Interim Financial Report

as of June 30, 2010

BOREALIS

About Borealis

Borealis is a leading provider of chemical and innovative plastics solutions that create value for society. With sales of EUR 4.7 billion in 2009, customers in over 120 countries, and 5,200 employees worldwide, Borealis is owned 64% by the International Petroleum Investment Company (IPIC) of Abu Dhabi and 36% by OMV, the leading energy group in the European growth belt. Borealis is headquartered in Vienna, Austria, and has production locations, innovation centers and customer service centers across Europe and the Americas. Through Borouge, a joint venture between Borealis and the Abu Dhabi National Oil Company (ADNOC), one of the world's major oil companies, the company's footprint reaches out to the Middle East, Asia Pacific, the Indian sub-continent and Africa. Established in 1998, Borouge employs approximately 1,400 people, has customers in more than 50 countries and its headquarters are in Abu Dhabi in the UAE and Singapore.

Building on the unique Borstar® technology and their experience in polyolefins of more than 50 years, Borealis and Borouge provide innovative, value creating plastics solutions for the infrastructure (pipe systems and power and communication cables), automotive and advanced packaging markets. In addition, Borealis offers a wide range of base chemicals from melamine and plant nutrients to phenol and acetone.

Today Borealis and Borouge have a manufacturing capacity of over 4 million tonnes of polyolefins (polyethylene and polypropylene) per year. Borouge is currently tripling its polyolefins manufacturing capacity to 2 million tonnes per year (t/y) by mid-2010 and an additional 2.5 million t/y is scheduled for 2013. The companies continue to invest to ensure that their customers throughout the value chain, across the globe, can always rely on product quality, consistency and security of supply.

Borouge and Borealis are committed to the principles of Responsible Care® and proactively contribute to addressing the world's water and sanitation challenges through their Water for the World™ initiative.

For more information visit:
Borealis: www.borealisgroup.com
Borouge: www.borouge.com
Water for the World: www.waterfortheworld.net

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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

Nimblicity is a trademark of Borealis.

Our strategy is clear

We will …

Grow our business in **infrastructure**, **automotive and advanced packaging**

Expand the **Abu Dhabi complex** to supply growth in the Middle East and Asia

Strengthen our **European base**, ensuring cost competitiveness from feedstocks to customers

Develop our **Base Chemicals** business

Pursue **operational excellence**, considering safety at all times

Achieve a step change in **innovation**

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

Build a **cross-cultural** organisational capability

Outperform financially …

11% + average Return on Capital Employed (ROCE) after tax

40% – 60% debt to equity ratio

Our business

Borealis works closely with its customers and industry partners to provide innovative, value creating solutions through two business groups: Polyolefins and Base Chemicals. The company aims to exceed in quality and reliable execution while offering products that enhance society and address global challenges.

From simple everyday products that make life easier to step-changing technological developments, Borealis and its Borouge joint venture with the Abu Dhabi National Oil Company (ADNOC) are leading the way.

Polyolefins

Infrastructure

Pipe systems

Borealis is the leading global provider of advanced polyolefin plastics solutions for the pipe industry. Through close dialogue with customers and other stakeholders, the company has developed a broad and innovative product and service portfolio. The applications cover water and gas distribution, waste and sewage disposal, chemical and industrial projects, in-house plumbing and heating as well as oil and gas exploration and transport.

Energy and communication cables

As a leading provider of polyolefin compounds for the global wire and cable industry, Borealis' solutions are widely used in low, medium and high-voltage energy transmission and distribution cables, in data and communication cables, and in building and automotive wires.

Automotive

Borealis supplies a wide range of plastics solutions to the automotive industry that are used for dashboards, door side claddings, front ends, air vent systems, bumpers and under-body shieldings. These solutions are at the leading edge in areas such as zero gap applications for bumpers, off-line painted body panels and scratch resistant materials for car interiors and exteriors.

Advanced packaging

The superior properties and flexibility of Borealis polyolefins make them the advanced packaging material of choice for applications as diverse as healthcare, courier bags, food packaging, flexible and rigid transport packaging, bottles, crates, boxes, trays, large containers and pallets.

Base Chemicals

Feedstocks and olefins

Borealis sources basic feedstocks, such as naphtha, butane, propane and ethane, from the oil and gas industries and converts these into ethylene and propylene through its olefin units. Steam crackers in Finland, Sweden and Abu Dhabi (Borouge) produce both ethylene and propylene, while propylene is also produced in a propane dehydrogenation plant in Belgium. In addition to purchasing from the markets, the balance of feedstock and olefins required for Borealis' plants and those of its joint ventures are sourced from its owners or joint venture partners. A range of co-products from the steam cracking process, such as pygas and butadiene, are also sold to international markets.

Phenol and aromatics

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

Melamine and plant nutrients

Melamine is produced at Borealis' facilities in Piesteritz, Germany, and in Linz, Austria, while plant nutrients are produced in Linz. The company is currently the melamine market leader in Europe and a leading provider of plant nutrients in the Danube region.

Borstar® – Our leading edge technology

Borealis' leading edge Borstar® technology is a critical element in satisfying today's growing demand for advanced plastics and in developing the next generation of innovative, value creating products.

Borstar® is the company's proprietary process and catalyst technology that supports the production of a wide range of enhanced polyethylene (PE) and polypropylene (PP) products.

Now, Borstar PE 2G and Borstar PP 2G, Borealis' next generation technology, represent a leap forward in process technology, allowing flexible polymer design from bi-modal to multi-modal PE/PP and facilitating the development of an ever-widening range of new plastics that outperform alternative materials in meeting the needs of manufacturers and end users.

By tailoring the molecular structure of PE and PP to precisely match the application requirements, Borstar PE 2G and Borstar PP 2G extend the product range with more sophisticated, customer-oriented solutions, which are characterised by an outstanding combination of mechanical properties and excellent processability.

Borstar is a registered trademark of Borealis.

Management report – Half year report 2010

Borealis demonstrated its ongoing commitment to safety by again achieving a world-class safety performance year-to-date (YTD) June 2010. The number of Total Recordable Injuries (TRI) per million working hours reached a level of 0.9 during the first six months of 2010 compared to a frequency of 0.7 during the same period last year. Safety will continue to remain a top priority at Borealis with the ultimate goal to be completely accident-free.

Borealis achieved a positive operating result of EUR 187 million during the first six months of 2010 versus a loss of EUR 45 million during the same period in 2009. In terms of net result, Borealis closed the first half of 2010 with a EUR 146 million net profit after tax, compared to a loss of EUR 21 million during the same period last year.

The European Polyolefin industry demand remained at previous year's level with slightly lower sales volumes in the Polyethylene segment (-1.4%) offset by increased sales volumes (+1.5%) in the Polypropylene segment. Borealis' European sales volumes slightly decreased however higher sales volumes to the Middle East and Asia were recorded in support of the pre-marketing activities of its joint venture, Borouge. Total polyolefin sales volume reached roughly 1.6 million tonnes YTD in 2010. Market prices have steadily increased since the last quarter of 2009 and are returning to levels experienced prior to the financial crisis in mid-2008. The 2010 YTD operating profit in the Polyolefins business was positive driven by improved margins per ton supported by higher sales to value-added business segments.

Feedstock prices increased during the first half of 2010 largely driven by supply shortages as well as the strengthening US Dollar. Brent crude oil as well as Naphtha prices increased significantly during the first six months of 2010 and are up by approximately 50% and 60% respectively year-on-year. Increases in ethylene and propylene contract prices more than offset these higher feedstock prices and resulted in an improvement of industry cracker margins. As a result, Borealis' Base Chemicals business unit Feedstock & Olefins also delivered improved results. The other Base Chemicals business units, Phenol & Aromatics and Melamine & Plant Nutrients, also contributed positively to the group result driven by improved margins and higher sales volumes.

Borealis' financial position remains very solid, with a gearing ratio of 44% at the end of June 2010 (vs. 43% at the end of last year and 46% in June 2009), undrawn committed bank lines amounting to approximately EUR 1.3 billion and minimal debt maturities over the next years. Borealis successfully launched its first bond in Austria in April 2010 and raised EUR 200 million at an attractive interest rate. The launch of the bond represents an important step in Borealis' overall strategy to diversify its funding investor base while extending its maturity profile. The bond is listed on the secondary market ("Geregelter Freiverkehr") of the Vienna Stock Exchange, and given its retail distribution, saw participation by members of both the Executive and Supervisory Boards of Borealis. The company's net debt level increased by EUR 138 million during the first six months of 2010 driven by higher working capital needs from the higher price environment in 2010. Capital expenditure YTD reached EUR 61 million versus EUR 166 million during the same period in 2009. Last years' capital spend included funds invested in the construction of the new high pressure polyethylene plant in Sweden, which was largely completed in 2009.

The investment in the new high-pressure polyethylene plant, along with modernised compounding and material-handling facilities, was officially inaugurated in June 2010. This investment in Borealis' location in Stenungsund, Sweden will increase the total capacity at the site to 700,000 tonnes per year (t/y) and further positions the site as a leading world-scale polyethylene facility for advanced infrastructure applications.

The Borouge 2 expansion project in Ruwais, United Arab Emirates is currently in its start-up phase and will more than triple current capacity, taking the site to 2 million tonnes of annual production. With the awarding of contracts worth some USD 3.7 billion, the Borouge 3 expansion project reached another major milestone. The project will bring Borouge's production capacity to over 4.5 million t/y by 2013, making it the largest integrated polyolefins site in the world. Borouge also inaugurated its first compound manufacturing plant in China at a ceremony held at the plant in Shanghai in April.

Borealis and Borouge continue their efforts to provide sustainable solutions for the availability of safe water and sanitation via the Water for the World™ initiative, a programme that fosters local knowledge and partnerships throughout the water value chain. Established in 2007, Water for the World has led a large number of projects, including building the infrastructure to provide water for earthquake refugee settlements in Italy and China, pioneering the water footprint concept for plastics materials, providing 24/7 water access to 150,000 people in India and water awareness campaigns at community and school levels. The Stockholm Water Prize Laureate 2010, Dr. Rita Colwell, will be honoured at a ceremony under the patronage of H.M. King Carl XVI Gustaf of Sweden on September 9, 2010, during World Water Week. The prize, administered by the Stockholm International Water Institute (SIWI) and founded by international companies including Borealis and Borouge in cooperation with the City of Stockholm, includes a USD 150,000 award which will be presented to Dr. Colwell this year in recognition of her pioneering research on the prevention of waterborne infectious diseases.

On January 1, 2010 Gerd Löbbert joined Borealis as the new Executive Vice President of the Base Chemicals business. After more than 40 years in the industry, Henry Sperle retired as a long-time Executive Board Member on May 31, 2010. As a member of the Executive Board of Borealis since the company's creation in 1994, Henry played a leading role in the formation of Borealis, which at the time represented the largest industrial merger in the Nordic region as well as the first major industrial merger within the European Olefins industry. Henry Sperle's responsibilities have been taken over by Herbert Willerth, Deputy CEO, as of June 1, in addition to his current tasks.

Cutting-edge innovations, significant investments and a dedication to sustainability will be central to Borealis' and Borouge's presence at the K 2010 Fair in Düsseldorf from October 27 to November 3. Built around the theme of "Creating New Horizons - Capability, Commitment, Care", Borealis and Borouge together with NOVA Chemicals will showcase their strong capabilities, committed and caring approach in "Shaping the Future with Plastics".

Borealis' Executive Board and senior management are expecting a more challenging market environment for the second half of 2010, with the assumption that continued global economic volatility combined with new capacities coming on stream will negatively impact European margins. As the company has managed effectively through the difficulties of the recent economic crisis, the Executive Board is confident that in the second half of 2010 Borealis will also deliver a solid result by continuing to focus on innovation, commercial and operational excellence, while never compromising safety.

Review of results

Sales

Borealis sold approximately 1.6 million tonnes of polyolefins during the first half year of 2010, which is in line with the previous years' YTD sales level. Sales across the Base Chemicals business units increased compared to the same period last year, except in the Phenol & Aromatics unit, where sales were slightly below last years' level due to a planned turnaround executed during the second quarter of 2010. Driven by a significant increase in Polyolefins and Base Chemical product pricing the net sales of the Borealis group increased by almost 40 % compared to the same period last year.

Cost development

As a consequence of the increasing feedstock prices, production costs increased by more than 30% compared to the same period in 2009. Other costs (sales and distribution, administration and research & development) showed a limited increase resulting from a higher activity level.

Operating profit

Operating profit for the first six months of 2010 amounted to EUR 187 million compared to an operating loss of EUR 45 million during the first half year of 2009.

Financial income and expenses

Net financial expenses amounted to EUR 26 million, compared to EUR 15 million during the same period in 2009, mainly driven by higher net debt levels during 2010, slightly higher interest rates and lack of FX gains.

Taxes

Driven by the improved profitability during the first half year of 2010, income taxes of EUR 39 million have been provided for, while the 2009 half-year figure shows a tax credit of EUR 15 million.

Net profit and distribution of dividend

The net profit after tax for the first half year of 2010 amounted to EUR 146 million, compared to a net loss of EUR 21 million during the same period in 2009. During the first half of the current and previous years, no dividends were distributed based on the preceding year's result.

Financial position

Total assets/capital employed
At the end of June 2010, total assets and capital employed stood at EUR 5,371 million and EUR 3,889 million respectively, compared to EUR 4,816 million and EUR 3,465 million at the end of last year. The increase in capital employed is mainly driven by the higher price environment during the first half year of 2010 resulting in increased working capital.

The solvency ratio at the end of June 2010 reached 50% and remained unchanged compared to the level at the end of last year. The gearing ratio slightly increased from 43% at the end of 2009 to 44% by the end of June 2010. Net debt increased by EUR 138 million during the first six months of 2010, while the equity increase of EUR 294 million, driven by the improved profitability and foreign exchange translation effects as a result of the appreciated USD, more than offset the increasing debt level.

Cash flow and liquidity reserves
Cash flow from operations was negative with EUR 57 million compared to EUR 184 million during the same period last year. This years' cash flow from operations has been impacted by higher working capital needs driven by the higher price environment. Liquidity reserves, made up of undrawn, long-term committed credit facilities and cash balances, amounted to EUR 1.3 billion at the end of June 2010. The liquidity position of the Borealis Group further improved compared to the year-end 2009, when the undrawn committed credit facilities amounted to EUR 1,063 million. As mentioned earlier, in April 2010 Borealis launched its first bond at the Vienna Stock Exchange and raised EUR 200 million.

Net interest-bearing debt amounts to EUR 1,170 million at the end of June 2010 compared to EUR 1,032 million at the end of last year.

Vienna, August 17, 2010

Management

Mark Garrett
Chief Executive

Daniel Shook
Chief Financial Officer

Lorenzo Delorenzi

Herbert Willerth

Gerd Löbbert

Interim consolidated income statement

EUR million	2010	2009	Note
For the six months ended June 30			
	Unaudited	Unaudited	
Net sales	**3,026**	**2,167**	1
Production costs	-2,441	-1,827	
Sales and distribution costs	-262	-251	
Administration costs	-103	-107	
R&D costs	-33	-27	
Operating profit	**187**	**-45**	
Net results in associated companies after tax	24	24	
Financial expenses, net	-26	-15	
Profit before taxation	**185**	**-36**	
Taxes	-39	15	
Net profit for the period	**146**	**-21**	
Attributable to:			
Minority Interest	1	0	
Equity holders of the parent	145	-21	

Interim consolidated statement of comprehensive income

EUR million	2010	2009
For the six months ended June 30	Unaudited	Unaudited
Net gain/loss on translation of financial statements of foreign subsidiaries	157	4
Reclassifications during the period to the income statement	0	0
Tax effect recognised in other comprehensive income	0	0
Net gain/loss on long-term loans to subsidiaries and associated companies	26	-2
Reclassifications during the period to the income statement	6	0
Tax effect recognised in other comprehensive income	-9	0
Net gain/loss on loans and financial contracts to hedge investments in foreign subsidiaries	-22	1
Reclassifications during the period to the income statement	0	0
Tax effect recognised in other comprehensive income	6	0
Fair value adjustment of cash flow hedges	-35	-7
Reclassifications during the period to the income statement	14	14
Tax effect recognised in other comprehensive income	5	-3
Net income/expense recognised in other comprehensive income	**148**	**7**
Net profit for the period	**146**	**-21**
Total comprehensive income	**294**	**-14**
Attributable to:		
Minority interest	2	2
Equity holders of the parent	292	-16

Interim consolidated balance sheet

Assets

EUR million	30.06.2010	31.12.2009	Note
	Unaudited	Audited	
Non-current assets			
Intangible fixed assets	215	188	2
Tangible fixed assets			2
Production plants	2,320	1,921	
Machinery and equipment	34	46	
Construction in progress	127	489	
	2,481	2,456	
Investments in associated and jointly controlled companies	741	617	5
Other investments	15	14	
Other long-term receivables	93	83	
Deferred tax assets	182	185	
Total non-current assets	**3,727**	**3,543**	
Current assets			
Inventories	727	631	3
Receivables			
Trade receivables	432	299	
Receivables from associated companies	194	160	8
Taxes	8	4	
Other receivables	254	142	
	888	605	
Cash and cash equivalents	29	37	
Total current assets	**1,644**	**1,273**	
Total assets	**5,371**	**4,816**	

Liabilities

EUR million	30.06.2010	31.12.2009	Note
	Unaudited	Audited	
Shareholders' equity			
Share capital and contributions by shareholders	1,899	1,899	
Reserves	-38	-185	
Retained Earnings	818	673	
	2,679	2,387	
Minority interests	11	9	
Total equity	**2,690**	**2,396**	
Liabilities			
Subordinated loans	103	103	6, 8
Non-current liabilities			
Loans and borrowings	894	523	6
Deferred tax	275	265	
Employee benefits	184	180	
Provisions	109	106	4
	1,462	1,074	
Current liabilities			
Loans and borrowings	203	442	6
Trade payables	600	542	
Taxes	36	13	
Provisions	22	24	4
Other liabilities	255	222	
	1,116	1,243	
Total liabilities	**2,681**	**2,420**	
Total equity, minority interests and liabilities	**5,371**	**4,816**	
Contingent liabilities			7

Interim consolidated statement of changes in equity

Shareholders' equity

EUR million	Share capital* and contributions by shareholders	Reserve for revaluation of non-monetary assets and liabilities	Hedging reserve	Reserve for unrealised exchange gains	Retained earnings	Total attributable to parent	Attributable to minority interest holders	Total equity
For the six months ended June 30								
Balance as of December 31, 2009	**1,899**	**-45**	**-25**	**-115**	**673**	**2,387**	**9**	**2,396**
Profit of the period	0	0	0	0	145	**145**	1	**146**
Other comprehensive income	0	0	-16	163	0	**147**	1	**148**
Dividend payment by subsidiaries	0	0	0	0	0	**0**	0	**0**
Dividend payment	0	0	0	0	0	**0**	0	**0**
Capital in/decrease	0	0	0	0	0	**0**	0	**0**
Balance as of June 30, 2010 (unaudited)	**1,899**	**-45**	**-41**	**48**	**818**	**2,679**	**11**	**2,690**
Balance as of December 31, 2008	**1,899**	**-36**	**-39**	**-137**	**636**	**2,323**	**7**	**2,330**
Profit of the period	0	0	0	0	-21	**-21**	0	**-21**
Other comprehensive income	0	0	4	1	0	**5**	2	**7**
Dividend payment by subsidiaries	0	0	0	0	0	**0**	0	**0**
Dividend payment	0	0	0	0	0	**0**	0	**0**
Capital in/decrease	0	0	0	0	0	**0**	0	**0**
Balance as of June 30, 2009 (unaudited)	**1,899**	**-36**	**-35**	**-136**	**615**	**2,307**	**9**	**2,316**

No dividend was paid for 2009.

* Share capital of Borealis AG (parent company) amounts to EUR 300,000 (30.6.2009: EUR 300,000) and is divided into 300,000 (30.6.2009: 300,000) shares, of which none have special voting rights.

Interim consolidated cash flow

EUR million	2010	2009	Note
For the six months ended June 30			
	Unaudited	Unaudited	
Cash flows from operating activities			
Payments from customers	2,727	2,280	
Payments to employees and suppliers	-2,736	-2,047	
Interest income received	5	3	
Interest and financial expenses paid	-37	-29	
Income taxes paid	-16	-23	
	-57	**184**	
Cash flows from investing activities			
Investments in tangible fixed assets	-42	-140	2
Proceeds from sale of assets, net of cash	0	2	
Other investments	-19	-26	
	-61	**-164**	
Cash flows from financing activities			
Long-term loans obtained	354	0	
Short-term loans obtained	151	494	
Loans to associated companies	0	0	
Long-term loans repaid	-11	0	
Short-term loans repaid	-386	-542	
Dividends paid	0	0	
	108	**-48**	
Net cash flow for the period	**-10**	**-28**	
Cash and cash equivalents as of January 1	37	66	
Effect of exchange rate fluctuations on cash held	2	1	
Cash and cash equivalents as of June 30	**29**	**39**	

Notes to the Interim Consolidated Financial Statements

Reporting entity

Borealis AG (the "Company") is a company domiciled in Austria. The address of the Company's registered office is Wagramer Strasse 17-19, 1220 Vienna, Austria. Borealis is a leading provider of chemical and innovative plastics solutions.

Basis of preparation

The interim consolidated financial statements for the six months ended June 30, 2010 have been prepared in compliance with International Financial Reporting Standards as adopted by the EU, IAS 34 for interim financial statements. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2009.
The interim consolidated financial statements for the six months ended June 30, 2010 are unaudited and have not been subject to an external audit review.

The interim consolidated financial statements are presented in Euro, rounded to the nearest million.
The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2009, except for the new standards and interpretations as of January 1, 2010 as adopted by the EU.

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions, effective January 1, 2010
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements, effective July 1, 2009
- IAS 39 Financial Instruments Recognition and Measurement: Eligible Hedged Items (Amended 2008), effective July 1, 2009
- IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement, effective June 30, 2009
- IFRIC 17 Distribution of Non-cash Assets to Owners effective July 1, 2009
- IFRIC 18 Transfers of Assets from Customers, effective July 1, 2009
- Improvements to IFRSs (April 2009)

Effective means effective for annual periods beginning on or after that date.

The adoption of the new and amended standards and interpretations stated above did not have a material impact on the financial position or performance of the Group.

1. Segment reporting (EUR million)

Six months ended June 30	Polyolefines 2010	Polyolefines 2009	Base Chemicals 2010	Base Chemicals 2009	Non-Allocated 2010	Non-Allocated 2009	Consolidated 2010	Consolidated 2009
Net sales by business:								
Total sales	2,078	1,537	2,427	1,568	95	44	4,600	3,149
Group internal sales	0	0	-1,574	-982	0	0	-1,574	-982
	2,078	**1,537**	**853**	**586**	**95**	**44**	**3,026**	**2,167**

Prices for Group inter segment sales are based on monthly market prices for ethylene and propylene contracts.

Six months ended June 30	Polyolefines 2010	Polyolefines 2009	Base Chemicals 2010	Base Chemicals 2009	Non-Allocated 2010	Non-Allocated 2009	Consolidated 2010	Consolidated 2009
Result:								
Operating profit	142	-41	127	23	-82	-27	187	-45
Net result in associated companies					24	24	24	24
Net financial items					-26	-15	-26	-15
Income tax					-39	15	-39	15
Minority interest					-1	0	-1	0
Net profit for the period attributable to equity holders of the parent							**145**	**-21**
Other information:								
Segment assets	3,169	2,800	1,212	1,188	990	828	5,371	4,816
Segment liabilities					2,681	2,420	2,681	2,420
Investment in tangible fixed assets	22	128	19	12	1	0	42	140
Depreciation and amortisation	55	54	41	43	21	13	117	110

2. Intangible and tangible fixed assets

Additions in the first six months of 2010 in intangible assets amounted to EUR 38 million (first six months 2009: EUR 42 million) arising mainly from internal development in the amount of EUR 12 million (EUR 20 million) and acquired by way of government grant in the amount of EUR 21 million (EUR 22 million).

Additions to tangible fixed assets in the first half year 2010 amounted to EUR 44 million (first 6 months 2009: EUR 140 million). Moreover, borrowing costs amounting to EUR 6 million have been capitalised, using a 3% interest rate. The major part of the additions in the first half year 2010 relates to the ongoing investment in a new high-pressure polyethylene plant in Stenungsund, Sweden and a turnaround in Porvoo, Finland.

Future capital expenditure approved (tangible and intangible) by Management totals EUR 247 million, out of which EUR 22 million is contractually committed.

In the first six months 2010 impairment on production lines amounted to EUR 1 million. The impairment of tangible fixed assets is related to the base chemicals segment.

3. Inventories (EUR million)

Inventories of ethylene and propylene are included under finished products.

	30.06.2010	31.12.2009
Raw materials and consumables	154	168
Finished products	573	463
Total	**727**	**631**

The inventory value of finished products has been written down to its net realisable value. The inventory subject to write down to net realisable value amounted to EUR 49 million (31.12. 2009: EUR 80 million), on which a write down in the amount of EUR 22 million (31.12.2009: EUR 26 million) has been recognised.

4. Other provisions

Restructuring

The provision for restructuring amounted to EUR 32 million as of 30 June 2010 and covers estimated costs for the ongoing restructuring programmes mainly in Belgium. In the first six months of 2010, EUR 5 million was spent on restructuring reducing the provision accordingly.

Other

Other provisions mainly cover environmental, decommissioning and legal exposures. The timing of the cash outflows cannot be determined with any certainty.

5. Changes in subsidiaries and investment in associated companies and joint ventures

The Group has the following investments in associated companies and jointly controlled companies:

30.06.2010	Country	Ownership in %
Abu Dhabi Polymers Company Limited	United Arab Emirates	40
Borouge Pte Ltd	Singapore	50
Speciality Polymers Antwerp N.V.	Belgium	33
Borealis Financial Services Ltd	Jersey	25
Petroport AB (Joint Venture)	Sweden	50

In the first six months of 2010, two non-operative companies (A.M.I. Finserv Ltd and Borealis GmbH (Austria) ApS) were liquidated.

6. Loans and borrowings (EUR million)

The composition of interest-bearing loans and borrowings (short and long-term debt) at June 30, 2010 in EUR million was as follows:

Maturities		30.06.2010					
Due		Total	Term loans	Utilised uncommited facilities	Export credits	Finance leases	Unutilised committed revolving facilities
After	5 years	**472**	471			1	
Within	5 years	**163**	163				
	4 years	**100**	100				953
	3 years	**90**	90				77
	2 years	**171**	171				
Total long-term debt		**996**	995			1	1,030
Total short-term debt	1 year	**203**	39	135	29 1)	0	281 1)
Total debt		**1,199**	**1,034**	**135**	**29**	**1**	**1,311**

1) Borealis maintains EUR 160 million in export credit facilities (EUR 29 milion drawn at June 30, 2010). These facilities are evergreen in nature, but include a one year notice for cancellation.

Maturities		31.12.2009					
Due		Total	Term loans	Utilised uncommited facilities	Export credits	Finance leases	Unutilised committed revolving facilities
After	5 years	**293**	292			1	
Within	5 years	**34**	34				0
	4 years	**123**	123				787
	3 years	**56**	56				39
	2 years	**120**	120				200
Total long-term debt		**626**	625			1	1,026
Total short-term debt	1 year	**442**	249 1)	34	159	0	1
Total debt		**1,068**	**874**	**34**	**159**	**1**	**1,027**

1) including EUR 204 million short-term drawdowns of long-term committed facilities

The Group's financing is mainly comprised of committed credit lines, term loans, bonds, subordinated loans and export credits. In the first half of 2010, the Group issued a bond amounting to EUR 200 million that is listed on the secondary market ("Geregelter Freiverkehr") of the Vienna Stock Exchange.

The loans and borrowings are all measured at amortised cost. The subordinated loan of EUR 103 million has an 8-year term and matures in 2011. At June 30, 2010, the Group has committed long term credit lines with syndicates of banks of EUR 1,180 million (31.12.2009: EUR 1,231 million) of which EUR 0 million (31.12.2009 EUR 204 million) has been utilised. Some loan agreements have financial covenants, which are based on maintaining certain gearing and solvency ratios.

7. Contingent liabilities

The contingent liabilities have not changed considerably as compared to December 31, 2009.

8. Transactions with related parties (EUR million)

For the six months ended June 30, 2010								
	Goods and Services				Financing			
	Purchases from	Sales to	Receivables from	Payables to	Loans	Borrow-ings	Interest received	Interest paid
Associates	30	250	194	1	77	0	0	0
Other related parties	690	27	1	125	0	72	0	1
	720	**277**	**195**	**126**	**77**	**72**	**0**	**1**

For the six months ended June 30, 2009								
	Goods and Services				Financing			
	Purchases from	Sales to	Receivables from	Payables to	Loans	Borrow-ings	Interest received	Interest paid
Associates	26	165	135	0	67	0	0	0
Other related parties	431	25	1	84	0	72	0	2
	457	**190**	**135**	**84**	**67**	**72**	**0**	**2**

The sales to associates mainly relate to sales of finished goods and services. Purchases from other related parties mainly relate to purchase of feedstock and utilities from OMV group companies at market rates.

The receivables from associates include securitisation related transactions. As of June 30, 2010, receivables with a value of EUR 371 million (30.6.2009: EUR 309 million) were sold. To cover the obligations relating to this sale, a receivable of EUR 96 million (30.6.2009: EUR 72 million) is outstanding June 30, 2010 and is reported under receivables from associated companies.

9. Subsequent events

Borealis has had no significant events after June 30, 2010.

10. Management

Management: Mark Garrett, Daniel Shook, Henry Sperle (until May 31, 2010), Herbert Willerth, Lorenzo Delorenzi, Gerd Löbbert (since January 1, 2010).

Vienna, August 17, 2010

Management

Mark Garrett
Chief Executive

Daniel Shook
Chief Financial Officer

Lorenzo Delorenzi

Herbert Willerth

Gerd Löbbert

Statement by the Management in accordance with § 87 (1) Z 3 of Austrian Stock Exchange Act

We confirm to the best of our knowledge that the consolidated interim financial statements, prepared in accordance with the rules for interim financial statements set forth in the International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group and that the Group Management Report on the first half year provides a true and fair view of important events that have occured during the first six months of the financial year and the impact on the interim financial statements as well as the principal risks and uncertainties for the remaining six months of the financial year.

The presented interim financial report has not been subject to an audit or review.

Vienna, August 17, 2010

Management

Mark Garrett
Chief Executive

Daniel Shook
Chief Financial Officer

Lorenzo Delorenzi

Herbert Willerth

Gerd Löbbert

Contact us

Open dialogue with our stakeholders is the only way we can continue to provide cutting-edge solutions to everyday problems. If you would like to learn more about Borealis, contact us at info@borealisgroup.com, visit www.borealisgroup.com or call +43 1 22 400 302.

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