittings<br>tools and equipment<br>KDKK | Property & equipment<br>& under construction<br>KDKK | Total<br>KDKK      |
|--|----------------------------|-----------------------------|---|--|--------------------|
| Cost at 1 January 2016                                   | 966.083                    | 1.496.621                   | 58.845  | 7.183  | 2.528.732          |
| Additions  | 3.399                      | 6.728                       | 777   | 1.639  | 12.543             |
| Disposals  | (17.821)                   | (45)                        | (1.479)   | (4.102)  | (23.447)           |
| <b>Cost at 31 December 2016</b>                          | <b>951.661</b>             | <b>1.503.304</b>            | <b>58.143</b>                                     | <b>4.720</b>   | <b>2.517.828</b>   |
| Depreciation and impairment losses at 1 Jan 2016         | (489.027)                  | (1.009.343)                 | (54.442)  | -  | (1.552.812)        |
| Depreciation for the year                                | (44.004)                   | (101.814)                   | (1.274)   | -  | (147.092)          |
| Depreciation regarding the year's disposals              | 16.774                     | 45                          | 1.181   | -  | 18.000             |
| <b>Depreciation and impairment losses at 31 Dec 2016</b> | <b>(516.257)</b>           | <b>(1.111.112)</b>          | <b>(54.536)</b>                                   | <b>-</b>   | <b>(1.681.904)</b> |
| <b>Book value at 31 December 2016</b>                    | <b>435.404</b>             | <b>392.192</b>              | <b>3.608</b>                                      | <b>4.720</b>   | <b>835.924</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>     |

The leased tanks are presented as land and buildings with the amount 14.6 MDKK (2015: 23.6 MDKK).

## Notes

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

The item receivable includes an intra-group cash-pool of 96.2 MDKK (2015: 122 MDKK)

### 12. Corporation tax payable/receivable

|   | 2016                | 2015                  |
|---|---------------------|-----------------------|
|   | <u>KDKK</u>         | <u>KDKK</u>           |
| Calculated tax of the year's taxable income | (18.329)            | (22.992)              |
| Prepaid tax during the year                 | 20.496              | 14.694                |
| <b>Total tax payable</b>                    | <b><u>2.167</u></b> | <b><u>(8.298)</u></b> |

### 13. Prepayments

The item primarily consists of prepaid insurance.

### 14. 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 2012     | 95.500                  |
| Capital increase at 2 December 2013 | <u>933.700</u>          |
| Share capital at 31 December 2016   | <b><u>1.029.200</u></b> |

## Notes

### 15. Provisions for deferred tax

|   | 2016            | 2015             |
|---|-----------------|------------------|
|   | <u>KDKK</u>     | <u>KDKK</u>      |
| Deferred tax at 1 January 2016                | (22.327)        | (31.802)         |
| Adjustment of deferred tax, beginning of year | (1.263)         | -                |
| The year's adjustment of deferred tax         | 6.637           | 9.475            |
| <b>Deferred tax at 31 December 2016</b>       | <b>(16.953)</b> | <b>(22.327)</b>  |
| Provisions for deferred tax relate to:        |                 |                  |
| Intangible assets                             | (1.839)         | (1.848)          |
| Property, plant and equipment                 | (54.915)        | (84.710)         |
| Inventories                                   | (27.277)        | (19.291)         |
| Receivables                                   | -               | -                |
| Provisions                                    | 6.973           | 4.360            |
| <b>Total</b>                                  | <b>(77.058)</b> | <b>(101.489)</b> |
| <b>Tax rate</b>                               | <b>22,0%</b>    | <b>22,0%</b>     |
| <b>Deferred tax</b>                           | <b>(16.953)</b> | <b>(22.327)</b>  |

### 16. Non-current liabilities other than provisions

|  | 2016          | 2015          |
|--|---------------|---------------|
|  | <u>KDKK</u>   | <u>KDKK</u>   |
| Finance lease due between 0-1 years                  | 7.400         | 7.081         |
| Finance lease due between 1-5 years                  | 13.026        | 18.386        |
| Finance lease due over 5 years                       | 2.710         | 4.750         |
| <b>Non-current liabilities other than provisions</b> | <b>23.136</b> | <b>30.217</b> |

## Notes

### 17. Other payables

|  | 2016          | 2015          |
|--|---------------|---------------|
|  | <u>KDKK</u>   | <u>KDKK</u>   |
| VAT and duties   | 6.433         | 10.335        |
| Wages and salaries, social security costs, holiday allowance | 49.591        | 51.862        |
| Other costs payable  | 13.468        | 15.788        |
| <b>Total other payables</b>                                  | <b>69.492</b> | <b>77.985</b> |

### 18. 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.

### Overview of contingent liabilities

The total contingent obligation amounts to 15 MDKK. (2015: 17,5 MDKK) with termination periods between 3 to 12 months.

The Company has some running warranty claims not finalized yet, but all costs related to this will be recharged to the manufacturing company according to an agreement with the manufacturer.

### Operating leases

|  | 2016        | 2015        |
|--|-------------|-------------|
|  | <u>MDKK</u> | <u>MDKK</u> |
| Operating leases have been entered into for the period 2016 to 2020 concerning cars, etc.. |             |             |
| 0-1 year   | 1           | 4           |
| 1-5 year   | 8           | 6           |
| > 5 year   | -           | -           |
| <b>Total operating leases</b>  | <b>8</b>    | <b>10</b>   |

## Notes

|   | 2016       | 2015       |
|---|------------|------------|
|   | KDKK       | KDKK       |
| <b>19. Fees to the auditor appointed at the general meeting</b> |            |            |
| Statutory audit   | 453        | 516        |
| Tax assistance  | -          | -          |
| Other assurance engagements                                     | -          | -          |
| Non-audit services  | -          | -          |
| <b>Total fees to KPMG</b>                                       | <b>453</b> | <b>516</b> |

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

| Currency exposure - recognised transactions | Receivables<br>and cash<br>KDKK | Liabilities<br>other than<br>provisions<br>KDKK | Hedged<br>portion<br>KDKK | Net position<br>2016<br>KDKK | Net position<br>2015<br>KDKK |
|---|---------------------------------|---|---------------------------|------------------------------|------------------------------|
| USD   | 480                             | (1.739)   | -                         | (1.259)                      | 659                          |
| EUR   | 49.849                          | (5.186)   | (41.636)                  | 3.027                        | (1.723)                      |
| SEK   | 424                             | (1)   | -                         | 423                          | 629                          |
| NOK   | 202                             | -   | -                         | 202                          | 119                          |
| Other                                       | 1.320                           | -   | -                         | 1.320                        | 1.075                        |
| <b>Total currency exposure</b>              | <b>52.275</b>                   | <b>(6.926)</b>                                  | <b>(41.636)</b>           | <b>3.714</b>                 | <b>759</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 2016, unrealised net losses on derivative financial instruments for currency hedging totalled 7kDKK

| Currency exposure - recognised transactions | Contract<br>value<br>2016<br>KDKK | Contract<br>value<br>2015<br>KDKK | gains/<br>(losses)<br>2016<br>KDKK | gains/<br>(losses)<br>2015<br>KDKK |
|---|-----------------------------------|-----------------------------------|------------------------------------|------------------------------------|
| Currency bought on future deals             | 41.636                            | 46.255                            | 7                                  | (39)                               |
| <b>Total currency exposure on futures</b>   | <b>41.636</b>                     | <b>46.255</b>                     | <b>7</b>                           | <b>(39)</b>                        |

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

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

|  | 2016    | 2015    |
|--|---------|---------|
|  | KDKK    | KDKK    |
| <b>Interest rate exposure from Group Companies</b>               |         |         |
| Contractual dates reassessment and repayment of financial assets |         |         |
| Receivables from group entities                                  | 100.633 | 122.119 |
| Payables to group entities                                       | -       | -       |

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.

|                          | 2016                   | 2015                |
|--------------------------|------------------------|---------------------|
|                          | Carrying value<br>KDKK | Credit risk<br>KDKK |
| <b>Credit exposure</b>   |                        |                     |
| <b>Trade receivables</b> | <b>50.359</b>          | <b>59.485</b>       |

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

## Notes

### 21. Related parties

#### Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.

#### Companies

Related parties exercising control: The parent company BASF SE, Ludwigshafen, Germany

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 2016:

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, Tammasaarekatu 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  
Pronova BioPharma Norge AS, Lilleakerveien 2C NO-0283 Oslo, Norway  
BASF Nederland BV, Groningsingel 1, 6835 EA Arnhem, Netherlands

#### Activities

In 2016, 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 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 of services administration 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 AB, BASF AS, BASF OY

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.

BASF A/S has a cooperation within trade with BASF Nederland B.V.

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 commission regarding agency business.

BASF Business Services B.V., Arnhem (NL), Filial Wädenswil, CH-8820 Wädenswil/AU Appital, P.O.Box 80, Switzerland

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

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

## Notes

### 21. Related parties

Complete list of BASF companies with whom BASF A/S has had transactions with during 2016

| Company name                      | City                      | Country |
|-----------------------------------|---------------------------|---------|
| BASF SE                           | Ludwigshafen              | DE      |
| BASF Coatings GmbH                | Muenster                  | DE      |
| PCI AUGSBURG GMBH                 | AUGSBURG                  | DE      |
| BASF BELGIUM COORDINATION CENT    | Antwerpen                 | BE      |
| BASF Construction Chemicals       | TREVISIO                  | IT      |
| BASF Nederland B.V.               | Arnhem                    | NL      |
| BASF AS                           | Oslo                      | NO      |
| BASF AB                           | Goeteborg                 | SE      |
| BASF PLC                          | Cheadle                   | GB      |
| BASF CONSTRUCTION CHEMICALS       | Zürich                    | CH      |
| BASF Schweiz AG                   | Basel                     | CH      |
| BASF Company Ltd.                 | SEOUL                     | KR      |
| BASF CORPORATION                  | FLORHAM PARK              | US      |
| BASF COATINGS SERVICES AB         | HISINGS BACKA             | SE      |
| BASF FRANCE S.A.S.                | Levallois Perret          | FR      |
| BTC Europe GmbH                   | Monheim am Rhein          | DE      |
| BASF Oy                           | Helsinki                  | FI      |
| BASF Agro B.V. Arnhem (NL)        | Zuerich                   | CH      |
| BASF Intertrade AG                | Zug                       | CH      |
| BASF Business Services GmbH       | Ludwigshafen              | DE      |
| BASF Construction Chemicals       | Dubai                     | AE      |
| BASF Construction Chemicals       | L'Hospitalet de Llobregat | ES      |
| BASF Agricultural Specialities    | Ecully                    | FR      |
| BASF UAB                          | Vilnius                   | LT      |
| BASF Services Europe GmbH         | Berlin                    | DE      |
| BASF Business Services            | Ludwigshafen              | DE      |
| Construction Research & Techno    | Trostberg                 | DE      |
| BASF Construction Solutions Gm    | Trostberg                 | DE      |
| BASF Personal Care and            | Monheim                   | DE      |
| PRONOVA BIOPHARMA NORGE AS        | Oslo                      | NO      |
| BASF Agricultural Specialities    | CHEADLE                   | GB      |
| Wintershall Noordzee B.V.         | Rijswijk                  | NL      |
| BASF S.A.                         | SAO PAULO                 | BR      |
| BASF BELGIUM COORDINATION CENTER  | Antwerpen                 | BE      |
| BASF IRELAND LTD.                 | CORK                      | IE      |
| BASF CANADA INC                   | Mississauga               | CA      |
| BASF MEXICANA S.A. DE C.V.        | DEL. BENITO JUAREZ        | MX      |
| BASF AUSTRALIA LTD.               | Southbank                 | AU      |
| BASF (Thai) Limited               | Bangkok                   | TH      |
| BASF Polyurethanes GmbH           | Lemförde                  | DE      |
| BASF Srbija d.o.o.                | Belgrad (Novi Beograd)    | RS      |
| BASF Polska Sp. z o.o.            | Warszawa                  | PL      |
| BASF T.O.V. LLC                   | Kyiv                      | UA      |
| BASF Stavební hmoty Ceska         | CHRUDEM                   | CZ      |
| BASF CONSTRUCTION CHEMICALS       | SHANGHAI                  | CN      |
| BASF Belgium Coordination         | Antwerpen                 | BE      |
| BASF Construction Solutions GmbH  | Trostberg                 | DE      |
| CropDesign N.V.                   | Zwijnaarde                | BE      |
| BASF CONSTRUCTION CHEMICALS LTDA. | PUDAHUEL                  | CL      |
| BASF Türk Kimya Sanayi            | Istanbul                  | TR      |
| BASF West Africa Ltd.             | Lagos                     | NG      |
| BASF Colors & Effects GmbH        | Ludwigshafen              | DE      |

### 22. Subsequent events

We have after the balance sheet date entered a new lease of a building in Copenhagen with an interminable contract period until 2022.

Operating leases have been entered into for the period 2017 to 2022 concerning rental of office premises.

|                               | MDKK      |
|-------------------------------|-----------|
| 0-1 year                      | -         |
| 1-5 year                      | 18        |
| > 5 year                      | 4         |
| <b>Total operating leases</b> | <b>22</b> |