
Borealis AG

Financial Report

2015

Financial Statements
Standalone



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Milestones of the Borealis Group

1.

Continued focus on safety through the “Goal Zero” journey

2.

Record net profit of EUR 988 million in 2015

3.

Ongoing investment in Stenungsund, Sweden, to upgrade and revamp four cracker furnaces

4.

Plant turnarounds in Porvoo, Finland, and Stenungsund, Sweden

5.

Investment in facilities in Itatiba, Brazil, to expand South American presence

6.

Further embedding of environmental and social criteria in decision-making processes regarding innovation and investment projects

7.

Appointment of His Excellency Suhail Mohamed Faraj Al Mazrouei, Managing Director of IPIC, as Chairman of the Supervisory Board, and of Rainer Seele, CEO of OMV, as Vice Chairman of the Supervisory Board

8.

Successful start-up of the Borouge 3 mega-project, with cracker and all five polyolefin plants now fully operational

9.

Inauguration of new Borouge Innovation Centre in Abu Dhabi, UAE

10.

Extension of successful OMV supply agreement in Austria and Germany to 2028

11.

Joint venture agreement with Neste and Veolia to build new combined heat and power plant in Porvoo, Finland

12.

Agreement with Agrifos Partners LLC to develop ammonia production project on the Texas Gulf Coast

Executive Board



**MARTIJN ARJEN
VAN KOTEN**

Executive Vice
President
Operations,
Projects & Technical
Support and Health,
Safety & Environment

**MARKKU
KORVENRANTA**

Executive Vice
President,
Base Chemicals

MARK GARRETT

Chief Executive

MARK TONKENS

Chief Financial
Officer

ALFRED STERN

Executive Vice
President,
Polyolefins and
Innovation &
Technology

Our Strategy

BOREALIS INNOVATION HEADQUARTERS

Our strategy is clear

To be the leading provider of chemical and innovative plastics solutions that create value for society.
We will ...

Grow

our polyolefins business in Infrastructure, Automotive and Consumer Products.

Continue

to drive productivity in Base Chemicals with a focus on growth in Fertilizers and strengthening the cracker asset base and business.

Explore

growth opportunities in other geographies/related businesses.

Pursue

operational excellence, considering safety at all times.

Expand

Borouge to supply growth in the Middle East and Asia and leverage into Europe.

Exceed

in serving our customers with a focus on quality and reliable execution.

Strengthen

our European base and ensure cost competitiveness from feedstocks to customers.

Achieve

a step change in innovation.

Continue

to develop our cross-cultural organisational capability and learning organisation.

Outperform financially

11%+

average return on capital employed (ROCE) after tax

40–60%

debt to equity ratio

Our Values



Responsible

We are leaders in Health, Safety and the Environment

We are good neighbours wherever we operate

We do business according to high ethical standards



Respect

We involve people and communicate in a straightforward way

We work together – helping and developing each other

We are 'One Company' – building on diversity



Exceed

Our customers' and owners' success is our business

We win through commitment and innovation

We deliver what we promise – and a little bit more



Nimblicity™

We are fit, fast and flexible

We create and capture opportunities

We seek the smart and simple solutions

The Borealis Group: Our Business

Borealis is a leading provider in the fields of polyolefins, base chemicals and fertilizers.

Polyolefins

The polyolefin products manufactured by Borealis form the basis of many valuable plastics applications that are an intrinsic part of our daily lives. Borealis works closely with its customers and industry partners to provide innovative and value-creating plastics solutions that make end products safer, lighter, more affordable and adaptable. Advanced Borealis polyolefins have a role to play in saving energy along the value chain and promoting more efficient use of natural resources.

Borealis provides services and products to customers around the world in collaboration with Borouge, a joint venture with the Abu Dhabi National Oil Company (ADNOC).

The areas of polyolefins applications are wide-ranging and diverse. At Borealis, these areas are called Energy, Automotive, Consumer Products, and Pipe. New Business Development explores novel and potentially significant polyolefin products and applications.

Energy

Borealis is a leading provider of polyolefin compounds for the global wire and cable industry. A broad range of sophisticated extra-high, high and medium voltage cable applications, semi-conductive products as well as low voltage energy transmission and distribution cable solutions are made possible by Borealis' proprietary technologies. Cutting-edge innovations based on Borlink™ developed for the wire and cable industry make power grids more robust and reliable, help eliminate wastage, and make it possible to transport energy from renewable sources more efficiently and over longer distances.

Borealis' unique polymer manufacturing technologies make the wires and cables used in the construction and automotive industries safer, and improve the efficiency of data and communication networks. Borealis is also a leading supplier of polypropylene (PP) material solutions for capacitor film products. Exhibiting exceptional cleanliness standards, these materials help achieve

outstanding electrical properties, and their consistent processing behaviour enables the production of extremely thin films.

Automotive

Borealis is a leading supplier of innovative polyolefin plastic materials for engineering applications in the automotive industry. In vehicles, Borealis' leading-edge polyolefin plastic materials are used in a wide range of exterior, interior, and under-the-bonnet applications. These include bumpers, body panels, trims, dashboards, door claddings, climate control and cooling systems, air intake manifolds and battery cases.

Proprietary Borealis technologies offer ideal replacement solutions for conventional materials like metal, rubber and engineering polymers. Borealis material solutions help facilitate lightweight construction and thus play an important role in enhancing energy efficiency. Over the lifespan of an automotive application like a bumper, for instance, eight kilogrammes of carbon emissions can be avoided by the use of one kilogramme (kg) of PP.

Borealis grades with post-consumer recycled (PCR) plastics content meet growing industry and end-user demand for high quality materials that make better use of natural resources. Combining PCR and virgin material to produce high-end grades of consistent quality translates into less resource waste.

Consumer Products

With over 50 years' experience in the industry, Borealis is an innovative and reliable supplier of superior polyolefin plastic materials used in consumer products, advanced packaging and fibre. White goods (from washing machines to refrigerators and air conditioning units) and small appliances (from toasters to power tools) are made more robust yet lighter, more energy efficient yet visually appealing, thanks to Borealis' advanced PP solutions. Superior and proprietary Borealis technologies also make advanced applications possible in flexible packaging (including lamination film, shrink film, stand-up pouches); rigid packaging (caps and closures, bottles, thin wall and transport packaging); and non-woven and technical fibres (filtration systems, hygiene products, technical textiles).

These value-added packaging and fibre innovations play a role in safeguarding the quality and safety of consumer and industrial products, but also fulfil demand for enhanced functionality and convenience. Plastic food packaging, for example, helps protect and preserve food from farm to fork. Spoilage is avoided thanks to efficient filling systems and leak-resistant packaging. Food stays fresher longer, and less must be thrown away. What is more, the consumer has a wider range of choices when it comes to convenient and appealing packaging formats.

Pipe

As a trusted and experienced partner with more than 25 years of experience, Borealis supplies materials for advanced polyolefin pipe systems that help the pipe industry better serve a variety of communities worldwide. Using its proprietary Borstar® technology as a base, Borealis offers pipes used in many different industries: water and gas supply, waste water and sewage disposal, irrigation, plumbing and heating, and oil and gas, including multi-layer coating solutions for onshore and offshore oil and gas pipelines. By offering more durable and reliable pipes, Borealis' step-change innovations continue to boost the sustainability of pipe networks by making them safer and more efficient, by helping eliminate wastage and loss whilst at the same time offering energy savings. Borealis has been a solution provider and one-stop shop for polyolefins in the oil and gas industry providing reliable service and quality from one end of the pipeline to the other. Water and sanitation systems can be made more efficient and reliable by using proprietary Borealis materials. Compared to conventional materials, such as modern polyethylene (PE) systems reduce water losses by a factor of eight. Trenchless technology reduces installation costs by up to 60%.

New Business Development

Borealis' impressive track record in Value Creation through Innovation and its close cooperation with customers enables it to develop innovative products and solutions in the areas of healthcare, elastomers and foamable materials based on its proprietary technologies. Importantly, as global suppliers, Borealis and Borouge can ensure the security of supply and provide technical support tailored to the specific and stringent requirements of the market.

In Healthcare, the ever-growing Borealis polyolefins portfolio offers superior technical performance for medical devices, pharmaceuticals, and diagnostic packaging. Borealis innovations help make healthcare packaging and medical

devices safer and more affordable whilst improving usability, a key criterion in today's ageing society. Disposable syringes, insulin injection devices, unbreakable transparent bottles and single-dose eye drop dispensers, among other products, have all been enhanced by advanced polyolefins made by Borealis.

In Elastomers, Borealis continues to expand its wide range of attractive elastomers solutions with its brand Queo™ to meet or even surpass the most demanding requirements in sealing, flexibility, compatibility and processability. In foamable materials, Borealis' high-melt-strength (HMS) PP-based products fulfil the varying and sophisticated needs of both converters and consumers in the packaging, automotive and construction industries.

Base Chemicals

At Borealis, Base Chemicals is a solid foundation to build upon. Borealis produces a wide range of base chemicals such as melamine, phenol, acetone, ethylene and propylene for use in numerous and diverse industries, as well as fertilizers and technical nitrogen products. Fully committed to international Base Chemicals activities as the solid foundation of its overall business, Borealis will continue to develop this profitable area with its unique feedstock capabilities, logistics and integration strengths.

Borealis' Base Chemicals business consists of three units: Hydrocarbons & Energy, Melamine and Fertilizers.

Hydrocarbons & Energy

Borealis sources basic feedstocks such as naphtha, butane, propane and ethane from the oil and gas industry and converts these into ethylene and propylene through its olefin units. Steam crackers in Finland, Sweden, and Abu Dhabi, the latter operated by Borouge, produce both ethylene and propylene, while propylene is also produced in a propane dehydrogenation plant in Kallo, Belgium. Feedstock and olefins required for Borealis and Borouge plants are either sourced from its owners or purchased from the markets. A range of co-products from the steam cracking process, including pygas and butadiene, are also sold to international markets.

Phenol, benzene and cumene as well as acetone are produced in Finland and are sold mainly to the adhesive, fibre, epoxy resin and polycarbonate industries in Northern Europe.

Innovative products

HVDC cables enable more efficient transmission

Borlink™ LS4258DCE is the new compound providing a step-change in high voltage direct current (HVDC) cables. Along with an accompanying Borlink semicon, it enables the use of extruded cable technology at significantly higher voltage and transmission levels, up to the record level of 525 kV, as proven in successful type and pre-qualification testing. This means up to 2.6 GW – the amount of power in three large off-shore windfarms – can be transported in a single pair of HVDC cables. This innovation promotes sustainability by supporting the further integration of renewable energies into the grid and establishing more interconnections in international infrastructure projects.



In courtesy of ABB



Innovative beverage caps save on both material and cost

Borealis and Borouge launched two lightweight grades in the BorPure™ high density polyethylene (HDPE) family, BorPure MB5568 and MB5569. Both grades boast excellent organoleptic and mechanical properties, including superior environmental stress cracking performance and increased stiffness. The single piece HDPE closures allow for material and cost savings without compromising seal and barrier quality, and offer functionality and convenience for the end consumer.

In the Nordic and Baltic regions, Borealis is the leading producer of phenol, which is used in adhesives, construction materials, carpets, CDs, DVDs, mobile phones and household appliances. Acetone is commonly used in solvents for paints, acrylics, fibres and pharmaceuticals. Benzene and cumene are feedstocks for other chemical processes.

Melamine

As the second-largest producer of high-quality melamine in Europe, Borealis produces melamine at its plants in Linz, Austria, and at Borealis facilities in Piesteritz, Germany. Melamine is converted from natural gas and has itself become an essential material for the global production of synthetic resins. Around 80% of Borealis' melamine production is destined for the wood-based panel industry, for example for decorative surface coatings of wood-based materials. In the manufacture of everyday objects used in the kitchen or around the house, melamine also plays an important role, for example as one component used to make handles for pots and pans.

Fertilizers

Efficient and effective use of fertilizers has become more essential than ever. The world's population is expected to rise from today's 7.2 billion to over 9 billion by 2050, and an

increasing number of people will live in densely-populated urban areas. As incomes in emerging nations rise, more meat is consumed and thus more grain to feed livestock must be produced. Bio-fuels are also generating demand for increased yields. Because there is limited space for agricultural expansion, yields must be optimised. At the same time, there is in developed nations a heightened environmental awareness of the need to promote fertilizers with low carbon footprints, to maintain healthy soil environments, and reduce run-off from fields.

As one of the leading fertilizer producers in Europe, Borealis is helping make farming more efficient in order to feed more people and livestock. Borealis supplies over five million tonnes of fertilizers and technical nitrogen products each year via its Borealis L.A.T distribution network. With 60 warehouses across Europe and an inventory capacity of over 700,000 tonnes, Borealis L.A.T promotes a broad fertilizer portfolio: nitrogen-based straight fertilizer; complex fertilizer – a combination of nitrogen (N), phosphate (P) and potassium (K); and a range of other technical nitrogen products, from ammonia and ammonium nitrates to nitric acid and urea solutions. The roll-out of the N-Pilot®, an innovative new diagnostic tool to help optimise nitrogen fertilizer application, has begun across Europe and will continue into 2016.

Financial Statements

Report of the Auditors*

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of Borealis AG, Vienna, for the fiscal year from 1 January 2015 to 31 December 2015. These financial statements comprise the balance sheet as of 31 December 2015, the income statement for the fiscal year ended 31 December 2015, and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 December 2015 and of its financial performance for the fiscal year from 1 January 2015 to 31 December 2015 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to

whether the management report is consistent with the financial statements and if the information is applicable pursuant § 243a UGB.

In our opinion, the management report is consistent with the financial statements. The information pursuant § 243a UGB is accurate.

Vienna, 15 February 2016

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.



Mag. Stefan Uher
Wirtschaftsprüfer / Certified Auditor



Mag. Christoph Harreither
Wirtschaftsprüfer / Certified Auditor

* Disclosure, publication and duplication of the financial statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

Management Report as of 31 December 2015

Operational Review

The global Polyolefins markets, especially the European one, where Borealis AG operates, developed very favourably in 2015, supported by a lower feedstock price environment and moderate economic growth. The oil price declined by 45% compared to 2014 and averaged at 54 USD/bbl. The overall sales volume of Borealis products exceeded the volume level of 2014.

The monthly Brent oil price averages fluctuated from 66 to 39 USD/bbl in the period between January to December 2015. The price of Naphtha, a significant raw material for Borealis used in the production of olefins, followed the Brent oil price and decreased to an average of 462 USD/t in 2015 from an average of 836 USD/t in 2014. Spot market prices for ethylene and propylene were averaging at 947 EUR/t and 809 EUR/t, respectively.

The Polyolefin clean sales margin per tonne in 2015 improved by 59% compared to the previous year, reflecting a combination of lower feedstock costs, supply shortfall and solid demand.

Borealis continued to demonstrate the reliability of its operations and the ability to deliver, despite a few unforeseen force majeure events and prolonged plant shut-downs.

The performance of the Hydrocarbons & Energy business continued to improve in 2015, mainly due to the clean sales margin increasing by 17% compared to the prior year. However, the total olefin production decreased by 6% compared to 2014 mainly as a result of a major turnaround in Stenungsund.

Overall, Borealis AG generated a net income of EUR 490.2 million compared to a net income of EUR 200.5 million in 2014.

The operating result improved from a profit of EUR 84.7 million in 2014 to a profit of 560.3 million in 2015.

The financial result was further supported by dividend payments amounting to EUR 111.5 million (2014: EUR 229.3 million).

A higher amount of foreign exchange losses following the strengthening of the US dollar contributed to an increase of overall financial expenses by EUR 69.3 million to EUR 235.2 million, as expressed under "Interest and similar expenses", compared to last year's "Interest and similar expenses" of EUR 165.9 million.

In 2015, the company continued to work on strengthening its strategic position mainly from the perspective of securing feedstock and utility supplies. Borealis and OMV, the integrated international oil and gas company, extended their cooperation agreement for a further 11 years from 2018 until 2028. Supplying monomers – ethylene and propylene – remains at the heart of the agreement. These are essential products for the plastics industry and are produced in the OMV refineries Schwechat and Burghausen.

At the end of 2015, Borealis together with Neste and Veolia announced an agreement to create a joint venture company to build a new combined heat and power plant ("power plant") in Porvoo, Finland. The company, Kilpilahti Power Plant Limited ("KPP"), will be owned 40% each by Neste and Veolia and 20% by Borealis. The power plant will produce and supply steam and other utilities to Neste's refinery and Borealis' petrochemical plant with a total investment cost expected to be EUR 400 million. The installed capacity will be 450 megawatt thermal and 30 megawatt electrical running on side streams from the refineries as well as natural gas. The power plant will comply with the latest environmental regulations, including the European Commission's Industrial Emissions Directive (IED), and is expected to be in operation during 2018.

In September 2014, the refinancing of the EUR 1 billion Syndicated Revolving Credit Facility was concluded based on a 5 year tenor with two one-year extension options at lenders' discretion. In September 2015, Borealis has successfully completed a one year extension of the facility with all participating relationship banks consenting unanimously. The new maturity date has now been extended to September 2020. The Revolving Credit Facility serves as the main backbone financing facility, providing the Borealis Group with a high degree of strategic financing flexibility, and supports the very strong liquidity headroom of the company.

Borealis AG benefits from its very well-diversified financing portfolio and the related maturities of those refinancing sources. Furthermore, Borealis has a well-established access to capital markets as well as private placements which serve as additional sources of financing. Overall, the company has sufficient liquidity headroom which gives flexibility and supports further growth.

Borealis AG has representations in Abu Dhabi, Moscow, Saint Petersburg and Romania.

Non-financial performance indicators are not monitored separately for Borealis AG, but rather within the context of the entire Borealis Group. The average number of employees increased by 5 employees to 198 by the end of 2015.

Change of the Supervisory Board Chairman

His Excellency Suhail Mohamed Faraj Al Mazrouei, Managing Director of the International Petroleum Investment Company (IPIC), was appointed to the Supervisory Board in the position of Chairman in June 2015. H.E. Suhail Mohamed Faraj Al Mazrouei replaced H.E. Khadem Al Qubaisi. Among other leadership roles, H.E. Suhail Mohamed Faraj Al Mazrouei is also Energy Minister of the United Arab Emirates (UAE) and chairman of several other UAE and international companies.

Risk Management

Borealis' enterprise risk management enables management to effectively deal with uncertainty and associated risks and opportunities in order to enable the company's leadership to base decisions on sound assessments of the associated risks and opportunities and to preserve and enhance value for the organisation in a proactive and preventive manner.

Borealis' risk consolidation and reporting provides the Executive Board with an overview of the company and group risk exposure and with a tool to track the status of mitigation actions taken by the risk owners in their efforts to reduce risk exposure.

The internal control systems as well as the risk management in relation to accounting processes define all processes used to ensure economic viability and accuracy of accounting systems, thereby reducing the proneness to error, protecting assets against losses due to damage or fraud, and guaranteeing the conformity of company procedures with its articles, group directives and current law.

The control environment for the accounting process is characterised by a clearly defined operational and organisational structure. The finance organisation periodically executes a self-assessment of defined internal controls and takes actions as needed. Accounting guidelines are laid down in a group manual which is continuously revised and subject to obligatory implementation by Borealis AG and its subsidiary companies.

SAP supplies standardised corporate software which is used throughout the group. This enables management to obtain an overview of the companies' development at all times. Close cooperation with the internal and external audit functions, which validate the application of uniform accounting standards by means of an international network, ensures the comprehensive and efficient statutory auditing of the group's financial statements.

In addition to the accounting process, Borealis AG is also subject to other risks for which an adequate risk management system has been implemented.

Strategic risks are risks that may negatively impact the company's strategy or its reputation. To counteract these risks appropriate contingency plans have been put in place which are intended to ensure that strategies can be implemented as planned. Strategic risks usually relate to long-term trends such as market and industry shifts, strategic moves in relation to competitive conditions (e.g. innovations, mergers and acquisitions, etc.), or attacks on the company's reputation that have long-lasting effects.

Operative risks include health, safety and the environment as well as price risks related to finished products which frequently occur in the company's business activities. They are managed through a wide range of control mechanisms.

Subsequently, potential financial risks and corresponding risk mitigation measures are being discussed. Risk management for the group companies is driven by Borealis AG. Contracts for derivative financial instruments are concluded by Borealis Funding Company Ltd (long-term contracts) and Borealis Financial Services N.V. (short-term contracts). Borealis AG addresses the following potential financial risks:

Credit Risk

The management has set up processes to continuously monitor default risk. The level of default risk relating to a specific debtor consists of the sum of all outstanding trade receivables and is reconciled with the individually agreed credit limit. Evaluations of credit limits take place on a daily basis and, in addition, the entire customer portfolio is reviewed at least once a year. Changes to the credit limits must be approved on a case-by-case basis. On the balance sheet date, Borealis AG was not exposed to any significant concentrations of default risks (up to 10 percent of the outstanding trade receivables). No significant default risks associated with trade receivables sold under the securitisation program remain with Borealis AG.

Liquidity Risk

Liquidity reserves are managed on a day-to-day basis, in order to ensure that sufficient liquidity is available at all times while at the same time keeping working capital at the lowest level possible.

Foreign Currency Risk

Borealis AG is exposed to foreign currency risks through transactions like sales, purchase or financing denominated in other currencies than EUR. The key foreign currency risks are associated with the fluctuations of USD, SEK and GBP against EUR (ranking reflects materiality).

Borealis AG hedges trade receivables and payables, cash positions and other forecast positions denominated in currencies other than EUR. The company can also hedge long-term business risks within pre-defined limits at any time. Positions held in foreign currencies are generally hedged through a combination of forward exchange contracts and foreign currency options.

Interest Rate Risk

Borealis AG uses modified duration as a means of reducing interest rate risk, whereby average modified duration may only deviate from a pre-defined value within a given range. Therefore, Borealis AG has purchased interest rate derivatives denominated in EUR and USD to reach this target. Terms and conditions of interest rate derivatives purchased must conform to the underlying current or future loan requirements with regard to maturity or other conditions.

Additional risks associated with the toll manufacturing

The switch to toll manufacturing has been accompanied by the transfer of market and price risks for finished products, raw materials and inventory risk.

The company uses large quantities of petrochemical raw materials and energy in its various production processes. These materials can be resold, where appropriate. Borealis AG has entered into long-term agreements with various suppliers and customers, respectively, to hedge against

price risks relating to raw material. In addition, derivative instruments are used to smooth effects of price fluctuations of raw materials on the income statement and, thus, on the company's equity in the long term.

Research and Development

Since 2008, research and development for Borealis AG has been carried out by group companies and external service providers on a contractual basis, whereby existing intellectual property of the group is concentrated within the company.

In 2015, the projects focused both on further developments of existing technologies, as well as on targeted solutions for customer needs. The highlights of the year can be found in the mobility, utilities and energy applications which bring improved material properties, such as strength, stiffness and purity for critical applications.

The company works actively with the scientific community by co-operating with universities, participating in expert conferences or driving joint innovation projects with the Innovation Centre in Abu Dhabi. Borouge officially inaugurated its Innovation Centre in Abu Dhabi on 24 November 2015. With over 70 researchers, scientists and technicians, it cooperates closely with Borealis' Innovation Centres in Europe.

Outlook for 2016

The management of Borealis AG expects less favourable market conditions in 2016. The tightness in the polyolefin market is not expected to continue in 2016. Risk and uncertainty remain with regards to the feedstock price environment, economic growth and geopolitical development. Despite these uncertainties Borealis' management expects a solid profitability in 2016, although lower compared to 2015.

Significant events after the balance sheet date

No events of material significance took place at Borealis AG after the balance sheet date.

Group Management Report

(The following information is based on the consolidated financial statements of Borealis AG from 31 December 2015, prepared in accordance with IFRS and accepted by the EU.)

Safety performance

Borealis' safety performance measured by the number of Total Recordable Injuries (TRI) per million working hours reached 1.4 in 2015 compared to 1.3 in 2014. A TRI frequency below two is world-class in the industry. However, in 2015 Borealis had one tragic fatal accident in Linz, Austria. Following that, Borealis has even further increased the focus on safety again with a number of targeted initiatives to drive the safety performance toward the goal of zero injuries. Borealis continues to maintain this ambitious safety target and to work hard to achieve an accident free work environment.

Record polyolefin industry margin in 2015

The Brent Crude oil price followed a similar trend in 2015 as last year, increasing in the first half of the year before falling in the second half. Particularly Q4 saw the oil markets react to oversupply and growing concerns over economic growth, particularly in China. After peaking at an average of 64 USD/bbl in Q2, the Brent Crude oil price fell in the second half of the year to reach an annual average of 54 USD/bbl, down 45% from the average 99 USD/bbl in 2014. Feedstock prices followed the Brent Crude oil price development, but not to the same magnitude. The European polyolefin prices did not retreat by any significant factor in the falling price environment and the polyethylene prices averaged 3 percent higher in 2015 compared to 2014. This was due to a tight market resulting from a solid demand combined with a supply shortfall.

In the Fertilizer business, margins improved compared to last year supported by low natural gas prices, particularly in the second half of the year. CAN sales prices were above last year's in spring, but followed natural gas prices down in the second half of the year.

Strengthening Borealis for future growth

Following several years of acquisitions and consolidation of the acquired companies, the organisation was focused on implementing and improving Borealis' governance, systems and tools to ensure full compliance with Borealis' standard of operation in 2015. This has been done through a number of projects aiming to achieve excellence in every aspect of Borealis' operations. With the focus on operational and commercial excellence, a solid foundation for future growth has been established. Important steps were also taken to further improve asset reliability by way of investments,

training and knowledge sharing across locations. Improvements in asset reliability were seen in the second half of the year, but further work is required to reach the desired level of reliability, especially in the fertilizer segment.

Borealis and OMV also renewed their commitment to the production partnership in Schwechat, Austria, and Burghausen, Germany, in 2015 by extending their cooperation agreement until 2028. At the heart of the agreement is the supply of monomers, essential products for Borealis' polyolefin plants in Schwechat and Burghausen. The agreement ensures the long term future of the two locations in a mutually beneficial partnership.

Borouge 3 start-up

Following the successful start-up of the ethane cracker, two polyethylene (PE) plants and one polypropylene (PP) plant in 2014 the remaining PP plant and the low density polyethylene plant (LDPE), part of the Borouge 3 mega project, have successfully become operational in 2015. The only remaining plant to be started-up is the crosslinked polyethylene plant (XLPE) which will start up in the course of 2016.

Borouge has, with the five polyolefins plants being part of the Borouge 3 project, increased its production capacity from 2.0 million tonnes to 4.5 million tonnes, thus making Borouge the largest integrated polyolefins complex in the world. Borealis and Borouge combined now have approximately 8 million tonnes of polyolefin production capacity, which makes it one of the largest polyolefins producers globally.

Investing for the future

Borealis announced a number of major investments in Europe and beyond in 2015.

In May, Borealis and Agrifos Partners LLC, a project development company, reached a preliminary agreement to jointly develop a world-scale ammonia project through Gulf Coast Ammonia LLC (GCA). The plant will be located at an existing chemical production site along the Texas Gulf Coast and further strengthen the fertilizer business of Borealis. Borealis would also enter into a long-term offtake agreement for approximately 40% of the ammonia produced by the plant which is scheduled for mechanical completion and start-up in early 2019.

In Stenungsund, Sweden, Borealis announced a EUR 160 million investment in order to upgrade and revamp four cracker furnaces to the highest currently available standards in process safety and energy efficiency, enabling Borealis to secure improved reliability and operability whilst reducing plant complexity and maintenance requirements. Borealis' Stenungsund cracker offers world-class feedstock flexibility as well as Europe's largest feedstock storage capacity. Due to its strong downstream integration, a highly reliable, safe, and efficient cracker is essential for the continued success of Borealis. This investment comes only a year after Borealis announced a multi-million investment in an upgrade of the cracker and the construction of an ethane storage tank to store ethane imports from the US and Europe, a project which is well on track.

At the end of 2015, Borealis together with Neste and Veolia agreed to set up a company to build a new combined heat and power plant in Porvoo, Finland. The company, Kilpilahti Power Plant Limited ("KPP"), will be owned 40% each by Neste and Veolia and 20% by Borealis. The power plant will produce and supply steam and other utilities to Neste's refinery and Borealis' petrochemical plant with a total investment cost expected to be around EUR 400 million. The power plant will comply with the latest environmental regulations, including the European Commission's Industrial Emissions Directive (IED), and is expected to start operations during 2018.

Best ever financial result

Borealis reached a record net profit of EUR 988 million in 2015, improving on the previous record of EUR 571 million achieved in 2014. The improved result was particularly driven by better polyolefins margins, which reached a record level in 2015. In addition, the base chemicals segment had an improved performance compared to the previous year. Borouge's contribution improved compared to the last year despite the lower price environment in Asia.

Borealis saw its polyolefins sales volume increase by 6% year-on-year, compared to the European polyolefins market where sales increased by 5%. The higher volumes were driven by solid demand and the acquisition of the remaining shares in Speciality Polymers Antwerp on 1 September 2014. Fertilizer sales volumes were at a comparable level in 2015 vs. 2014.

In 2015, the polyolefin industry margin reached a record level. Despite lower feedstock costs, polyolefin prices did not retreat to the same extent due to a tight market as a

result of solid demand combined with a supply shortfall, in particular resulting from unplanned production stops. In addition, imports of polyolefins into Europe have been uncompetitive following the weakening of the Euro. As a result the olefin and polyolefin clean industry margin reached record levels. The polyolefins business segment delivered a significantly improved profit contribution compared to last year.

In the fertilizer business, the margins were slightly higher in 2015 compared to 2014. The low natural gas price contributed positively to the fertilizer result. Despite the improved margins, the fertilizer result was negatively impacted by operational issues and the performance was therefore below expectation.

Return on capital employed (ROCE) after tax increased to 15% from 10% in 2014. The increase in ROCE is a reflection of the improved business result, particularly from the European assets. The completion of major investment programmes, such as Borouge 3, will ensure Borealis realise the targeted ROCE level of 11% through the cycle.

In 2015, Borealis reduced its net debt by EUR 702 million, which resulted in a gearing ratio of 19% at the end of 2015. The EUR one billion Syndicated Revolving Credit Facility, based on a 5 year tenor with two one-year extension options at lenders' discretion that was originally refinanced in 2014, was extended by one additional year, with all participating relationship banks consenting unanimously. The new maturity date has now been extended to September 2020. In March 2015, Borealis announced the closure of a BRL 36.7 million facility agreement with BNDES, the Brazilian Development Bank (Banco Nacional de Desenvolvimento Econômico e Social), for the financing of Borealis Brasil SA's expansion.

Borealis benefits from a well-diversified financing portfolio and a balanced maturity profile. The company will look to maintain access to a wide range of funding options, including capital markets and bank funding as well as private placements going forward.

In 2016, the tightness in the polyolefin market in Europe is expected to ease, but the integrated polyolefin industry margin will remain solid. In addition, Borealis expects to see further improvements in its fertilizer business, while Borouge's profitability will be impacted by the lower price environment in Asia. Borealis therefore expects to see a solid, albeit lower profitability in 2016 compared to 2015.

Finnish tax case

In June 2015, Borealis received a re-assessment decision from the Finnish tax authority for its Finnish subsidiary Borealis Technology Oy in regard to the year 2010. The authority requested Borealis to pay an additional amount of EUR 124.6 million, comprising taxes, late payment interest and penalties. This re-assessment decision follows the re-assessment decision received by Borealis at the end of 2014 for Borealis Technology Oy in regard to the year 2008 requesting Borealis to pay an additional EUR 281.7 million. Borealis believes that both re-assessment decisions are unjustified and has appealed by filing claims for adjustment with the Finnish tax authority's Board of Adjustment.

At the end of December 2015, Borealis received a re-assessment decision from the Finnish tax authority for its Finnish subsidiary Borealis Polymers Oy in regard to the year 2009. The authority is requesting Borealis to pay an additional EUR 152.5 million, an amount comprising taxes, late payment interest and penalties. Borealis believes also this re-assessment decision is unjustified and will appeal against it by filing a claim for adjustment with the Finnish tax authority's Board of Adjustment.

Commitment to R&D

Borealis' commitment to innovation is firm. With three state-of-the-art Innovation Centres located in Linz, Porvoo and Stenungsund, supported by several smaller research groups in other locations, Borealis has over 500 employees in the R&D organisation supporting innovations for all business groups. Innovation projects are conducted in close collaboration with key customers as well as with the Borouge Innovation Centre in Abu Dhabi and many other partners in our Open Innovation eco-system.

In January 2015, a new grade of high-end Biaxially Oriented Polypropylene (BOPP) was developed based on the Borealis Capacitor technology platform. This achievement was made possible through a joint effort with a strategic customer. This major BOPP innovation will support the further reduction in size of capacitors which enables the ongoing electrification of society.

In August 2015, a series of flame retardant grades were launched representing the first halogen free system approved by Underwriter Laboratories (UL) for building wires according to UL44. The main applications are in American building wire insulation and in cables that connect solar panels to the grid (photovoltaic cables). Due to demanding testing cycles of the electrical properties under wet conditions, conventional HFFR (Halogen free

flame retardant) XLPE compounds do not meet these requirements. Before this launch, the only material alternative for these types of cables were combinations of brominated flame retardants and antimony trioxide, compounds which are not only environmentally unfriendly, but also costly.

Improving energy effectiveness

Borealis is committed to reducing its environmental footprint by lowering CO₂ emissions and increasing energy efficiency. Improving energy efficiency is the most effective way of reducing the company's direct carbon footprint, as well as cutting the company's energy costs. In 2014, Borealis established its ambitious Energy Roadmap which highlights the key focus areas for Borealis until 2020/2021. The programme has identified, amongst others, the optimisation of equipment and process operations, technology changes and site optimisation as the elements for success.

An example of Borealis' commitment to reducing CO₂ emissions was the completion of the "Wind aan de Stroom" project in Kallo, Belgium. Borealis is one of the participants in this project which was initiated by the Port Authority of Antwerp. As part of the project three wind turbines were constructed on Borealis properties, each with a 3 MW capacity which is consumed on site. Future investments, such as the Porvoo power plant and the upgrade and revamp of the Stenungsund cracker will further contribute to improving the environmental footprint of Borealis.

The ongoing energy step change efforts are accompanied by the implementation of an energy management system according to ISO 50001. A first ISO 50001 gap analysis was done in 2015 and preparations will continue throughout 2016, targeting a group certification in 2018.

Supervisory Board changes

In May, His Excellency (H.E.) Suhail Mohamed Faraj Al Mazrouei, Managing Director of International Petroleum Investment Company (IPIC), was appointed to the Supervisory Board in the position of Chairman. H.E. Suhail Mohamed Faraj Al Mazrouei replaced H.E. Khadem Al Qubaisi. Among other leadership roles, H.E. Suhail Mohamed Faraj Al Mazrouei is also Energy Minister of the United Arab Emirates (UAE) and the Chairman of several other UAE and international companies.

In September, Rainer Seele, CEO of OMV AG, was appointed to the Supervisory Board in the position of Vice Chairman and replaced David C. Davies.

From people survey to people actions

Following the people survey conducted in 2014, where 82% of employees responded, actions and initiatives across Borealis have been implemented based on the feedback to the survey during 2015. Actions were defined together with employees and progress has been tracked monthly. The actions completed in 2015 will be used as a foundation for further improvements in 2016. Employees will again have a platform for providing their feedback in the people survey scheduled for the fall of 2017. In addition to the people survey, top management and owners have regular interaction with employee representatives through the Corporate Co-operation Council (CCC) which continued its active information sharing and discussions on key topics in its quarterly meetings in 2015.

2016 – Another solid year

Management expects 2016 to be another solid year for Borealis. Despite less favourable market conditions, Borealis is well positioned to build on the improvements made in 2015. Borouge 3 is now operational and recent acquisitions fully integrated. Step changes in operational reliability have been made and commercial and operational excellence is embedded in the organisation. With its three profit centres, Polyolefins, Base Chemicals and Borouge, the company has the resilience needed to remain profitable in challenging times. While a solid performance is expected in 2016, uncertainty remains around the overall impact of the low feedstock prices as well as the economic and geopolitical environment. Borealis management believes, nevertheless, that the company is in a strong position to take advantage of the opportunities that the current economic and market environment provides by being committed to be the leading provider of chemical and innovative plastic solutions that create value for society.

Review of results

Sales

The European polyolefins industry saw an increase in total sales volumes of 5% in 2015, compared to a 1% increase in 2014. Borealis sold over 3.6 million tonnes of polyolefins in 2015 (+6% vs. 2014), the increase compared to 2014 was mainly due to supply constraints following turnarounds in 2014. Fertilizer sales reached 4.6 million tonnes (4.6 million tonnes), unchanged from 2014. Melamine sales volumes increased by 3% to 138 kt in 2015 from 134 kt in 2014.

Cost development

With the lower price environment the production costs decreased in 2015 compared to 2014, despite higher sales volumes. Sales and distribution costs decreased by 4%, administration costs of EUR 228 million decreased from EUR 231 million in 2014, mainly due to cost savings realised from different cost savings programmes and strict cost control. Research and development costs amounted to EUR 114 million, where the decrease compared to EUR 129 million in 2014 is attributable mainly to write-off of development costs of several projects which did not prove viable in 2014. The number of full-time equivalent employees (FTE) as per year end 2015 was 6,266, a decrease of 24 compared to last year.

Operating profit

Operating profit amounted to EUR 718 million compared to EUR 280 million in 2014. Both the Polyolefins and the Base Chemicals business segments had improved results in 2015.

Return on capital employed

The return on capital employed after tax increased to 15%, compared to 10% in 2014, mainly as a result of the improved business performance.

Financial income and expenses

Net financial expenses amounted to EUR 69 million, a decrease from EUR 71 million in 2014, mainly as a result of lower interest costs incurred due to an average lower net debt in 2015 due to the solid business result.

Taxes

Income taxes amounted to EUR 130 million, an increase from EUR 47 million in 2014. The overall tax charge in 2015 was positively impacted by an improved profitability of previously loss making companies, where the tax losses incurred were not fully capitalised in 2014, hence leading to a higher effective tax charge in 2014. The overall amount of such non-capitalised tax losses decreased substantially in 2015. Borealis paid income taxes in the amount of EUR 22 million in 2015, compared to EUR 57 million in 2014.

Net profit and distribution of dividend

The net profit for the year amounted to EUR 988 million, compared to a net profit of EUR 571 million in 2014. During 2015, Borealis distributed a dividend of EUR 100 million to its shareholders.

Financial position

Total assets/capital employed

At the year-end, total assets and capital employed stood at EUR 9,261 and EUR 7,359 million, respectively, compared to EUR 8,353 and EUR 6,372 million at year-end 2014.

The solvency ratio was 60% at year-end 2015, compared to 53% at year-end 2014. The gearing ratio decreased to 19% at year-end 2015, compared to 40% in 2014, as there was a significant decrease in net debt and a significant increase in equity.

Cash flows and liquidity reserves

Cash flow from operations was EUR 1,103 million, driven by the record high operating profitability and a decrease in working capital. Liquidity reserves, composed of undrawn, long-term committed credit facilities and cash balances, amounted to EUR 1,714 million at year-end 2015, compared to EUR 1,208 million at year-end 2014.

Net interest-bearing debt decreased to EUR 1,096 million at year-end, down from EUR 1,798 million at the end of 2014. The change in net interest-bearing debt is analysed in the following table.

EUR million	2015	2014
Change of net interest-bearing debt		
Cash flow provided by operating activities	1,103	428
Capital expenditure	-391	-417
Capital contribution to associated companies	0	-59
Dividends/repayment of capital contribution by associated companies	123	130
Acquisition of new companies and purchase price adjustments	1	-3
Other (mainly relating to foreign exchange differences)	-34	-37
Dividend paid	-100	-70
Total decrease/increase	702	-28

Capital expenditure

Investments in tangible fixed assets amounted to EUR 336 million in 2015, compared to EUR 370 million in 2014. The largest portion of the total investment relates to the light feed modification of the cracker in Stenungsund, the turnaround of the Stenungsund cracker, the upgrade of the Porvoo PE2 plant to the third generation (3G), and the turnaround of the Phenol and Aromatics unit in Porvoo.

HSE capital expenditure amounted to EUR 23 million (EUR 20 million in 2014). Depreciation and amortisation amounted to EUR 348 million, compared to EUR 361 million in 2014.

Shareholders' equity

The shareholders' equity at year-end 2015 was EUR 5,697 million.

EUR million	2015	2014
Equity development		
Net result attributable to the parent	988	570
Exchange and fair value adjustment (net)	298	129
Gross increase/decrease	1,286	699
Dividend paid	-100	-70
Contribution by shareholders	0	0
Net increase/decrease	1,186	629
Opening equity	4,511	3,882
Ending equity	5,697	4,511

Risk

Borealis has a documented risk management process that ensures that all parts of the Group routinely identify and assess their risks and develop and implement appropriate mitigation actions. The company's overall risk landscape is periodically consolidated, reported and reviewed. Borealis distinguishes between strategic and operational risks.

Strategic risks are risks that may severely impact Borealis' strategy or reputation. In most cases, strategic risks relate to unfavourable long-term trends, such as market or industry developments, a change in the competitive environment, or a threat to the reputation of the Group.

Operational risks usually refer to unfavourable and unexpected short-term or mid-term developments, and include all risks that may have a direct impact on the Group's daily business operations. All operating risks are assessed according to documented guidelines and procedures that are administered by the respective business functions. The list below reflects some of the company's operational risks, but is not exhaustive:

Financial risks can be associated with liquidity, interest rate, foreign exchange rate, credit, commodity price, and insurance. The assessment of financial risk management is described in detail in note 16 of the consolidated financial statement. The Director Treasury shall be responsible for reporting and for coordinating the management of all financial risks.

Health Safety and Environment risks are assessed according to the procedures and framework described in the Borealis' Risk-Based Inspection Manual. The Director HSE shall be responsible for managing all HSE-related risks and shall report Borealis' HSE risk landscape periodically to the Executive Board.

Project related risks are assessed in Borealis' project approval process. All key risks related to an individual

project, including financial, market, technical, legal, patent infringement, strategic, operational, country risk, and political factors, are assessed. The risk assessment shall also reflect the probability that the project will be completed within the estimated time frame and with the estimated resource requirements as well as the probability that the key project objectives will be achieved. Project-related risks shall be managed by the Project Manager and reported to the Project Steering Committee.

Information security risk relates to confidentiality, integrity and availability of critical company information. The Director IT supports line managers with the assessment of information security risk and the development and implementation of risk mitigation actions.

The Executive Board periodically reviews the Group's key risks, defines the Group's risk tolerance levels, monitors the implementation of mitigation actions and reports the key risks and mitigation steps to the Supervisory Board. The Executive Board safeguards the integration of the risk assessment into the strategic planning.

The Supervisory Board is responsible for reviewing the effectiveness of Borealis' risk management practices and processes, the risk tolerance levels, the risk exposure of the Group, and the effectiveness of mitigation actions. The Supervisory Board delegates some of these responsibilities to the Audit Committee, which is a sub-committee of the Supervisory Board.

All Borealis employees shall be responsible for managing risk, within their authority, in their field of work to ensure that risk management is properly embedded in the organisation and is reflected in the day-to-day decision-making process.

		2015	2014	2013	2012
Health, Safety & Environment					
Total Recordable Injuries	number/million workhours	1.4	1.3	1.5	1.5
EU ETS CO ₂ emissions	kilotonnes	4,270	4,250	2,480	1,480
Number of employees (Full-time equivalent)		6,266	6,290	6,227	5,339
Income and profitability					
Net sales	EUR million	7,700	8,330	8,106	7,545
Operating profit	EUR million	718	280	195	158
Operating profit as percentage of net sales	%	9	3	2	2
Net profit	EUR million	988	571	423	480
Return on capital employed, net after tax	%	15	10	9	11
Cash flow and investments					
Cash flow from operating activities	EUR million	1,103	428	482	214
Investments in tangible fixed assets	EUR million	336	370	264	312
Financial position					
Net interest-bearing debt	EUR million	1,096	1,798	1,770	1,545
Equity attributable to owners of the parent	EUR million	5,697	4,511	3,882	3,617
Gearing ratio	%	19	40	45	43

Definitions

Capital employed	=	Total assets less non-interest-bearing debt
Return on capital employed	=	Operating profit, profit and loss from sale of operations, net result in associated companies plus interest income, after imputed tax, divided by average capital employed
Solvency ratio	=	Total equity less goodwill divided by total assets
Gearing ratio	=	Interest-bearing debt, including subordinated loans, less cash and cash equivalents divided by total equity
HSE	=	Health, Safety and Environment

Vienna, 15 February 2016

Executive Board:



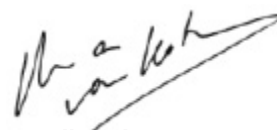
Mark Garrett
Chief Executive



Mark Tonkens
Chief Financial Officer



Markku Korvenranta



Martijn Arjen van Koten



Alfred Stern

Balance Sheet as of 31 December 2015

Assets

	31.12.2015, EUR	31.12.2014, TEUR
A. Fixed assets		
I. Intangible assets		
1. Rights and licenses	16,059,685.17	15,330
II. Tangible assets		
1. Furniture and fixtures	1,342,015.87	1,493
2. Construction in progress	11,892.95	103
	1,353,908.82	1,596
III. Financial assets		
1. Investments in affiliated companies	1,689,224,947.63	2,041,333
2. Loans to affiliated companies	78,200,000.00	75,000
3. Investments in associated companies	548,627,483.68	671,949
4. Securities	1,059,353.75	1,062
	2,317,111,785.06	2,789,344
	2,334,525,379.05	2,806,270
B. Current assets		
I. Inventories		
1. Raw materials and supplies	184,716,090.34	305,652
2. Finished goods and merchandise	462,384,067.40	514,359
	647,100,157.74	820,011
II. Receivables and other assets		
1. Trade receivables	353,015,274.73	330,452
2. Receivables from affiliated companies	963,258,591.56	1,041,276
3. Receivables from associated companies	78,817,056.27	81,071
4. Other receivables and other assets	166,413,698.26	187,990
	1,561,504,620.82	1,640,789
III. Cash and cash equivalents	483,085,854.79	18,317
	2,691,690,633.35	2,479,117
C. Prepaid Expenses	18,772,794.42	20,539
Total assets	5,044,988,806.82	5,305,926

Shareholders' Equity and Liabilities

	31.12.2015, EUR	31.12.2014, TEUR
A. Shareholders' Equity		
I. Share capital	300,000.00	300
II. Capital reserves		
1. Appropriated	101,604,460.00	101,604
2. Unappropriated	1,539,783,410.00	1,539,783
	1,641,387,870.00	1,641,387
III. Revenue reserves		
1. Legal reserve	30,000.00	30
IV. Retained earnings	631,532,421.51	241,356
thereof profit carried forward EUR 141,355,561.22; 2014: profit carried forward TEUR 40,871		
	2,273,250,291.51	1,883,073
B. Special item for investment grants to fixed assets	538,715.00	565
C. Provisions		
1. Provisions for pensions	8,142,797.57	8,554
2. Provisions for taxes	27,473,856.64	4,399
3. Other Provisions	142,977,291.87	119,444
	178,593,946.08	132,397
D. Liabilities		
1. Bonds	325,000,000.00	325,000
2. Bank loans and overdrafts	1,292,883,566.00	1,484,147
3. Trade accounts payable	371,065,651.93	397,806
4. Accounts payable to affiliated companies	525,803,826.68	1,034,382
5. Accounts payable to associated companies	73,035,463.91	16,573
6. Other liabilities	4,817,345.71	31,983
thereof taxes: EUR 626,649.14; 2014: TEUR 1,182		
thereof social security: EUR 0.00; 2014: TEUR 0		
	2,592,605,854.23	3,289,891
Total equity and liabilities	5,044,988,806.82	5,305,926
Contingent liabilities	16,941,176.48	20,706

Income Statement for the Year 2015

	2015, EUR	2014, TEUR
1. Sales	6,377,783,363.02	7,072,023
2. Increase or decrease in inventories	-51,974,200.97	-40,702
3. Other operating income		
a) Other income	101,094,929.89	79,990
4. Cost of materials and purchased services		
a) Cost of materials	-4,228,576,696.59	-5,415,962
b) Cost of purchased services	-1,036,209,924.45	-1,052,049
	-5,264,786,621.04	-6,468,011
5. Personnel expenses		
a) Salaries	-52,795,981.97	-46,011
b) Expenses for severance payments and corporate staff and self-employment fund contributions	-318,657.09	-547
c) Pension fund contributions	-486,700.33	-4,653
d) Expenses for statutory social security and payroll related taxes and contributions	-5,033,985.94	-4,783
e) Other social benefits	-4,330,428.84	-4,496
	-62,965,754.17	-60,490
6. Amortization and depreciation of intangible and tangible assets	-5,190,890.10	-6,034
7. Other operating expenses		
a) Taxes, other than those reported in line item 17	-1,178,041.88	-1,409
b) Other expenses	-532,443,461.98	-490,626
	-533,621,503.86	-492,035
8. Subtotal from line 1 to 7 (Operating result)	560,339,322.77	84,741
9. Income from investments thereof affiliated companies EUR 111,508,117.25; 2014: TEUR 207,494	111,508,117.25	229,349
10. Interest income from loans to affiliated companies thereof affiliated companies EUR 1,456,017.27; 2014: TEUR 2,655	1,456,017.27	2,655
11. Other interest and similar income thereof affiliated companies EUR 19,255,492.74; 2014: TEUR 20,878	60,844,862.05	33,605
12. Gains on reversal of previously recognized impairment losses on financial assets	0.00	4
13. Expense arising from financial assets Impairment losses on financial assets EUR 2,840.00; 2014: TEUR 800	-2,840.00	-800
14. Interest and similar expenses thereof affiliated companies EUR 6,413,504.24; 2014: TEUR 7,454	-235,227,192.06	-165,887
15. Subtotal from line 9 to 14 (Financial result)	-61,421,035.49	98,926
16. Results on ordinary activities	498,918,287.28	183,667
17. Taxes on income	-8,741,426.99	16,818
18. Net income for the year	490,176,860.29	200,485
19. Profit carried forward from previous years	141,355,561.22	40,871
20. Retained earnings	631,532,421.51	241,356

Notes

I. Accounting and valuation policies

The financial statements have been prepared in accordance with the Austrian Commercial Code (“UGB”), Austrian Generally Accepted Accounting Principles, and the general standard of presenting a true and fair view of the financial position, financial performance and cash flows of the entity. The presentation of the financial statements also corresponds with the criteria set out in the Austrian Commercial Code.

Presentation, valuation and disclosure of financial statement items are in line with the Austrian Commercial Code and its special regulations for corporations. The financial statements have been prepared on a going concern basis and assets and liabilities have been reported using the unit account method of valuation.

Tangible and intangible assets are reported at cost less accumulated depreciation and impairment losses. Impairments of tangible and intangible assets in excess of scheduled depreciation are recognised as write-downs in case impairment is deemed to be sustainable.

Financial assets are carried at cost. In case of sustained and material impairment a lower fair value is recognised. Fair value is calculated applying the discounted cash-flow model using the weighted average cost of capital of the company at the time of calculation.

Raw materials and supplies are capitalised at acquisition cost in line with the weighted average price method. Finished goods are stated at the lower of production cost, originating from the company’s cost accounting, or net sales value. Acquisition cost is stipulated following the first-in, first-out (FIFO) method.

Production costs comprise:

- prime costs
- special production costs
- variable factory overheads

Accounts receivable and other assets are reported at fair value. All recognisable individual risks were accounted for by valuation allowances.

Provisions for pensions are calculated according to IFRS (IAS 19) using the projected unit credit method. The calculation assumes an annual interest rate of 2.25 % (2014: 2.00 %) and follows the regulations of

“Aktuarvereinigung AVÖ 2008-P”. Additionally, the earliest date possible for retirement age according to Austrian social insurance legislation has been adopted for the calculation. No staff fluctuation deduction was made.

Provisions for anniversary bonuses are calculated in accordance with IFRS (IAS 19) using an interest rate of 2.25 % (2014: 2.00 %).

At balance sheet, date all risks recognisable in the light of sound commercial judgement and contingent liabilities are provided for including provisions for impending losses from negative fair values of derivative instruments.

Liabilities are reported at the amount repayable.

The income statement has been prepared using the expenditure format.

Obligatory disclosures on financial statements items have been omitted in case there had been no corresponding facts.

The financial statements are prepared in EUR (i.e. reporting currency). Generally, receivables denominated in other currencies are valued at the lower of acquisition rate or the exchange rate prevailing on balance sheet date, whereas liabilities denominated in foreign currencies are valued at the higher rate of origin or the exchange rate prevailing at balance sheet date.

Derivative financial assets are reported at the lower of acquisition cost or the fair value at balance sheet date. Provisions for impending losses from unclosed transactions are measured following the imparity principle at the unit account method. Starting with 2011 due to implementation of the new AFRAC-position paper (Austrian Financial Reporting and Auditing Committee), derivative financial instruments designated for hedging purposes have been presented and measured as a unit with the underlying transaction. Fair value hedges (i.e. hedges of the exposure to changes in fair value of a recognised asset or liability or unrecognised firm commitment) as well as cash flow hedges (i.e. hedges of the exposure to changes in cash flows) are in use.

A prerequisite for hedge accounting is primarily the effectiveness of the hedge relationship which is represented by matching risks and chances out of hedged

items or transactions and hedging instruments, matching currencies and interest maturities, matching credit ratings and durations. Hedging cash flows require the hedge to be highly effective in achieving offsetting changes in cash flows attributable to the hedged risk (risks of transactions being matched by counter-risks of derivatives) during the period for which the hedge is designated.

Hedge accounting requires the entity to assess retrospectively whether the hedge relationship was highly or completely effective during the particular period. Hedge ineffectiveness of designated derivative instruments is recognised in profit or loss via provisions for impending losses.

Hedge accounting requires designated derivatives to form a valuation unit with the hedged transactions or items. Foreign exchange receivables and payables with their exchange risk being hedged by foreign exchange transactions are measured at the forward exchange rate. In case of effective hedge relationships, measurement of provisions for impending losses of designated derivatives is based on opposite income-related cash flows of the hedged transaction.

Applying the option not to report deferred tax assets on the balance sheet according to Section 198 Par. 10 of the Austrian Commercial Code, deferred tax assets amounting

to TEUR 4,885 (2014: TEUR 4,669) have not been capitalised.

The following companies signed toll manufacturing contracts with Borealis, effective on 1 January 2010:

- Borealis Polyolefine GmbH, Austria
- Borealis Polymere GmbH, Germany
- Borealis Polymers N.V., Belgium
- Borealis Kallo N.V., Belgium
- Borealis Antwerpen Compounding N.V., Belgium
- Borealis Italia S.p.A., Italy
- Borealis AB, Sweden
- Borealis Polymers Oy, Finland

A new toll manufacturing contract was signed with Borealis Plastomers B.V., Netherlands, effective on 1 January 2014.

Borealis AG supplies all raw materials, consumables and other means of production to the toll manufacturers for finished goods fabrication. Finished goods as well as productive factors thereby remain the property of Borealis AG, with end products being marketed by Borealis AG itself and toll manufacturers being remunerated at market rates for their services.

II. Notes to the balance sheet

Assets

A. Fixed assets

Changes to fixed assets in 2015 are presented in the statement of fixed assets (Annex 1 to the Notes).

Intangible assets

Intangible assets purchased from affiliated companies amount to acquisition costs of EUR 25,531,740.18 (2014: TEUR 25,532).

Amortisation/Depreciation is calculated on a straight-line basis over expected useful lives of three to fifteen years.

During the financial year the impairment charges of intangible assets amounted to EUR 3,023,585.00 (2014: TEUR 3,817).

Tangible assets

Amortisation/Depreciation is calculated on a straight-line basis over expected useful lives of three to ten years.

Financial assets

Investments in affiliates and associated companies are broken down into the following table:

TEUR	Investment in %	proportional Equity IFRS	proportional Net Profit IFRS
Investments in affiliated companies			
Borealis Agrolinz Melamine GmbH, Linz, Austria	100.00	145,573	19,265
Borealis Asia Ltd, Hong Kong, Hong Kong	100.00	97	63
Borealis Brasil SA., Itatiba, Brazil	80.00	29,017	-2,680
Borealis Chile SpA, Santiago, Chile	100.00	24	19
Borealis Chimie S.A.R.L., Casablanca, Morocco	100.00	21	0
Borealis Colombia S.A.S., Bogotá, Colombia	100.00	31	0
Borealis Compounds Inc., Rockport, USA	100.00	85,170	4,311
Borealis Financial Services N.V., Mechelen, Belgium	99.99	177,132	5,704
Borealis France S.A.S., Courbevoie, France	100.00	179,097	53,016
Borealis Funding Company Ltd, Ramsey, Isle of Man	100.00	3	0
Borealis Insurance A/S, Copenhagen, Denmark	100.00	58,348	-121
Borealis Italia S.p.A., Monza, Italy	100.00	9,399	763
Borealis L.A.T GmbH, Linz, Austria	100.00	62,435	40,717
Borealis Plasticos S.A. de C.V., Mexico City, Mexico	99.99	14	2
Borealis Plastik ve Kimyasal Maddeler Ticaret Limited Sirketi, Istanbul, Turkey	100.00	52	72
Borealis Plastomers B.V., Geleen, The Netherlands	100.00	-9,627	2,481
Borealis Poliolefinas da América do Sul Ltda., Campinas, Brazil	99.99	51	16
Borealis Polska Sp.z.o.o., Warsaw, Poland	100.00	387	178
Borealis Polymere GmbH, Burghausen, Germany	100.00	69,320	3,410
Borealis Polymers N.V., Mechelen, Belgium	99.99	202,248	2,682
Borealis Polymers OY, Porvoo, Finland	100.00	366,502	17,065
Borealis Polyolefine GmbH, Schwechat, Austria	99.99	228,058	16,641
Borealis s.r.o., Prague, Czech Republic	100.00	226	100
Borealis Sverige AB, Stenungsund, Sweden	100.00	326,949	31,609
Borealis Technology OY, Porvoo, Finland	100.00	117,790	981
Borealis UK Ltd, Manchester, United Kingdom	100.00	1,514	35
Finphenol OY, Porvoo, Finland	100.00	2	1
Poliolefinas Borealis Espana S.A., Barcelona, Spain	100.00	617	57
Rosier S.A. Moustier, Belgium	77.47	42,494	3,756
Investments in associated companies			
Abu Dhabi Polymers Company Ltd, Abu Dhabi	40.00	3,243,235	483,153
Borouge Pte, Singapore	50.00	32,981	-16,141
FEBORAN AD, Bulgaria	40.00	7,670	258

Loans to affiliated companies totalling EUR 78,200,000.00 (2014: TEUR 75,000). Loans that will mature within one year amounting to EUR 800,000.00 (2014: TEUR 0).

Securities serve to fulfil coverage requirements for pension provisions. Impairment losses amounting to EUR 2,840.00 have been recognised for securities in 2015 (2014: reversal of recognised impairment losses for securities amounting to TEUR 4).

B. Current assets

Inventories

	2015, EUR	2014, TEUR
Raw materials and supplies	184,716,090.34	305,652
Finished goods and merchandise	462,384,067.40	514,358
Total	647,100,157.74	820,010

Receivables and other assets

Receivables from affiliated companies totalling EUR 963,258,591.56 (2014: TEUR 1,041,276) are broken down into trade receivables of EUR 25,114,168.69 (2014: TEUR 84,903) and other receivables of EUR 938,144,422.87 (2014: TEUR 956,373). Receivables from affiliated companies with maturities of more than one year amounted to EUR 4,875,000.00 (2014: TEUR 0).

Receivables from associated companies totalling EUR 78,817,056.27 (2014: TEUR 81,071) are broken down into trade receivables of EUR 78,817,056.27 (2014: TEUR 81,071) and other receivables of EUR 0.00 (2014: TEUR 0). In the residual year, all receivables – both from associated companies and trade receivables – have a residual term of up to one year.

Other receivables and other assets comprise CO₂ emission allowances amounting to EUR 25,714,925.19 (2014: TEUR 26,371) and are valued at acquisition cost.

Other receivables and assets contain income amounting to EUR 1,662,029.41 (2014: TEUR 0) producing an inflow of cash after balance sheet date.

Shareholders' equity and liabilities

A. Shareholders' equity

Share capital

At the Extraordinary General Meeting dated 22 May 2007, a resolution was approved for an increase in share capital by EUR 137,142.86 from EUR 142,857.14 to EUR 280,000.00. This capital increase was disclosed by reclassification of part of unappropriated additional paid-in capital.

At the Extraordinary General Meeting of Borealis GmbH, Vienna, dated 20 June 2007, it was agreed to change the company structure from a limited liability company to a joint stock company.

At the first Extraordinary General Meeting of Borealis AG, Vienna, on 6 August 2007, it was agreed to raise the share capital of the company from EUR 280,000.00 to EUR 300,000.00, issuing 20,000 new bearer shares by contributing the economic ownership of stocks in AMI Agrolinz Melamine International GmbH, Linz.

Share capital consists of 300,000 bearer shares at balance sheet date.

Capital reserves (additional paid-in capital)

The reported unappropriated additional paid-in capital results from indirect shareholder grants by OMV Aktiengesellschaft amounting to EUR 10,000.00 and by OMV Refining & Marketing GmbH amounting to EUR 643,990,000.00.

In addition, on the basis of an agreement of a contribution in kind between Borealis AG, Vienna, and IPIC Denmark Holdings ApS dated 5 December 2005, relating to a 40 per cent interest in Borealis A/S and a 50 per cent interest in IOB, a sum of EUR 1,195,920,552.86 was allocated to additional paid-in capital.

Furthermore, due to an agreement of a contribution in kind between Borealis AG, Vienna, International Petroleum Investment Company, Abu Dhabi, and OMV Aktiengesellschaft, Vienna, regarding AMI Agrolinz Melamine International GmbH, Linz, an amount of EUR 101,604,460.00 was allocated to the appropriated additional paid-in capital.

In 2010, 2012 and 2013, capital reserves amounting to EUR 100,000,000.00, EUR 180,000,000.00 and EUR 20,000,000.00, respectively, were released through profit and loss.

B. Special item for investment grants to fixed assets

The special item for investment grants to fixed assets comprises subsidies granted to the company in connection with investments in office equipment and furniture amounting to EUR 538,715.00 at 31 December 2015 (2014: TEUR 565). An allocation of EUR 34,000.00 took place in December 2015. The grant is recognised on a straight-line basis over a ten-year-term and amounted to EUR 60,285.00 (2014: TEUR 35) for the financial year 2015.

C. Provisions for Taxes

The comparable amount for 2014 amounting to TEUR 4,399 has been reclassified from other liabilities to provision for taxes.

D. Other Provisions

	2015, EUR	2014, TEUR
Provisions for		
customer rebates and bonuses	43,882,294.81	48,743
long-term incentive plan	11,926,386.71	3,411
impending losses from uncompleted transactions	10,900,574.56	5,307
outstanding invoices	28,359,359.54	20,129
employee bonuses	5,960,640.15	6,497
not consumed vacation	2,333,196.68	2,027
accrued interest	18,616,336.25	18,529
anniversary bonuses	938,713.00	918
social fund	5,000,000.00	1,964
Other provisions	15,059,790.17	11,919
Total	142,977,291.87	119,444

E. Liabilities

The maturities of all payables are shown in the following table:

2015 EUR	Residual term			Carrying value
	<one year	>one year	>five years	
Bonds	0.00	325,000,000.00	0.00	325,000,000.00
Bank loans and overdrafts	251,688,492.76	705,235,636.84	335,959,436.40	1,292,883,566.00
Trade accounts payable	371,065,651.93	0.00	0.00	371,065,651.93
Accounts payable to affiliated companies	512,627,356.08	13,176,470.60	0.00	525,803,826.68
Accounts payable to associated companies	73,035,463.91	0.00	0.00	73,035,463.91
Other liabilities	4,817,345.71	0.00	0.00	4,817,345.71
Total	1,213,234,310.39	1,043,412,107.44	335,959,436.40	2,592,605,854.23
Contingent liabilities	3,764,705.88	13,176,470.60	0.00	16,941,176.48
thereof affiliated companies	3,764,705.88	13,176,470.60	0.00	16,941,176.48

2014 EUR	Residual term			Carrying value
	<one year	>one year	>five years	
Bonds	0.00	325,000,000.00	0.00	325,000,000.00
Bank loans and overdrafts	240,786,085.47	829,936,089.42	413,424,140.68	1,484,146,315.57
Trade accounts payable	397,806,284.76	0.00	0.00	397,806,284.76
Accounts payable to affiliated companies	1,017,440,934.33	15,058,823.52	1,882,352.94	1,034,382,110.79
Accounts payable to associated companies	16,573,159.69	0.00	0.00	16,573,159.69
Other liabilities	31,983,424.85	0.00	0.00	31,983,424.85
Total	1,704,589,889.10	1,169,994,912.94	415,306,493.62	3,289,891,295.66
Contingent liabilities	3,764,705.88	15,058,823.52	1,882,352.96	20,705,882.36
thereof affiliated companies	3,764,705.88	15,058,823.52	1,882,352.96	20,705,882.36

In April 2010, a 7-year bond was issued with a nominal value of TEUR 200,000 and a fixed interest rate of 5.375%.

In July 2012, a second 7-year bond was issued with a nominal value of TEUR 125,000 and an interest rate of 4.000%.

The bonds are listed at the secondary market of the Vienna Stock Exchange.

Accounts payable to affiliated companies totalling EUR 525,803,826.68 (2014: TEUR 1,034,382) consist

of financial payables of EUR 286,638,457.61 (2014: TEUR 803,261) and trade payables of EUR 239,165,369.07 (2014: TEUR 231,122).

Accounts payable to associated companies amounting to EUR 73,035,463.91 (2014: TEUR 16,573) consist of trade payables.

Other liabilities do not contain any material expense producing an outflow of cash after balance sheet date.

F. Obligations from the use of fixed assets not stated in the balance sheet

TEUR	expenses for the next year	expenses for the next five years
Obligations from lease agreements	450	930
Obligations from rental agreements	3,726	14,835
Total	4,176	15,765

G. Notes to Financial instruments

According to the financial policy of Borealis Group, inter alia, derivative instruments are designated to hedge relationships in order to reduce the risks of operating, finance and investment activities, i.e. risks of foreign exchange rates, interest rates and commodity prices. Therefore, Borealis AG uses interest rate swaps, forward exchange transactions, foreign exchange derivative contracts and commodity futures.

Financial risk management is centralised in the Treasury and Funding Department where foreign exchange risks out

of short-term cash flows are hedged and limits for long-term foreign exchange exposures are set. The majority of borrowings are based on variable interest rates, which are transformed into fixed interest rates using interest rate swaps. Part of its forecasted feedstock purchases and finished goods sales is hedged by feedstock swaps. Commodity price risks are managed by feedstock traders and monitored by Trade Support and Risk Management. Forecasted energy purchases are hedged by using electricity and natural gas swaps.

At balance sheet date, financial instruments were broken down as follows and reported in the respective balance sheet items:

Derivatives 2015	Nominal Value		Fair Value		Carrying Value	Balance Sheet Item
			positive	negative		
		unit	TEUR	TEUR	TEUR	
Forward Exchange Transactions	64,700	TUSD	555	-		
	1,411,500	TSEK	3,103	-	-	
	112,100	TUSD	-	-2,732		
thereof valuation unit with hedged transaction	64,700	TUSD	555	-		
	1,411,500	TSEK	3,103	-	-	
	112,100	TUSD	-	-2,732		
Interest Rate Swaps	105,000	TEUR	-	-1,496	-	
thereof valuation unit with hedged transaction	105,000	TEUR	-	-1,496	-	
Interest Rate Swaps	48,714	TUSD	-	-4,043	-4,043	Other Provisions
thereof valuation unit with hedged transaction	-	-	-	-	-	
Commodity Futures	1,226	kt	46,408	-40,391		
	6,550	GWh	5,108	-51,478	-6,857	Other Provisions
thereof valuation unit with hedged transaction	810	kt	34,324	-33,534		
	6,550	GWh	5,108	-51,478		

Derivatives 2014	Nominal Value		Fair Value		Carrying Value	Balance Sheet Item
			positive	negative		
		unit	TEUR	TEUR	TEUR	
Forward Exchange Transactions	441,375	TUSD	-	-28,251	-	
	1,810,000	TSEK				
thereof valuation unit with hedged transaction	441,375	TUSD	-	-28,251	-	
	1,810,000	TSEK				
Interest Rate Swaps	105,000	TEUR	-	-1,770	-	
thereof valuation unit with hedged transaction	105,000	TEUR	-	-1,770	-	
Interest Rate Swaps	48,714	TUSD	-	-1,958	-1,958	Other Provisions
thereof valuation unit with hedged transaction	-	-	-	-	-	
Commodity Futures	1,547	kt	118,161	-124,109		
	7,037	GWh	3,930	-31,579	-3,349	Other Provisions
thereof valuation unit with hedged transaction	1,273	kt	118,144	-120,760		
	7,037	GWh	3,930	-31,579		

Fair value of forward exchange contracts corresponds to the quoted market price at balance sheet date, i.e. the present value of the quoted forward price. Fair value of interest rate swaps corresponds to the calculated amount the Group would receive or pay in case of closing of the position at balance sheet date, with current interest rates taken into account. Fair value of commodity futures corresponds to the market price quoted at balance sheet date.

Impending losses from negative fair values of derivative instruments not presented as valuation units have been provided for in provisions amounting to TEUR 10,900 (2014: TEUR 5,307) at balance sheet date.

Forward exchange transactions mature at an average of six months, where all contracts existing as of 31.12.2015 mature by the end the year 2016 at the latest. At balance sheet date, Borealis AG had outstanding interest rate derivatives with maturities until 2022 as well as a foreign exchange derivative contract maturing in 2016. At balance sheet date, Borealis AG has commodity futures transactions for hedging the price of raw materials maturing at an average of six months and for hedging the price of energy and gas maturing at an average of 19 months. Commodity futures mature up to the year 2018.

Provisions for impending losses are accrued for forward exchange transactions and commodity futures, respectively, in case those transactions show a negative fair value at balance sheet date and are not designated as hedging instruments. Forward exchange transactions and

commodity futures, respectively, which show a positive fair value at balance sheet date and are not designated as hedging instruments are not capitalised. Interest rate swaps for interest bearing loans are not capitalised as they are regarded to form a valuation unit with the underlying loan.

Expenses and income from derivative instruments not designated to hedge relationships are generally disclosed in the profit and loss items as other operating expenses and other operating income, respectively. Equally, results from derivative instruments related to financing or financial investments are generally disclosed in the financial result. In case derivatives are designated as hedging instruments, results thereof are disclosed in the same profit and loss item as the results of the hedged transaction.

Hedge effectiveness of all existing hedges is assessed prospectively using the critical term match method. The retrospective assessment uses the cumulative dollar-offset-method. For a hedge to be classified highly effective, the actual results of the hedge (retrospective hedge effectiveness assessment) have to be within a range of 80% to 125%. At balance sheet date all derivatives designated as hedging instruments are classified highly effective.

H. Contingent Liabilities

Borealis AG assumed guarantees amounting to EUR 16,941,176.48 (2014: TEUR 20,706) to external loans for affiliated companies.

III. Notes to the income statement

1. Sales and cost of materials

Sales and cost of materials relate to the sale of products from Borealis Group predominantly to external customers.

2015 TEUR	Sales by market and business areas			
	Polyolefins	Base Chemicals	Other	Total
EU countries	3,581,663	1,268,255	136,979	4,986,897
non-EU countries	711,595	16,126	0	727,721
Total Europe	4,293,258	1,284,381	136,979	5,714,618
North America	74,022	33,828	0	107,849
South America	64,892	0	0	64,892
Middle East (excl. UAE)	71,306	0	0	71,306
United Arab Emirates	23,682	0	61,478	85,160
Asia	201,749	30,670	0	232,419
Australia, New Zealand	4,321	0	0	4,321
Africa	90,656	6,561	0	97,217
Total	4,823,886	1,355,440	198,457	6,377,783

2014 TEUR	Sales by market and business areas			
	Polyolefins	Base Chemicals	Other	Total
EU countries	3,598,170	1,930,258	101,907	5,630,336
non-EU countries	698,484	31,427	298	730,209
Total Europe	4,296,654	1,961,685	102,205	6,360,544
North America	43,263	19,107	0	62,370
South America	70,390	0	0	70,390
Middle East (excl. UAE)	64,976	0	45,363	110,339
United Arab Emirates	91,331	0	0	91,331
Asia	226,107	60,508	0	286,615
Australia, New Zealand	5,368	0	0	5,368
Africa	85,026	40	0	85,066
Total	4,883,116	2,041,340	147,568	7,072,023

2. Personnel expenses

The average number of employees was 198 (2013: 193) as of 31 December 2015.

Severance payments, pension fund as well as corporate staff and self-employment fund contributions are broken down as follows:

	2015, EUR	2014, TEUR
Management Board	616,412.92	843
Managerial Employees	715,955.78	680
Other Employees	908,345.58	684
Total	2,240,714.28	2,207

Severance payments amounted to TEUR 133 (2014: TEUR 0) and are broken down as follows:

	2015, EUR	2014, TEUR
Management Board	0.00	0
Managerial Employees	0.00	0
Other Employees	133,227.20	0
Total	133,227.20	0

3. Other operating expenses

	2015, EUR	2014, TEUR
Other		
Freight	267,461,589.50	277,228
Storage	16,703,715.94	15,336
Insurance	8,681,196.41	8,394
Consulting services	9,929,862.01	11,700
Charged management expenses	53,815,611.38	73,359
Commission	17,039,894.29	17,250
Rents	3,297,157.12	3,071
Travel expenses	2,990,368.11	2,450
Trainings, seminars	2,626,829.91	1,461
Royalties	34,381,543.13	42,164
Sundry	115,515,694.18	38,213
Total	532,443,461.98	490.626

Realised negative results from commodity derivatives (raw materials) amounting to TEUR 9,735 (2014: positive result TEUR 23,907) are included in the profit and loss item "Cost of materials".

4. Audit expenses

	2015, EUR	2014, TEUR
Audits of statutory national and consolidated financial statements	256,422.90	248
Other assurance services	61,250.00	61
Other services	3,700.00	12
Total	321,372.90	321

5. Financial result

Financial result is broken down as follows:

	2015, EUR	2014, TEUR
Income from investments		
Abu Dhabi Polymers Company Ltd, Abu Dhabi	0.00	21,855
Borealis Agrolinz Melamine GmbH, Austria	40,000,000.00	30,000
Borealis Brasil S.A., Brazil	0.00	0
Borealis France S.A.S, France	0.00	0
Borealis Italia S.p.A., Italy	0.00	424
Borealis L.A.T GmbH, Austria	40,000,000.00	30,000
Borealis Polska Sp. Z.o.o., Poland	181,069.91	218
Borealis Polymere GmbH, Germany	0.00	2,000
Borealis Polymers OY, Finland	0.00	22,000
Borealis Portugal SGPS S.A., Portugal	0.00	0
Borealis s.r.o., Czech Republic	99,593.02	145
Borealis Sverige AB, Sweden	31,227,454.32	121,707
Borealis Technology Oy, Finland	0.00	0
Poliolefinas Borealis Espana S.A., Spain	0.00	1,000
	111,508,117.25	229,349
Interest income from loans to affiliated companies		
Borealis Technology Oy, Finland	0.00	1,199
Borealis Polyolefine GmbH, Austria	1,252,912.19	1,456
Borealis Brasil S.A., Brazil	203,105.08	0
	1,456,017.27	2,655
Other interest and similar income		
Interest and other income from interest rate swaps and foreign exchange hedges	33,535,421.63	10,439
Interest income from intercompany financing	19,255,492.74	20,878
Other income from affiliated companies	6,144,817.70	0
Other income	1,909,129.98	2,288
	60,844,862.05	33,605

	2015, EUR	2014, TEUR
Gains on reversal of previously recognised impairment losses of financial assets		
Reversal of previously recognised impairment losses on fixed financial assets	0.00	4
Expense arising from financial assets		
Impairment losses recognised on fixed financial assets	2,840.00	0
Dividend driven impairment of investment in affiliated company	0.00	800
	2,840.00	800
Interest and similar expenses		
Interest expense from intercompany financing	6,413,504.24	7,454
Interest expense from interest rate swaps and foreign exchange hedges	5,953,100.87	10,731
Result from foreign exchange translations	152,082,710.09	72,983
Interest charged from banks	57,709,650.01	59,627
Interest expense in the context of forfaiting	5,334,509.00	5,818
Other	7,733,717.85	9,274
	235,227,192.06	165,887
Financial result	-61,421,035.49	98,926

6. Taxes on income

Since 2008, the company has been the parent in a tax group in line with Section 9 of the Austrian Corporation Tax Act. Group member is Borealis Polyolefine GmbH, Schwechat, Austria.

Becoming effective on 1 January 2012, the existing tax group, comprising Borealis AG (tax group parent) and Borealis Polyolefine GmbH, Schwechat (tax group member), added Borealis Agrolinz Melamine GmbH, Linz, and Borealis L.A.T GmbH, Linz, as additional tax group members.

According to the group tax contract, the group is charged with the related corporation tax expense attributable to any positive result. In case of negative results of the tax group members no tax compensation is credited. Negative results have to be

documented by the group parent and offset against positive future results without immediate tax charges to be paid.

Provisions for notional accumulated losses brought forward from Borealis Polyolefine GmbH amounting to TEUR 188,950 (2014: TEUR 199,638) have not been accrued for in 2015 since the termination of the tax group or withdrawal of the group member is not being planned and these existing losses carried forward have not yet been used.

Tax group members Borealis Agrolinz Melamine GmbH and Borealis L.A.T GmbH generated taxable profits in 2015 and have been charged with tax compensations payable to the tax group parent amounting to TEUR 20,944 (2014: TEUR 21,488).

IV. Other information

Salaries of Management Board members amounted to TEUR 6,215 (2014: TEUR 7,065) along with additional payments into pension funds amounting to TEUR 530 (2014: TEUR 735). Active members of the Supervisory Board received a remuneration totalling TEUR 856 (2014: TEUR 856). Members of the Company Boards have not been granted advances, loans or guarantees.

Borealis AG is a large joint stock company pursuant to Section 221 of the Austrian Company Code.

Borealis AG prepares consolidated financial statements in compliance with International Financial Reporting Standards (IFRS) including the International Reporting Committee (IFRIC) as adopted by the EU. The consolidated financial statements are filed under No. 269858a at the Commercial Register in Vienna.

Borealis AG is included in the consolidated financial statements of the International Petroleum Investment Company (IPIC), Abu Dhabi.

Executive Board

Mark Garrett, Mark Tonkens, Markku Korvenranta, Martijn Arjen van Koten, Alfred Stern

Supervisory Board

Suhail Mohamed Faraj Al Mazrouei (Chairman and member since 12 May 2015), Khadem Al Qubaisi (Chairman and member until 12 May 2015), Rainer Seele (member since 14 September 2015 and Deputy Chairman since 15 September 2015), David Charles Davies (Deputy Chairman and member until 13 September 2015), Mohamed A. Al-Azdi, Mohamed H. Al Mehairi, Manfred Leitner

Vienna, 15 February 2016

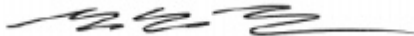
Executive Board:



Mark Garrett
Chief Executive



Mark Tonkens
Chief Financial Officer



Markku Korvenranta



Martijn Arjen van Koten



Alfred Stern

Statement of fixed assets for the year 2015

EUR	Acquisition Cost					Depreciation/ Amortization Accumulated	Carrying Value		Depreciation/ Amortization
	Balance as of 1 January 2015	Additions	Disposals	Reclassifications	Balance as of 31 December 2015		as of 31 December 2014	as of 31 December 2015	
Intangible assets									
Rights and Licenses	54,385,490.65	5,494,105.42	0.00	0.00	59,879,596.07	-43,819,910.90	15,329,612.57	16,059,685.17	-4,764,032.82
	54,385,490.65	5,494,105.42	0.00	0.00	59,879,596.07	-43,819,910.90	15,329,612.57	16,059,685.17	-4,764,032.82
Tangible assets									
Office equipment and furniture	3,955,068.45	173,148.74	0.00	103,000.00	4,231,217.19	-2,889,201.32	1,492,724.41	1,342,015.87	-426,857.28
Construction in process	103,000.00	11,892.95	0.00	-103,000.00	11,892.95	0.00	103,000.00	11,892.95	0.00
	4,058,068.45	185,041.69	0.00	0.00	4,243,110.14	-2,889,201.32	1,595,724.41	1,353,908.82	-426,857.28
Financial assets									
Investments in affiliated companies	3,929,974,817.21	1,131,000.00	-353,238,889.58	0.00	3,577,866,927.63	-1,888,641,980.00	2,041,332,837.21	1,689,224,947.63	0.00
Loans to affiliated companies	75,000,000.00	3,200,000.00	0.00	0.00	78,200,000.00	0.00	75,000,000.00	78,200,000.00	0.00
Investments in associated companies	671,949,671.47	0.00	-123,322,187.79	0.00	548,627,483.68	0.00	671,949,671.47	548,627,483.68	0.00
Securities	1,062,193.75	0.00	0.00	0.00	1,062,193.75	-2,840.00	1,062,193.75	1,059,353.75	-2,840.00
	4,677,986,682.43	4,331,000.00	-476,561,077.37	0.00	4,205,756,605.06	-1,888,644,820.00	2,789,344,702.43	2,317,111,785.06	-2,840.00
Total fixed assets	4,736,430,241.53	10,010,147.11	-476,561,077.37	0.00	4,269,879,311.27	-1,935,353,932.22	2,806,270,039.41	2,334,525,379.05	-5,193,730.10

Statement of the Executive Board according to § 82 (4) Z 3 Vienna Stock Exchange Act

We confirm to the best of our knowledge that the standalone financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company of the Group as required by the applicable accounting standards and that the

management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, 15 February 2016

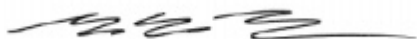
Executive Board:



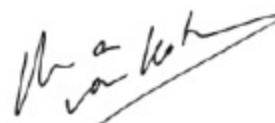
Mark Garrett
Chief Executive



Mark Tonkens
Chief Financial Officer



Markku Korvenranta



Martijn Arjen van Koten



Alfred Stern

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