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BASF AKTIENGESELLSCHAFT  
Form 6-K  
November 02, 2006

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934

November 2, 2006

BASF AKTIENGESELLSCHAFT  
(Exact name of Registrant as Specified in its Charter)

BASF CORPORATION  
(Translation of Registrant's name into English)

Carl-Bosch-Strasse 38, LUDWIGSHAFEN, GERMANY 67056  
(Address of Principal Executive Offices)

Indicate by check mark whether the Registrant files or will file annual  
reports under cover Form 20-F or Form 40-F  
Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the Registrant by furnishing the information  
contained in this Form is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.  
Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the  
Registrant in connection with Rule 12g3-2(b): 82- .

BASF: Acquisitions Strengthen Profitable Growth

- Increase in sales (up 28 percent) and EBIT before special items (up 22 percent)
- Acquired businesses meet expectations: Synergies of EUR 290 million per year
- Additional global program to increase efficiency: Cost savings of EUR 300 million per year by 2008
- Outlook for 2006 confirmed: Sales to increase significantly to more than EUR 50 billion and higher EBIT before special items compared with the previous year's strong level

Business Editors/Chemicals Writers

LUDWIGSHAFEN, Germany--(BUSINESS WIRE)--Nov. 2, 2006--BASF - The Chemical Company (NYSE:BF) (FWB:BAS) (LSE:BFA) is continuing on its profitable growth path: The third quarter of 2006 is the thirteenth

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quarter in succession in which the company has posted an increase in sales. "We have achieved a new earnings level, and in doing so, three things are important: First, our chemicals businesses were again very successful in the third quarter. Second, the newly acquired businesses have met our expectations. And third, we are continuously improving our sites and business processes," said Dr. Jurgen Hambrecht, Chairman of the Board of Executive Directors of BASF Aktien-gesellschaft:

The third quarter of 2006 followed on seamlessly from BASF's strong performance in the first half of the year. Demand for its high-value products and system solutions continued unabated. In its chemicals businesses, BASF again recorded higher sales volumes compared with last year's already high level. Despite high and very volatile raw material prices, the company was largely successful in passing on necessary price increases to the market.

Sales climbed 28 percent to EUR 13.3 billion. The newly acquired businesses - Engelhard, Degussa Construction Chemicals and Johnson Polymer - contributed EUR 1.8 billion to this dynamic growth.

Income from operations (EBIT) before special items rose by 22 percent to EUR 1.6 billion in the third quarter.

Cumulative sales in the first nine months of 2006 increased by 23 percent to more than EUR 38 billion. EBIT before special items increased by 19 percent to EUR 5.4 billion in the same period.

BASF confirms optimistic outlook for full-year 2006

In the fourth quarter, BASF expects demand for its products to remain strong. Despite an easing in the oil price, raw material costs remain high and margins are therefore still under pressure. Geopolitical tensions and regional conflicts are continuing to result in highly volatile raw material prices, which are now also impacting agricultural products.

For full-year 2006, Hambrecht continues to expect sales to increase to more than EUR 50 billion and higher EBIT before special items compared with the previous year's strong level.

Strong sales growth in Chemicals segment

In the Chemicals segment, BASF posted significantly higher sales (plus 67 percent) and EBIT before special items (plus 66 percent). This was primarily due to the acquired catalysts business, as well as to higher sales volumes and price increases.

BASF also recorded double-digit growth in sales (plus 10 percent) and EBIT before special items (plus 18 percent) in its Plastics segment, in particular due to the improvement in earnings in the Performance Polymers division.

Sales (plus 41 percent) and EBIT before special items (plus 11 percent) also rose by double-digit amounts in the Performance Products segment. Above all, a decline in margins for acrylic monomers negatively impacted earnings. Due to the contribution of the acquired businesses, EBIT before special items was nevertheless higher than in the third quarter of 2005.

Sales (minus 3 percent) and EBIT before special items (minus 100 percent) declined in the Agricultural Products & Nutrition segment. Lower sales prices and currency effects, in particular in

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Brazil, had a negative impact on the Agricultural Products business.

Due to persistently high crude oil prices, sales (plus 30 percent) and EBIT before special items (plus 26 percent) in the Oil & Gas segment were again significantly higher than in the same period of 2005.

EUR 290 million in synergies through integration of new businesses

The number one topic at BASF in 2006 has been acquisitions, and the integration of the new businesses is proceeding as planned. BASF expects the combination of the acquired businesses with its existing ones to result in synergies amounting to EUR 290 million per year by 2010. Of this amount, the largest share of EUR 160 million is anticipated to come from Engelhard; Degussa's construction chemicals and Johnson Polymer are likely to contribute EUR 100 million and EUR 30 million, respectively. These synergies will primarily result from the elimination of overlapping functions and processes, for example in administration, marketing and sales, and logistics. There will be an associated reduction of approximately 1,000 positions worldwide: Approximately 800 are related to former Engelhard activities and approximately 200 to Degussa's construction chemicals business. BASF estimates that one-time integration costs of about EUR 200 million are needed to achieve the annual synergy effects of EUR 290 million.

Greater efficiency to reduce costs by EUR 300 million per year

BASF has established a new global program to further increase efficiency and streamline business processes. The program includes a number of site and plant restructuring measures. The company expects it to result in total savings of EUR 300 million per year by 2008. Implementation of the program will result in total one-time expenditures of EUR 160 million as well as write-downs of EUR 270 million, with the larger part being recorded in 2006. The measures are associated with a reduction of 1,000 positions, primarily in Asia and North America. The large majority of these reductions have already been communicated in the regions.

BASF is the world's leading chemical company: The Chemical Company. Its portfolio ranges from chemicals, plastics, performance products, agricultural products and fine chemicals to crude oil and natural gas. As a reliable partner to virtually all industries, BASF's intelligent system solutions and high-value products help its customers to be more successful. BASF develops new technologies and uses them to open up additional market opportunities. It combines economic success with environmental protection and social responsibility, thus contributing to a better future. BASF has over 95,000 employees and posted sales of more than EUR 42.7 billion in 2005. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA), New York (BF) and Zurich (AN). Further information on BASF is available on the Internet at [www.basf.com](http://www.basf.com).

Note to editors:

With immediate effect, BASF offers you the opportunity to obtain all of its press releases free of charge via an RSS feed. This allows you to receive up-to-date news about BASF directly on your computer, quickly and simply. Further information can be found at [www.basf.de/rss/e](http://www.basf.de/rss/e). Here, you can also subscribe to the RSS feed and select your topics of interest.

On November 2, 2006, you can also obtain further information from

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the Internet at the following addresses:

Interim report (from 7:30 a.m. CET)

[corporate.basf.com/interimreport](http://corporate.basf.com/interimreport) (English)

[corporate.basf.com/zwischenbericht](http://corporate.basf.com/zwischenbericht) (German)

Press release (from 7:30 a.m. CET)

[www.corporate.basf.com/pressrelease](http://www.corporate.basf.com/pressrelease) (English)

[corporate.basf.com/pressemitteilungen](http://corporate.basf.com/pressemitteilungen) (German)

Live transmission of telephone conference

(from 10:30 a.m. CET)

[corporate.basf.com/pcon](http://corporate.basf.com/pcon) (English)

[corporate.basf.com/pk](http://corporate.basf.com/pk) (German)

Speech Dr. Jurgen Hambrecht/Dr. Kurt Bock - print version

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[corporate.basf.com/pressconference](http://corporate.basf.com/pressconference) (English)

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[www.basf.com/share](http://www.basf.com/share) (English)

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This release contains forward-looking statements under the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed in BASF's Form 20-F filed with the Securities and Exchange Commission. The Annual Report 2005 on Form 20-F will be available on the Internet at [corporate.basf.com](http://corporate.basf.com) as of March 14, 2006. We do not assume any obligation to update the forward-looking statements

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contained in this release.

## Third-Quarter Results 2006

July - September 2006

- Sales up 28%
- EBIT before special items up 22%
- Integration of acquisitions proceeding as planned
- Outlook confirmed: Sales to increase to more than EUR 50 billion and higher EBIT before special items compared with the previous year's strong level

Overview Million EUR	3rd Quarter		
	2006	2005	Change in %
Sales	13,299	10,361	28.4
Income from operations before interest, taxes, depreciation and amortization (EBITDA)	2,368	1,843	28.5
Income from operations (EBIT) before special items	1,615	1,327	21.7
Income from operations (EBIT)	1,438	1,262	13.9
Financial result	(133)	176	.
Income before taxes and minority interests	1,305	1,438	(9.2)
Net income	613	808	(24.1)
Earnings per share (EUR)	1.22	1.55	(21.3)
EBIT before special items in percent of sales	12.1	12.8	-
Cash provided by operating activities	1,355	1,929	(29.8)
Additions to fixed assets(a)	3,922	408	.
Excluding acquisitions	601	408	47.3
Amortization and depreciation(a)	930	581	60.1
Segment assets (end of period) (b)	38,994	28,106	38.7
Personnel costs	1,614	1,419	13.7
Number of employees (end of period)	95,518	80,695	18.4

Overview Million EUR	January - September		
	2006	2005	Change in %
Sales	38,136	31,025	22.9
Income from operations before interest, taxes, depreciation and amortization (EBITDA)	7,143	6,011	18.8
Income from operations (EBIT) before special items	5,390	4,547	18.5
Income from operations (EBIT)	5,084	4,348	16.9
Financial result	(89)	139	.
Income before taxes and minority interests	4,995	4,487	11.3
Net income	2,483	2,447	1.5
Earnings per share (EUR)	4.91	4.63	6.0
EBIT before special items in percent of sales	14.1	14.7	-
Cash provided by operating activities	3,563	4,010	(11.1)
Additions to fixed assets(a)	9,479	1,620	485.1
Excluding acquisitions	1,565	1,252	25.0
Amortization and depreciation(a)	2,059	1,663	23.8
Segment assets (end of period) (b)	-	-	-
Personnel costs	4,436	4,089	8.5
Number of employees (end of period)	-	-	-

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(a) Tangible and intangible fixed assets (including acquisitions)

(b) Tangible and intangible fixed assets, inventories and business-related receivables

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### News from our innovation centers

#### Probiotic bacteria fight caries and body odor

#### BASF develops innovative oral hygiene and personal care products

The concept of using probiotic bacteria to provide natural defense against harmful organisms allows BASF Future Business GmbH to develop innovative products for oral hygiene and personal care. Suitable lactic acid bacteria (lactobacilli) are selected from the extensive collection of cultures from the project partner Organo-Balance GmbH, Berlin, and jointly developed to market. Promising applications for probiotic bacteria include fighting cariogenic microorganisms, preventing body odor and regenerating the skin's protective microbial flora.

#### Oral hygiene

The bacterium responsible for caries, *Streptococcus mutans*, persistently colonizes the surface of the teeth, where it converts sugar into aggressive acids that break down the enamel. To substantially diminish the risk of caries, it is important to significantly reduce the concentration of harmful bacteria in the oral cavity. With *Lactobacillus anti-caries*, scientists have found an agent that effectively binds to the caries-causing bacteria and prevents them from adhering to the surface of the teeth. The effectiveness has been demonstrated. BASF Future Business expects the first oral hygiene products containing probiotic lactobacilli to appear in 2007.

#### Personal care

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Our skin is naturally populated with different types of microorganisms. Ideally, those with beneficial health effects - known as commensal microorganisms - dominate over likewise occurring harmful bacteria. If this system gets out of balance, the appearance, health and well-being of the skin are adversely affected. This may occur, for example, after washing or showering. In such cases *Lactobacillus* stimulans can promote the rapid regeneration of the skin's protective microbial flora. By secreting growth-promoting substances, it stimulates colonization by its healthful relatives. Because of their major cosmetic relevance, these microorganisms are interesting candidates for use in lotions and creams and in medicinal ointments and plasters.

A third application for beneficial lactobacilli is the prevention of body odor. Bacteria are responsible for creating odor, for example in the armpits or on the feet. *Lactobacillus pes-odoris*, which specifically inhibits the odor-producing bacteria of the feet, and *Lactobacillus ala-odoris*, which prevents the formation of odor in the armpits, provide a remedy for these situations. Both *Lactobacillus* cultures can improve the effectiveness of deodorants, foot sprays and lotions.

Depending on the application, desired effect and formulation required for a cosmetic product, probiotic lactic acid bacteria can be used in either a live encapsulated or in a live or inactivated freeze-dried form. In the exclusive cooperative enterprise between the two project partners, OrganoBalance conducts screening for suitable microorganism cultures in its own collection of microbial strains as well as the fundamental scientific research, while BASF Future Business is responsible for fermentation of the strains and their further processing, customer-specific formulation and marketing.

The first oral hygiene products containing probiotic bacteria are expected to reach the market in 2007.

News from our innovation centers

Chemistry keeps the black gold gushing

Drilling and production island in the Mittelplate oil field in the North Sea. A consortium consisting of RWE Dea and Wintershall has been producing crude oil from the largest German deposit since 1987.

Oilfield chemicals from BASF help increase production efficiency

With its full range of oilfield chemicals BASF plays a major role in the extraction of crude oil. From the first test drill onward, BASF products accompany the entire production process and allow deposits to be accessed much more intensively. Only thanks to these products is it possible to achieve oil extraction levels of 50% and more.

The drill head has to be cooled and lubricated, the cuttings dispersed and flushed upwards: The technical process is optimized by drilling fluid additives circulating in the closed system. Other chemicals prevent the surrounding rock formations from swelling, which could otherwise trap the drill or even damage it. But drilling alone is not the whole story. The boreholes, which are up to 11 kilometers in length, have to be stabilized with a circular jacket of cement down to the oil-bearing stratum. BASF additives are used to control the flowability and setting time of the cement, allowing it to be ideally adjusted to the prevailing conditions. And even when the borehole has

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finally advanced as far as the deposit, the engineers are often called upon to provide ingenious solutions. Oil doesn't just lie around in underground lakes waiting to be pumped to the surface. Rather, it is enclosed in porous rock formations that only grudgingly yield up their riches. To promote the flow of oil, the tiny pores in the stone are widened with the aid of chemicals.

To keep the pores permeable despite the rock formations bearing down on them, special support materials called proppants are required. These include special sands produced by the U.S. manufacturer Engelhard, which was recently acquired by BASF. This specially coated sand consists of perfectly spherical particles, allowing it to be pumped underground like a liquid, while creating a maximum of hollow spaces as permeable pathways through which the oil can flow.

The inherent pressure within the crude oil containing formation rapidly decreases, but is usually maintained by forcing water into the deposit through injection boreholes sunk at the edge of the oilfield. The water then mixes with the crude oil - a water content of 95% is completely normal. These resulting water and oil mixtures are very difficult to separate and this is where customized demulsifiers from BASF come in to play. These substances are special surfactants which greatly accelerate the natural separation of oil and water. And this is the case even though as little as 10 to 15 grams are sufficient to separate 1 metric ton of an oil-water mixture.

BASF acts as a raw materials supplier for internationally operating service companies whose experts formulate the required finished product for the major oil companies directly at the borehole. The market for oilfield chemicals has now reached a volume of around \$4 billion with an estimated annual growth of 5%. By acquiring the U.S. company Engelhard Corporation and the construction chemicals business of Degussa in 2006, BASF has greatly increased its expertise in the areas of special sands, cement additives and polymers for drilling fluids and can offer its customers an even broader product portfolio.

### BASF Group Business Review

- Sales up 28%
- EBIT before special items up 22%
- Net income declines due to special items

### Sales

Compared with the same period of 2005, third-quarter sales increased by 28% to EUR 13.3 billion. Sales growth was driven in particular by the acquisition of Engelhard, Degussa's construction chemicals business and Johnson Polymer, as well as by higher sales prices in the chemicals businesses and in the Oil & Gas segment.

The following factors led to the increase in sales:

Factors influencing sales in comparison with previous year

% of sales	3rd Quarter Jan.-Sept.	
Volumes	3	6
Prices	9	9



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Acquisitions/divestitures	18	7
Currencies	(2)	1
	28	23

The Chemicals segment achieved the highest sales growth as a result of the Catalysts division arising from the acquisition of Engelhard Corporation. The other divisions in this segment also increased volumes and prices.

Higher sales prices in the Styrenics division and a rise in sales volumes in the Polyurethanes division were the main reasons for the rise in sales in the Plastics segment.

In the Performance Products segment, sales were driven by the acquisitions that closed on July 1, 2006. The sales growth was due primarily to the activities acquired from Degussa in the new Construction Chemicals division and the Johnson Polymer business that has been assigned to the Performance Chemicals division.

### Third-quarter sales by segment

Million EUR			
Chemicals	2006	3,442	67%
	2005	2,063	
Plastics	2006	3,256	10%
	2005	2,957	
Performance Products	2006	2,959	41%
	2005	2,106	
Agricultural Products & Nutrition	2006	973	(3)%
	2005	1,008	
Oil & Gas	2006	2,116	30%
	2005	1,630	

Sales declined in the Agricultural Products & Nutrition segment as a result of lower sales prices and currency effects. In the Agricultural Products division, divestitures to optimize the portfolio also led to a decline in sales. The Fine Chemicals division posted higher sales as a result of the pharma custom synthesis business of the Orgamol Group that was acquired in the fourth quarter of 2005, as well as the personal care products acquired from Engelhard Corporation.

In the Oil & Gas segment, sales increased significantly due to higher prices.

### Special items

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Million EUR	2006	2005	2006	2005	2006	2005	2006	2005
Special items in:								
- Income from operations	(16)	(64)	(113)	(70)	(177)	(65)		(109)
- Financial result	-	-	-	-	-	222		-
	(16)	(64)	(113)	(70)	(177)	157		(109)

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### Earnings

Compared with the same period of 2005, income from operations (EBIT) before special items rose by 22% to EUR 1,615 million.

In the Chemicals segment, we significantly increased EBIT before special items due to higher sales volumes and better margins in the Petrochemicals and Intermediates divisions.

Earnings in the Plastics segment improved above all due to higher margins in the Performance Polymers division.

In the Performance Products segment, the earnings growth was due primarily to the new Construction Chemicals division. In the Functional Polymers division, margins remained under pressure from higher raw material costs.

The Agricultural Products division was severely affected by the extremely difficult situation of customers in Brazil. The loss posted due to the seasonal nature of the business increased.

In the Fine Chemicals division, earnings rose due to a reduction in fixed costs and the contribution of Engelhard's personal care products.

As a result of higher sales prices, the Oil & Gas segment recorded significantly higher earnings in both the exploration and production and the natural gas trading business sectors.

Compared with the same period of 2005, third-quarter EBIT rose by 14% to EUR 1,438 million. Special items in income from operations were related to the mothballing of the THF plant in Caojing, China; the use of step-up on inventory associated with the acquisition of Degussa's construction chemicals business; and restructuring measures in the Fine Chemicals division. Use was made of a provision established in the first half of 2006 for restructuring measures.

### Third-quarter EBIT before special items

Million EUR

Chemicals	2006	444	66%
	2005	268	
Plastics	2006	316	18%
	2005	267	
Performance Products	2006	239	11%
	2005	216	
Agricultural Products & Nutrition	2006	(46)	(100)%
	2005	(23)	
Oil & Gas	2006	749	26%
	2005	594	

The financial result declined by EUR 309 million to EUR (133) million. Interest expenses rose in connection with financing for the acquisitions. The third quarter of 2005 also included a special gain from the sale of our stake in Basell.

Income before taxes and minority interests declined by 9% to EUR 1,305 million as a result of the significantly lower financial result.

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The tax rate was 49% compared with 43% in the third quarter of 2005, which contained the tax-free gain from the Basell sale. The greater share of EBIT from the Oil & Gas segment also contributed to the rise in the tax rate. In the third quarter of 2006, foreign taxes for oil production that are noncompensable with German corporate income tax amounted to EUR 349 million compared with EUR 317 million in the same period of the previous year.

Net income declined by 24% to EUR 613 million. Earnings per share were EUR 1.22 compared with EUR 1.55 in the third quarter of 2005.

### BASF Shares

-- BASF shares flat in third quarter

-- Share buybacks for over EUR 800 million in the first nine months

BASF shares	3rd Quarter 2006	Jan.- Sept. 2006
Performance (with dividends reinvested)		
BASF (%)	0.6	0.4
DAX 30 (%)	5.7	11.0
EURO STOXX 50 (%)	7.2	11.4
Share prices and trade (XETRA trading)		
Average (EUR )	62.73	63.42
High (EUR )	64.93	69.49
Low (EUR )	60.69	58.97
Close (EUR )	63.15	63.15
Average daily trade in shares (million shares)	2.65	3.01

### BASF share performance

At the end of the third quarter, BASF shares were trading at EUR 63.15 or at almost the same price as at the end of the second quarter. As a result, BASF shares did not perform as well as the DAX 30 and EURO STOXX 50 indices, which gained 5.7% and 7.2%, respectively, in the third quarter.

In the first nine months of 2006, BASF shares rose in value by 0.4% (assuming reinvestment of the dividend). The performance of the DAX 30 and EURO STOXX 50 indices in the same period was 11.0% and 11.4%, respectively.

At the beginning of September, BASF shares were included in the Dow Jones Sustainability World Index (DJSI World) for the sixth year in succession. The DJSI World is the most important sustainability index and represents the top 10% of the largest 2,500 companies in the Dow Jones Global Index in terms of sustainability in their respective industries.

### Share buybacks

In the third quarter of 2006, BASF Aktiengesellschaft bought back 2.03 million shares on the stock exchange for a total of EUR 127.4 million or an average price of EUR 62.76 per share.

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Up to the end of the third quarter, BASF had bought back 7.46 million shares for a total of EUR 469.5 million under the EUR 500 million share buyback program that was announced in February 2006. As a result, BASF bought back shares for more than EUR 800 million in the first nine months of 2006.

We also plan to buy back shares in the future.

Up-to-date information on BASF shares is available on the Internet at [www.basf.de/share](http://www.basf.de/share).

You can reach BASF's investor relations team by calling +49 621 60-48230 or by sending an e-mail to [investorrelations@basf.com](mailto:investorrelations@basf.com).

### Significant Events and Outlook

#### Significant events

On August 18, BASF, Huntsman and their Chinese partners - Shanghai Hua Yi (Group Company), Sinopec Shanghai Gao Qiao Petrochemical Corporation and Shanghai Chloro-Alkali Chemical Co. Ltd. - held an opening ceremony at the Shanghai Chemical Industry Park to celebrate the startup of their integrated isocyanates complex. The project involved a total capital expenditure of \$1 billion. The complex has a capacity of 240,000 metric tons per year of crude MDI (diphenylmethane diisocyanate) and 160,000 metric tons of TDI (toluene diisocyanate) per year and will serve the rapidly growing market for polyurethanes in China.

On September 14, BASF and SINOPEC signed an agreement on the preparation of a technical and commercial feasibility study for the planned expansion of their joint Verbund site in Nanjing, China. The agreement advances BASF's and SINOPEC's earlier commitment, announced on July 10, 2006, to invest well above \$500 million expanding their production facilities at their 50-50 joint venture in Nanjing - BASF-YPC Co. Ltd. The companies plan to expand the capacity of the steam cracker and invest in additional downstream plants to further strengthen synergies at the site. The new activities are expected to come on stream in 2009.

At BASF's site in Antwerp, Belgium, BASF, Dow and Solvay held a groundbreaking ceremony on September 27 for the first world-scale plant for the production of propylene oxide (PO) on the basis of hydrogen peroxide (HP). The HPPO plant will employ a new technology that has been developed jointly by BASF and Dow. The key advantages of the technology are lower costs and significantly better environmental performance.

#### Outlook

We continue to expect the following conditions in 2006:

- An average oil price (Brent) of about \$65/barrel
- An average euro/dollar exchange rate of \$1.25 per euro
- Global economic growth and chemical production growth (excluding pharmaceuticals) of more than 3%

Major risk factors are the political situation in unstable areas and resulting volatility in prices for raw materials.

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In the fourth quarter, we expect demand for our products to remain strong. Despite a relaxation in the oil price, raw material costs remain high and continue to put pressure on margins.

For the full year, we continue to expect sales to increase to more than EUR 50 billion and higher EBIT before special items compared with the previous year's strong level.

According to our current estimates, we expect the acquisitions of Engelhard, Degussa's construction chemicals business and Johnson Polymer to result in synergies of EUR 290 million per year by 2010. The integration costs, excluding the use of step-up on inventories, are anticipated to amount to approximately EUR 200 million. Of this amount, EUR 50 million has already been recorded in EBIT as of September 30, 2006.

We want to apply the experience gained from the -Ludwigshafen Site Project and our North American restructuring programs in a new global program to increase efficiency. Measures under this new program include the closure of production of high-impact polystyrene in Tarragona, Spain, as well as the restructuring of the butanediol value chain and the Fine Chemicals division. We expect total savings of EUR 300 million per year by 2008. The program will be associated with total one-time expenditures of EUR 160 million as well as write-downs of EUR 270 million. Of the total amount, approximately 60% has already been recorded in EBIT as of -September 30, 2006.

### Chemicals

- Strong increase in sales and EBIT before special items
- Integration of Engelhard proceeds as planned
- EBIT negatively impacted by THF plant in Caojing, China

Overview Chemicals	3rd Quarter		
Million EUR	2006	2005	Change in %
Sales	3,442	2,063	67
Thereof Inorganics	271	251	8
Catalysts	999	19	.
Petrochemicals	1,607	1,309	23
Intermediates	565	484	17
EBITDA	599	408	47
EBIT before special items	444	268	66
EBIT before special items in percent of sales	12.9	13.0	-
EBIT	229	259	(12)
Assets	10,703	5,993	79

Overview Chemicals	January - September		
Million EUR	2006	2005	Change in %
Sales	8,124	5,892	38
Thereof Inorganics	841	690	22
Catalysts	1,279	55	.
Petrochemicals	4,305	3,672	17
Intermediates	1,699	1,475	15
EBITDA	1,460	1,429	2
EBIT before special items	1,112	1,109	0
EBIT before special items in percent of sales	13.7	18.8	-

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EBIT	809	1,030	(21)
Assets	-	-	-

Third-quarter sales in the Chemicals segment rose significantly (volumes 11%, prices 11%, portfolio 48%, currencies -3%). The sales growth was primarily due to the acquired catalysts business in addition to higher sales volumes and price increases. Although earnings before special items were significantly higher, EBIT was negatively impacted by high special charges in the Intermediates division and was lower than in the same period of the previous year.

### Inorganics

We increased both sales volumes and our average sales prices. Sales of inorganic basic chemicals and specialties grew particularly strongly. The division's earnings declined because margins for methane-based derivatives such as ammonia and methanol were particularly negatively affected by significantly higher natural gas prices.

### Catalysts

Sales in the new Catalysts division rose in particular due to the business with catalysts for diesel engines in Europe and the global business with process catalysts. The earnings trend is meeting the expectations we placed on the acquisition of Engelhard. The integration is proceeding as planned.

### Petrochemicals

Sales increased significantly thanks to strong global demand for cracker products. The Asian and European plasticizers and solvents businesses also contributed to the sales growth. In the third quarter, we largely succeeded in passing on high raw material costs to our customers. Earnings increased significantly compared with the third quarter of 2005, which was negatively impacted by the effects of the hurricanes in the United States.

### Intermediates

Demand for intermediates continued to develop well in all regions. In view of strong global demand, we were able to increase prices to counteract high raw material costs. Earnings before special items increased compared with the same period of the previous year, in which capacity utilization rates were lower. The restructuring of the butanediol value chain and the associated mothballing of the THF plant in Caojing, China, is part of our program to increase efficiency; the measure reduced EBIT by EUR 200 million.

### Plastics

- Further increase in sales and earnings
- Higher earnings contribution from Performance Polymers
- Groundbreaking for first world-scale HPPO plant

Overview Plastics  
Million EUR

3rd Quarter  
Change

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	2006	2005	in %
Sales	3,256	2,957	10
Thereof Styrenics	1,297	1,135	14
Performance Polymers	720	743	(3)
Polyurethanes	1,239	1,079	15
EBITDA	438	382	15
EBIT before special items	316	267	18
EBIT before special items in percent of sales	9.7	9.0	-
EBIT	306	260	18
Assets	6,992	6,440	9

Overview Plastics	January - September		
Million EUR			Change
	2006	2005	in %
Sales	9,515	8,681	10
Thereof Styrenics	3,680	3,399	8
Performance Polymers	2,208	2,164	2
Polyurethanes	3,627	3,118	16
EBITDA	1,336	1,162	15
EBIT before special items	963	810	19
EBIT before special items in percent of sales	10.1	9.3	-
EBIT	951	808	18
Assets	-	-	-

In the Plastics segment, sales increased as a result of higher volumes and prices (volumes 6%, prices 5%, portfolio 1%, currencies -2%). Earnings were significantly higher than in the third quarter of 2005. This was due above all to considerably improved earnings in the Performance Polymers division.

### Styrenics

Higher volumes and, in particular, higher sales prices led to an increase in sales. Business was especially strong in Europe, where we benefited from robust demand in the construction sector. Earnings were higher than in the same period of 2005. Margins, however, remain unsatisfactory.

To increase capacity utilization rates, we are ceasing production of high-impact polystyrene in Tarragona, Spain. In the future, European customers will be supplied from plants in Antwerp, Belgium, and Ludwigshafen, Germany. This closure is part of our program to increase efficiency.

### Performance Polymers

We succeeded in increasing prices further. Sales were slightly lower than in the same period of the previous year because volumes for some products declined. Earnings, however, were significantly higher.

We have strengthened higher value engineering plastics in our portfolio as a result of smaller acquisitions in 2005 and the startup of the PBT plant in Kuantan, Malaysia, which is now operating at a high capacity utilization rate.

### Polyurethanes

We greatly increased volumes and sales due to strong worldwide demand. Increases in raw material costs could only be passed on to the market to a limited extent. Third-quarter earnings were at the previous year's high level.

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In September, we started work on a new plant to produce propylene oxide (PO) on the basis of hydrogen peroxide (HP) at our site in Antwerp, Belgium. Dow and Solvay are our partners in the construction and subsequent operation of this first world-scale HPPO plant.

### Performance Products

- Sales and earnings increase significantly due to acquisitions
- Margin pressure for acrylic monomers
- Integration of Degussa Construction Chemicals and Johnson Polymer proceeds as planned

Overview Performance Products	3rd Quarter		
Million EUR	2006	2005	Change in %
Sales	2,959	2,106	41
Thereof Construction Chemicals	582	-	-
Coatings	578	561	3
Functional Polymers	899	823	9
Performance Chemicals	900	722	25
EBITDA	341	299	14
EBIT before special items	239	216	11
EBIT before special items in percent of sales	8.1	10.3	-
EBIT	180	209	(14)
Assets	10,175	4,864	109

Overview Performance Products	January - September		
Million EUR	2006	2005	Change in %
Sales	7,303	6,112	19
Thereof Construction Chemicals	582	-	-
Coatings	1,745	1,588	10
Functional Polymers	2,539	2,374	7
Performance Chemicals	2,437	2,150	13
EBITDA	968	969	0
EBIT before special items	9.5	713	(2)
EBIT before special items in percent of sales	10.5	11.7	-
EBIT	636	715	(11)
Assets	-	-	-

Sales in the Performance Products segment increased in particular due to our acquisitions (volumes 3%, prices 2%, portfolio 38%, currencies -2%). We continued to implement our value-over-volume strategy. Even so, the decline in margins for acrylic monomers adversely affected earnings before special items. Due to the contribution of the acquired businesses, earnings before special items were nevertheless higher than in the third quarter of 2005. EBIT was impacted by the use of stepup on inventories from the acquired businesses. Compared with the same period of the previous year, the segment's assets rose by EUR 5.3 billion, primarily as a result of the acquisitions.

### Construction Chemicals

The new operating division contains Degussa's construction chemicals business, which was acquired effective July 1, 2006. Sales



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developed well, in particular in Admixture Systems in Europe and the Middle East and in Construction Systems in Europe and North America. The earnings trend satisfies our expectations. The integration is proceeding according to plan.

### Coatings

Sales increased slightly compared with the third quarter of 2005. Although sales of automotive (OEM) coatings were lower as a result of a decline in automotive production in Europe and North America, worldwide sales of refinish coatings and sales of industrial coatings in Europe and South America developed well. Third-quarter earnings were at the previous year's level.

### Functional Polymers

Sales increased compared with the third quarter of 2005 due to higher volumes and the paper coatings business acquired from Engelhard. Higher raw material costs combined with unchanged sales prices and a high level of available capacities - in particular for acrylic monomers - led to a decline in margins. It was not possible to increase prices for paper dispersions due to our customers' restructuring activities. Earnings were therefore significantly lower than in the strong third quarter of 2005.

### Performance Chemicals

Sales and earnings increased in the Performance Chemicals division as a result of both price increases and higher volumes. Both the acquisition of the Johnson Polymer business with water-based resins for the coatings and printing inks industries and Engelhard's pigment business contributed to the increase in sales and earnings.

### Agricultural Products & Nutrition

- Persistently difficult market environment for agricultural products
- Fine Chemicals division steps up measures to increase efficiency

Overview Agricultural Products Million EUR	3rd Quarter		
	2006	2005	Change in %
Sales	509	576	(12)
EBITDA	(3)	43	.
EBIT before special items	(54)	(24)	.
EBIT before special items in percent of sales	(10.6)	(4.2)	-
EBIT	(55)	(12)	.
Assets	4,559	5,164	(12)

Overview Agricultural Products Million EUR	January - September		
	2006	2005	Change in %
Sales	2,361	2,578	(8)
EBITDA	547	726	(25)
EBIT before special items	324	547	(41)
EBIT before special items in percent of sales	13.7	21.2	-
EBIT	389	563	(31)
Assets	-	-	-

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Third-quarter sales in the Agricultural Products division were significantly lower than in the same period of 2006 (volumes -1%, prices/currencies -6%, portfolio -5%). Sales fell due to the divestiture of large parts of the generics business in North America and as a result of a decline in prices.

The start to the season in South America did not result in a turnaround compared with the first half of the year. The appreciation of the real lowered the export opportunities and hence the liquidity of many farmers in Brazil. There was therefore weaker demand for our highvalue fungicides, in particular for soybeans.

Disregarding the effects of divestitures, the fall business in Europe and North America was stronger than in 2005.

The loss posted due to the seasonal nature of the business increased. On the basis of business to date, we expect a decline in sales and earnings for full-year 2006 compared with 2005.

Overview Fine Chemicals		3rd Quarter		
Million EUR				Change
		2006	2005	in %
Sales		464	432	7
EBITDA		12	34	(65)
EBIT before special items		8	1	.7
EBIT before special items in percent of sales		1.7	0.2	-
EBIT		(26)	1	.
Assets		1,705	1,289	32

Overview Fine Chemicals		January - September		
Million EUR				Change
		2006	2005	in %
Sales		1,377	1,249	10
EBITDA		148	96	54
EBIT before special items		37	28	32
EBIT before special items in percent of sales		2.7	2.2	-
EBIT		47	2	.
Assets		-	-	-

Sales in the Fine Chemicals division increased as a result of both the pharma custom synthesis business acquired in October 2005 and Engelhard's personal care business (volumes 2%, prices/currencies -6%, portfolio 11%). We again increased volumes of aroma chemicals. Lysine prices remained under pressure and we significantly reduced sales volumes.

EBIT before special items was higher than in the same period of 2005. This was due to the reduction in fixed costs as well as the contribution of the acquired personal care activities.

With effect from November 1, 2006, we have combined our human nutrition and animal nutrition businesses in a single Nutrition unit to optimally utilize synergies and serve the market more efficiently. In the third quarter, we initiated further measures to reduce costs and increase efficiency and flexibility at our site in Minden, Germany. These measures negatively impacted EBIT.

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### Oil & Gas

-- Further increase in sales and earnings

-- Baltic Sea pipeline: Priority project to secure European gas sup

Overview Oil & Gas		3rd Quarter		
Million EUR				Change
		2006	2005	in %
Sales		2,116	1,630	30
Thereof Exploration and production		1,120	904	24
Natural gas trading		996	726	37
EBITDA		894	697	28
Thereof Exploration and production		785	644	22
Natural gas trading		109	53	106
EBIT before special items		749	594	26
Thereof Exploration and production		672	572	17
Natural gas trading		77	22	250
EBIT before special items in percent of sales		35.4	36.4	-
Thereof Exploration and production		60.0	63.3	-
Natural gas trading		7.7	3.0	-
EBIT		754	594	27
Thereof Exploration and production		677	572	18
Natural gas trading		77	22	250
Assets		4,860	4,356	12
Thereof Exploration and production		2,253	2,005	12
Natural gas trading		2,607	2,351	11

Overview Oil & Gas		January - September		
Million EUR				Change
		2006	2005	in %
Sales		7,582	5,120	48
Thereof Exploration and production		3,420	2,459	39
Natural gas trading		4,162	2,661	56
EBITDA		2,820	1,973	43
Thereof Exploration and production		2,327	1,712	36
Natural gas trading		493	261	89
EBIT before special items		2,465	1,657	49
Thereof Exploration and production		2,076	1,491	39
Natural gas trading		389	166	134
EBIT before special items in percent of sales		32.5	32.4	-
Thereof Exploration and production		60.7	60.6	-
Natural gas trading		9.3	6.2	-
EBIT		2,470	1,657	49
Thereof Exploration and production		2,081	1,491	40
Natural gas trading		389	166	134
Assets		-	-	-
Thereof Exploration and production		-	-	-
Natural gas trading		-	-	-

Sales and earnings were again significantly higher than in the same period of 2005 as a result of persistently high crude oil prices (prices/currencies 30%).

Volumes in the exploration and production business sector declined slightly. Sales and earnings nevertheless increased compared with the third quarter of the previous year due to persistently high crude oil prices. Compared with the third quarter of 2005, the average price of

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Brent crude rose by approximately \$8/barrel to just under \$70/barrel. In euro terms, this corresponds to an increase of EUR 4/barrel to approximately EUR 55/barrel.

Sales volumes in the natural gas trading business sector were slightly higher than in the third quarter of 2005. Sales prices improved, resulting in a significant increase in sales and earnings.

WINGAS continued to expand its pipeline system and put a new compressor station into operation. This capital expenditure has increased the transport capacity of the WEDAL gas pipeline by around 30%.

At the end of August 2006, the final shareholder agreement for the planned gas pipeline through the Baltic Sea was signed by Gazprom, Wintershall and E.ON Ruhrgas. The EU Commission recently classified the planned pipeline as a priority project for securing Europe's future energy supplies.

### Regions

- Europe: Significant increase in sales and earnings
- North America: Sales boosted by acquisitions, significantly stronger earnings
- Asia: High earnings contribution from petrochemicals

Regions	Sales (location of company)			Sales (location of customer)		
Million EUR	2006	2005	Change in %	2006	2005	Change in %
3rd Quarter						
Europe	7,426	5,802	28	6,922	5,436	27
Thereof Germany	5,297	3,927	35	2,374	2,097	13
North America (NAFTA)	3,206	2,291	40	3,263	2,266	44
Asia Pacific	1,987	1,645	21	2,145	1,820	18
South America, Africa, Middle East	680	623	9	969	839	15
	13,299	10,361	28	13,299	10,361	28
January - September						
Europe	22,711	18,082	26	21,388	17,116	25
Thereof Germany	16,598	12,378	34	7,785	6,351	23
North America (NAFTA)	8,563	7,141	20	8,618	7,097	21
Asia Pacific	5,342	4,395	22	5,793	4,746	22
South America, Africa, Middle East	1,520	1,407	8	2,337	2,066	13
	38,136	31,025	23	38,136	31,025	23

Regions	EBIT before special items		
Million EUR	2006	2005	Change in %
3rd Quarter			
Europe	1,242	1,015	22
Thereof Germany	985	703	40
North America (NAFTA)	175	110	59
Asia Pacific	125	113	11
South America, Africa, Middle East	73	89	(18)

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	1,615	1,327	22
January - September			
Europe	4,175	3,348	25
Thereof Germany	3,125	2,217	41
North America (NAFTA)	736	732	1
Asia Pacific	365	295	24
South America, Africa, Middle East	114	172	(34)
	5,390	4,547	19

Sales by location of company in Europe climbed 28% in the third quarter of 2006. EBIT before special items rose by 22% to EUR 1,242 million. The sales and earnings growth was due in particular to the Oil & Gas segment and the new Catalysts and Construction Chemicals divisions.

Companies in North America increased sales in dollar and euro terms by 45% and 40%, respectively. Sales were boosted in particular by the newly acquired businesses. The Petrochemicals and Polyurethanes divisions posted significantly higher sales and earnings thanks to higher volumes. At EUR 175 million, EBIT before special items was 59% higher than in the same period of 2005.

Sales by location of company in Asia Pacific increased by 24% in local currency terms and by 21% in euro terms. EBIT before special items rose 11% to EUR 125 million. In particular, the Petrochemicals division significantly increased margins and earnings at the Verbund sites in Nanjing, China, and Kuantan, Malaysia, due to higher sales prices for cracker products and oxo alcohols.

In South America, Africa, Middle East, third-quarter sales by location of company increased by 11% in local currencies and by 9% in euros. EBIT before special items was negatively impacted by the difficult market environment for the Agricultural Products division in Brazil.

### Overview of Other Topics

#### Research and development

Innovative products, processes and business models play a major part in ensuring the sustainability of BASF's economic success.

Hexamoll(R) DINCH, an innovative plasticizer, was recently honored with the ICIS Publications Innovation Award 2006 as best product innovation. BASF's developers specially designed Hexamoll DINCH for use in sensitive applications such as toys and medical devices.

The product has been approved by the European Food Safety Authority, and production capacity is now being expanded.

In September, we opened a Joint Innovation Lab for organic electronics at our Ludwigshafen site. At this facility, BASF employees will work together with industrial and academic partners. At present, the researchers are concentrating on organic light-emitting diodes (OLEDs) and organic photovoltaics. OLEDs are flat, thin light-emitting devices made from organic semiconductive materials. As lighting panels, they open up completely new possibilities in lighting technology.

#### Employees

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Compared with the end of 2005, the number of BASF Group employees rose by 14,573 to 95,518 as of September 30, 2006. The increase was due entirely to acquisitions, in particular of Engelhard and Degussa's construction chemicals business.

As a result of the acquisitions, the number of employees increased in all regions. At 58.3%, the largest increase was in North America. Employee numbers rose by 30.6% in Asia Pacific; by 16.4% in South America, Africa, Middle East; and by 9% in Europe.

### Employees by region

	June 30, 2006	Dec. 31, 2005
Europe	61,705	56,614
North America (NAFTA)	15,559	9,826
Asia Pacific	12,626	9,669
South America, Africa, Middle East	5,628	4,836
	95,518	80,945

As a result of the acquisitions, personnel costs rose by 8.5% to EUR 4,436 million in the first nine months of 2006.

### Consolidated Statements of Income

Million EUR	3rd Quarter		
	2006	2005	Change in %
Sales	13,299	10,361	28.4
Cost of sales	9,613	7,277	32.1
Gross profit on sales	3,686	3,084	19.5
Selling expenses	1,325	1,083	22.3
General and administrative expenses	238	194	22.7
Research and development expenses	327	268	22.0
Other operating income	169	96	76.0
Other operating expenses	527	373	41.3
Income from operations	1,438	1,262	13.9
(Expenses)/income from financial assets	19	219	(91.3)
Interest result	(141)	(40)	.
Other financial result	(11)	(3)	.
Financial result	(133)	176	.
Income before taxes and minority interests	1,305	1,438	(9.2)
Income taxes	645	622	3.7
Net income before minority interests	660	816	(19.1)
Minority interests	47	8	487.5
Net income	613	808	(24.1)
Earnings per share (EUR )			
Number of shares, in million (weighted)	504	521	(3.3)
Dilutive effect	-	-	-
Earnings per share (EUR )			
Undiluted	1.22	1.55	(21.3)
Diluted	1.22	1.55	(21.3)

	January - September	Change
Million EUR		

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	2006	2005	in %
Sales	38,136	31,025	22.9
Cost of sales	37,159	21,205	28.1
Gross profit on sales	10,977	9,820	11.8
Selling expenses	3,571	3,172	12.6
General and administrative expenses	631	551	14.5
Research and development expenses	910	774	17.6
Other operating income	587	278	111.2
Other operating expenses	1,368	1,253	9.2
Income from operations	5,084	4,348	16.9
(Expenses)/income from financial assets	64	332	(80.7)
Interest result	(244)	(131)	(86.3)
Other financial result	91	(62)	.
Financial result	(89)	139	.
Income before taxes and minority interests	4,995	4,487	11.3
Income taxes	2,364	1,941	21.8
Net income before minority interests	2,631	2,546	3.3
Minority interests	148	99	49.5
Net income	2,483	2,447	1.5
Earnings per share (EUR )			
Number of shares, in million (weighted)	506	528	(4.2)
Dilutive effect	-	-	-
Earnings per share (EUR )			
Undiluted	4,91	4,63	6.0
Diluted	4,91	4,63	6.0

## Consolidated Balance Sheets

Million EUR	Sept. 30, 2006	Sept. 30, 2005	Change in %	Dec. 31, 2005	Change in %
Long-term assets					
Intangible assets	9,626	3,710	159.5	3,720	158.8
Property, plant and equipment	15,133	13,659	10.8	13,987	8.2
Investments accounted for using the equity method	269	241	11.6	244	10.2
Other financial assets	1,247	936	33.2	813	53.4
Deferred taxes	1,087	1,312	(17.1)	1,255	(13.4)
Other long-term assets	616	334	84.4	524	17.6
	27,978	20,192	38.6	20,543	36.2
Short-term assets					
Inventories	6,594	5,354	23.2	5,430	21.4
Accounts receivable, trade	7,833	6,306	24.2	7,020	11.6
Other receivables and miscellaneous short-term assets	2,463	1,804	36.5	1,586	55.3
Liquid funds	872	4,311	(79.8)	1,091	(20.1)
	17,762	17,775	(0.1)	15,127	17.4
Total assets	45,740	37,967	25.5	35,670	28.2

Million EUR	Sept. 30, 2006	Sept. 30, 2005	Change in %	Dec. 31, 2005	Change in %
Stockholders' equity					

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Subscribed capital	1,284	1,330	(3.5)	1,317	(2.5)
Capital surplus	3,135	3,084	1.7	3,100	1.1
Retained earnings	12,669	11,922	6.3	11,928	6.2
Other comprehensive income	354	572	(38.1)	696	(49.1)
Minority interests	520	444	17.1	482	7.9
	17,962	17,352	3.5	17,523	2.5
Long-term liabilities					
Provisions for pensions and similar obligations	1,514	4,685	(67.7)	1,547	(2.1)
Other provisions	2,892	2,455	17.8	2,791	3.6
Deferred taxes	1,960	829	136.4	699	180.4
Financial indebtedness	5,906	3,561	65.9	3,682	60.4
Other long-term liabilities	967	954	1.4	1,043	(7.3)
	13,239	12,484	5.3	9,762	34.7
Short-term liabilities					
Accounts payable, trade	3,591	2,332	54.0	2,777	29.3
Provisions	2,710	2,896	(6.4)	2,763	(1.9)
Tax liabilities	832	969	(14.1)	887	(6.2)
Financial indebtedness	5,058	318	.	259	.
Other short-term liabilities	2,348	1,616	45.3	1,699	38.2
	14,539	8,131	79.9	8,385	74.5
Total stockholders' equity and liabilities	45,740	37,967	20.5	35,670	28.2

### Consolidated Statements of Cash Flows

Million EUR	January - September	2006	2005
Net income		2,483	2,447
Depreciation and amortization of long-term assets		2,059	1,663
Changes in net working capital		(755)	199
Miscellaneous items		(224)	(299)
Cash provided by operating activities		3,563	4,010
Payments related to tangible and intangible assets	(1,580)	(1,285)	
Acquisitions/divestitures	(6,978)	1,017	
Financial investments and other items	84	109	
Cash using in investing activities	(8,474)	(159)	
Proceeds from capital increases/repayments	(790)	(1,115)	
Changes in financial liabilities	6,699	230	
Dividends	(1,141)	(945)	
Cash provided by/used in financing activities	4,768	(1,830)	
Net changes in cash and cash equivalents	(143)	2,021	
Cash and cash equivalents as of beginning of year and other changes	902	2,125	
Cash and cash equivalents	759	4,146	
Marketable securities	113	165	
Liquid funds	872	4,311	

At EUR 3,563 million, cash provided by operating activities was EUR 447 million lower than in the third quarter of 2005. This change was primarily due to the payment of liabilities of the acquired companies.

Cash used in investing activities amounted to EUR 8,474 million.



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At EUR 1,580 million, payments related to tangible and intangible assets were higher than in the same period of the previous year but were significantly below amortization and depreciation. Acquisitions, in particular of Engelhard, Degussa's construction chemicals business and Johnson Polymer, resulted in a cash outflow of EUR 7 billion, whereas the third quarter of 2005 contained the proceeds from the sale of our stake in Basell.

In cash provided by financing activities, share buybacks and dividend payments led to a cash outflow of EUR 1,949 million.

In the first three quarters of 2006, we bought back 12.8 million shares for EUR 808 million or an average of EUR 63.00 per share.

At EUR 10,964 million, financial indebtedness was EUR 7,023 million higher than on December 31, 2005. To finance the acquisitions, we issued bonds with a total volume of EUR 2 billion in the second quarter as well as commercial paper equivalent to EUR 4.5 billion.

As of September 30, 2006, net debt was EUR 10,092 million and the equity ratio was 39.3%.

### Consolidated Statements of Recognized Income and Expense

#### Income and expense items

Million EUR	January - September 2006	2005
Net income before minority interests	2,631	2,546
Fair value changes in available-for-sale securities	(4)	32
Cash-flow hedges	(20)	17
Change in foreign currency translation adjustments	(332)	595
Actuarial gains/losses from pensions and other obligations	109	(673)
Deferred taxes	(24)	244
Minority interests	(13)	27
Total income and expenses recognized in equity	(284)	242
Total income and expense for the period	2,347	2,788
Thereof BASF	2,212	2,662
Thereof minority interests	135	126

Development of income and expense recognized directly in equity	Retained earnings
---	----------------------

Actuarial  
gains/losses

Million EUR	
As of January 1, 2006	(894)
Additions	109
Releases	-
Deferred taxes	(38)
As of June 30, 2006	(823)
As of January 1, 2005	(234)
Additions	-

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Releases	(673)
Deferred taxes	256
As of June 30, 2005	(651)

Development of income and expense recognized directly in equity	Other comprehensive income	Total income and expense recognized directly in equity
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	Foreign currency translation adjustments	Fair value changes in available- for sale securities	Cash- flow hedges	Total of other compre- hensive income	
Million EUR					
As of January 1, 2006	475	258	(37)	696	(198)
Additions	-	30	(26)	4	113
Releases	(332)	(34)	6	(360)	(360)
Deferred taxes	6	1	7	(14)	(24)
As of June 30, 2006	149	255	(50)	354	(469)
As of January 1, 2005	(226)	193	(27)	(60)	(294)
Additions	595	43	14	652	(21)
Releases	-	(11)	3	(8)	(8)
Deferred taxes	(11)	5	(6)	(12)	244
As of June 30, 2005	358	230	(16)	572	(79)

## Consolidated Statements of Stockholders' Equity

January - September 2006	Number of subscribed shares outstanding	Subscribed capital	Capital surplus
Million EUR			
As of January 1, 2006	514,379,000	1,317	3,100
Share buy-back and cancellation of own shares including own shares intended to be cancelled	(12,829,000)	(33)	35
Capital injection by minority interests	-	-	-
Dividends paid	-	-	-
Net income	-	-	-
Income and expense recognized directly in equity	-	-	-
Change in scope of consolidation and other changes	-	-	-
As of September 30, 2006	501,550,000	1,284	3,135
January - September 2005	Number of subscribed shares	Subscribed capital	Capital surplus

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	outstanding			
Million EUR				
As of January 1, 2005	540,440,410	1,384	3,028	
Share buy-back and cancellation of own shares including own shares intended to be cancelled	(20,902,229)	(54)	56	
Capital distribution to minority interests	-	-	-	
Dividends paid	-	-	-	
Net income	-	-	-	
Income and expense recognized directly in equity	-	-	-	
Conditional capital: Exercise of conversion rights by former Wintershall shareholders	819	-	-	
Change in scope of consolidation and other changes	-	-	-	
As of September 30, 2005	519,539,000	1,330	3,084	
January - September 2006	Retained earnings	Other comprehensive income	Minority interests	Stockholders' equity
Million EUR				
As of January 1, 2006	11,928	696	482	17,523
Share buy-back and cancellation of own shares including own shares intended to be cancelled	(810)	-	-	(808)
Capital injection by minority interests	-	-	18	18
Dividends paid	(1,014)	-	(127)	(1,141)
Net income	2,483	-	148	2,631
Income and expense recognized directly in equity	71	(342)	(13)	284
Change in scope of consolidation and other changes	11	-	12	23
As of September 30, 2006	12,669	354	520	17,962
January - September 2005	Retained earnings	Other comprehensive income	Minority interests	Stockholders' equity
Million EUR				
As of January 1, 2005	11,923	(60)	328	16,603
Share buy-back and cancellation of own shares including own shares intended to be cancelled	(1,126)	-	-	(1,124)
Capital distribution to minority interests	-	-	10	10
Dividends paid	(904)	-	(41)	(945)
Net income	2,447	-	99	2,546
Income and expense recognized				

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directly				
in equity	(417)	632	27	242
Conditional capital: Exercise				
of				
conversion rights by former				
Wintershall				
shareholders	-	-	-	-
Change in scope of				
consolidation and				
other changes	(1)	-	21	20
As of September 30, 2005	11,922	572	444	17,352

Segment Reporting

3rd Quarter	Sales			EBITDA		
Million EUR	2006	2005	in %	2006	2005	in %
Chemicals	3,442	2,063	66.8	599	408	46.8
Plastics	3,256	2,957	10.1	438	382	14.7
Performance Products	2,959	2,106	40.5	341	299	14.0
Agricultural Products & Nutrition	973	1,008	(3.5)	9	77	(88.3)
Thereof Agricultural Products	509	576	(11.6)	(3)	43	.
Fine Chemicals	464	432	7.4	12	34	(64.7)
Oil & Gas	2,116	1,630	29.8	894	697	28.3
Other(a)	553	597	(7.4)	87	(20)	.
	13,299	10,361	28.4	2,368	1,843	28.5
3rd Quarter	Income from operations (EBIT) before special items			Income from operations (EBIT)		
Million EUR	2006	2005	in %	2006	2005	in %
Chemicals	444	268	65.7	229	259	(11.6)
Plastics	316	267	18.4	306	260	17.7
Performance Products	239	216	10.6	180	209	(13.9)
Agricultural Products & Nutrition	(46)	(23)	(100.0)	(81)	(11)	.
Thereof Agricultural Products	(54)	(24)	.	(55)	(12)	.
Fine Chemicals	8	1	.	(26)	1	.
Oil & Gas	749	594	26.1	754	594	26.9
Other(a)	(87)	5	.	50	(49)	.
	1,615	1,327	21.7	1,438	1,262	13.9

3rd Quarter	Research and development expenses			Assets (b)		
Chemicals	46	34	35.3	10,703	5,993	78.6
Plastics	38	33	15.2	6,992	6,440	8.6
Performance Products	84	55	52.7	10,175	4,864	109.2
Agricultural Products &						

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Nutrition	103	98	5.1	6,264	6,453	(2.9)
Thereof						
Agricultural Products	82	80	2.5	4,559	5,164	(11.7)
Fine Chemicals	21	18	16.7	1,705	1,289	32.3
Oil & Gas	-	-	-	4,860	4,356	11.6
Other(a)	56	48	16.7	6,746	9,861	(31.6)
	327	268	22.0	45,740	37,967	20.5

3rd Quarter	Additions to fixed assets(c)			Amortization and depreciation(c)		
Chemicals	155	77	101.3	370	149	148.3
Plastics	103	113	(8.8)	132	122	8.2
Performance Products	3,422	61	.	161	90	78.9
Agricultural Products & Nutrition	20	33	(39.4)	90	88	2.3
Thereof						
Agricultural Products	1	22	(95.5)	52	55	(5.5)
Fine Chemicals	19	11	72.7	38	33	15.2
Oil & Gas	178	106	67.9	140	103	35.9
Other(a)	44	18	144.4	37	29	27.6
	3,922	408	.	930	581	60.1

## Segment Reporting

January - September	Sales			EBITDA		
Million EUR	2006	2005	in %	2006	2005	in %
Chemicals	8,124	5,892	37.9	1,460	1,429	2.2
Plastics	9,515	8,681	9.6	1,336	1,162	15.0
Performance Products	7,303	6,112	19.5	968	969	(0.1)
Agricultural Products & Nutrition	3,738	3,827	(2.3)	695	822	(15.5)
Thereof Agricultural Products	2,361	2,578	(8.4)	547	726	(24.7)
Fine Chemicals	1,377	1,249	10.2	148	96	54.2
Oil & Gas	7,582	5,120	48.1	2,820	1,973	42.9
Other(a)	1,874	1,393	34.5	(136)	(344)	60.5
	38,136	31,025	22.9	7,143	6,011	18.8

January - September	Income from operations (EBIT) before special items			Income from operations (EBIT)		
Million EUR	2006	2005	in %	2006	2005	in %
Chemicals	1,112	1,109	0.3	809	1,030	(21.5)
Plastics	963	810	18.9	951	808	17.7
Performance Products	696	713	(2.4)	636	715	(11.0)
Agricultural Products & Nutrition	361	575	(37.2)	436	565	(22.8)
Thereof Agricultural Products	324	547	(40.8)	389	563	(30.9)
Fine Chemicals	37	28	32.1	47	2	.
Oil & Gas	2,465	1,657	48.8	2,470	1,657	49.1
Other(a)	(207)	(317)	34.7	(218)	(427)	48.9
	5,390	4,547	18.5	5,084	4,348	16.9

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January - September	Research and development expenses			Assets (b)		
Chemicals	112	89	25.8	10,703	5,993	78.6
Plastics	111	102	8.8	6,992	6,440	8.6
Performance Products	203	152	33.6	10,175	4,864	109.2
Agricultural Products & Nutrition	299	276	8.3	6,264	6,453	(2.9)
Thereof						
Agricultural Products	245	223	9.9	4,559	5,164	(11.7)
Fine Chemicals	54	53	1.9	1,705	1,289	32.3
Oil & Gas	-	1	-	4,860	4,356	11.6
Other(a)	185	154	20.1	6,746	9,861	(31.6)
	910	774	17.6	45,740	37,967	20.5

  

January - September	Additions to fixed assets(c)			Amortization and depreciation(c)		
Chemicals	3,550	534	.	651	399	63.2
Plastics	437	315	38.7	385	354	8.8
Performance Products	4,424	249	.	332	254	30.7
Agricultural Products & Nutrition	339	97	249.5	259	257	0.8
Thereof						
Agricultural Products	53	48	10.4	158	163	(3.1)
Fine Chemicals	286	49	483.7	101	94	7.4
Oil & Gas	368	356	3.4	350	316	10.8
Other(a)	361	69	423.2	82	83	(1.2)
	9,479	1,620	485.1	2,059	1,663	23.8

(a) "Other" contains the fertilizers business and other businesses as well as expenses, income and assets not allocated to the segments. This item also contains foreign currency results from financial indebtedness that are not allocated to the segments, from hedging of forecasted sales as well as from currency positions that are macrohedged (EUR (30) million in the third quarter (2005: EUR 19 million) and EUR 63 million in the first nine months (2005: EUR (120) million)).

(b) The assets of "Other" includes the assets of the fertilizers business and other businesses as well as assets that are not allocated to the segments (financial assets, liquid funds, financial receivables, deferred taxes; September 30, 2006: EUR 4,827 million, September 30, 2005: EUR 8,194 million).

(c) Intangible and tangible fixed assets

## Explanations to the Interim Financial Statements

### 1. Basis of presentation

The Consolidated Financial Statements of BASF Group for the year ended December 31, 2005 were prepared according to the International Financial Reporting Standards (IFRS) valid as of the balance sheet date. The current interim financial statements were prepared using the same accounting policies. BASF's Financial Report for fiscal 2005 is

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available on the Internet at [corporate.basf.com/financial-report](http://corporate.basf.com/financial-report).

The previous year's figures have been adjusted as follows in accordance with the changes made effective December 31, 2005: Expenses in the Oil & Gas segment related to exploration for oil and gas deposits and to dry holes are now recorded as other operating expenses rather than as research and development expenses. In association with the change to IAS 19, actuarial gains and losses from the valuation of pension obligations are recognized against retained earnings in the reporting period in which they occur.

Compared with the end of 2005, the assumptions used to determine expenses for pension benefit were changed as follows with effect from September 30, 2006: The interest rate was increased from 4.25% to 4.50% and the expected pension increase from 1.50% to 1.75%.

The interim financial statements have not been audited.

### 2. Scope of consolidation

The Consolidated Financial Statements include BASF Aktiengesellschaft, the parent company, as well as all material subsidiaries on a fully consolidated basis. Material jointly operated companies are proportionally consolidated. The number of fully and proportionally consolidated companies has developed as follows

	2006	2005
As of January 1	180	160
Thereof proportionally consolidated	15	12
First-time consolidations	167	28
Thereof proportionally consolidated	–	4
Thereof changes in the consolidation method	1	(1)
Deconsolidations	4	8
Thereof proportionally consolidated	–	–
As of September 30/December 31	343	180
Thereof proportionally consolidated	15	15

First-time consolidations since January 1, 2006 comprised:

- A total of 79 companies associated with the acquisition of Engelhard Corporation;
- A total of 70 companies from the acquisition of Degussa's construction chemicals business;
- A total of three companies from the acquisition of Johnson Polymer;
- The biotechnology company CropDesign N.V., Belgium, acquired in May;
- BASF Services Europe GmbH, Berlin, and BASF Asia Pacific Service Centre Sdn. Bhd., Malaysia, which, respectively,

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perform finance and human resources services for BASF companies in Europe and Asia; and

- Twelve previously unconsolidated companies with headquarters in Germany, Spain, Australia, China, Malta and Switzerland due to their increased importance.

Four companies have been deconsolidated since the beginning of 2006 due to their decreased significance or merger with other BASF companies.

Companies accounted for using the equity method were as follows:

	Sept. 30, 2006	Dec. 31, 2005
Affiliated companies	10	11
Joint ventures	2	2
Other associated companies	3	3
	15	16

### 3. Acquisitions/divestitures

Effect of acquisitions and divestitures  
on BASF Group assets

	September 30, 2006	
	Million	%
	EUR	
Long-term assets	8,344	70.4
Thereof goodwill	2,879	24.3
Intangible assets	3,249	27.4
Property, plant and equipment	1,759	14.8
Short-term assets	3,504	29.6
Thereof Inventories	962	8.1
Accounts receivable, trade	1,043	8.8
Other receivables and miscellaneous short-term assets	1,357	11.5
Assets	11,848	100.0

The provisional purchase price allocations for Engelhard Corporation, Degussa's construction chemicals business and Johnson Polymer are included in the above table under the respective balance sheet items.

-- Important Dates	-- Contacts
-- February 22, 2007	-- Corporate Media Relations:
Annual Results 2006	Michael Grabicki
-- April 26, 2007	Phone: +49 621 60-99938
Interim Report First Quarter	Fax: +49 621 60-92693
2007 and Annual Meeting	-- Investor Relations:
-- August 1, 2007	Magdalena Moll
Interim Report Second	Phone: +49 621 60-48230
Quarter 2007	Fax: +49 621 60-22500
-- October 30, 2007	-- General inquiries
-- Interim Report Third Quarter	Phone: +49 621 60-0



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2007

Fax: +49 621 60-42525  
-- Internet: corporate.basf.com  
-- BASF Aktiengesellschaft  
67056 Ludwigshafen  
Germany

### Forward-looking statements

This report contains forward-looking statements under the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed in BASF's Form 20-F filed with the Securities and Exchange Commission. The Annual Report on Form 20-F is available on the Internet at corporate.basf.com/20-f-report. We do not assume any obligation to update the forward-looking statements contained in this report.

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### CONTACT: BASF

Michael Grabicki, +49 621 60-99938  
Fax: +49 621 60-92693  
[michael.grabicki@basf.com](mailto:michael.grabicki@basf.com)  
or  
Investor Relations  
Magdalena Moll, +49 621-48230  
Fax: +49 621 22500  
[presse.kontakt@basf.com](mailto:presse.kontakt@basf.com)

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Current Report to be signed on its behalf by the undersigned, thereunto duly authorized.

BASF Aktiengesellschaft

November 2, 2006

By: /s/ Elisabeth Schick

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-----  
Name: Elisabeth Schick

Title: Director Site Communications Ludwigshafen  
and Europe

By: /s/ Christian Schubert  
-----

Name: Christian Schubert

Title: Director Corporate Communications  
BASF Group