
Borealis

Interim Consolidated

Financial Statements

as of 30 June 2014

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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

Nimblivity™

We are fit, fast and flexible

We create and capture opportunities

We seek the smart and simple solutions

Strategy

Mission

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

Grow

our PO business in Infrastructure, Automotive and Advanced Packaging.

Strengthen

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

Expand

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

Drive

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

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.

Borealis' Business

Polyolefins

Borealis' Polyolefins are indispensable in our daily lives:

The polyolefins manufactured by Borealis form the basis of many plastics products which have become indispensable in 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. The areas of application are broad and diverse. At Borealis, these application segments are called Engineering Applications, Energy & Infrastructure, and Advanced Packaging & Fibre. In addition, New Business Development explores the future potential of novel polyolefin products and applications.

Energy & Infrastructure

Borealis is the leading provider of polyolefin compounds for the global wire and cable industry, delivering effective solutions that are widely applied in low, medium, high and extra-high voltage energy transmission and distribution cables, in data and communication cables as well as in building and automotive wires and cables. As a trusted and experienced partner to the pipe and fittings industry, Borealis supplies materials for advanced polyolefin pipe systems used in water and gas distribution, waste water and sewage disposal, irrigation, chemical and industrial pipelines, in-house plumbing and heating as well as pipe coating solutions for oil and gas exploration and transportation.

Engineering Applications

As a leading supplier of innovative polyolefin plastics for engineering applications in the automotive industry and for household appliances, Borealis delivers ideal replacement solutions for traditional materials such as metal and rubber.

In vehicles, Borealis' leading-edge polyolefin plastics 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.

Advanced polypropylene solutions are used to make household appliances like washing machines, refrigerators and air conditioning units more robust yet lighter, more energy efficient yet visually appealing.

Advanced Packaging & Fibre

Thanks to their superior properties and excellent flexibility, Borealis polyolefins are the advanced packaging material of choice for applications in healthcare, such as medical pouches, bottles, overwraps, sachets and other medical devices, as well as in fibres, where advanced polyolefins are used to create non-woven technical fibres and other innovative products. Superior and proprietary Borealis technologies make advanced applications in both flexible and rigid packaging possible, from shrink film, geomembranes and frozen food packaging to caps and closures, bottles, thin wall packaging and transport packaging.

Base Chemicals

Borealis' Base Chemicals provide 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 our international Base Chemicals activities as the solid foundation of our overall business, Borealis will continue to develop this profitable area with our unique feedstock capabilities, logistics and integration strengths.

The redesign of the Borealis Base Chemicals business group into three separate units, Hydrocarbons & Energy, Fertilizers, and Melamine, took effect at the end of 2013.

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' plants and those of its joint ventures are either sourced from its owners or joint venture partners, 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. 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

A number of megatrends are making the efficient and effective use of fertilizers more essential than ever. For one, the world 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. With limited space for expansion and heightened environmental awareness, low-carbon footprint fertilizers are becoming increasingly attractive in Europe.

As one of the leading fertilizer producers in Europe, Borealis is helping make farming more efficient in order to help feed more people and livestock. Borealis supplies over 5 million tonnes of fertilizers and technical nitrogen products each year via its Borealis L.A.T distribution network. Borealis L.A.T – formerly known as Linzer Agro Trade – has 50 warehouses across Europe and an inventory capacity of over 500.000 tonnes.

Borealis L.A.T boasts a broad fertilizer portfolio, including "N" (nitrogen), "NP" (nitrogen-phosphorous) and "NPK" (nitrogen phosphorous-potassium) fertilizers, which are often referred to as "complex" fertilizers," as well as technical nitrogen products, from ammonia and ammonium nitrates to nitric acid and urea solutions.



Financial Statements

Management Report – Half Year Report 2014

Borealis improved on its safety performance in the first six months of 2014 with the total number of recordable injuries (TRI) per million working hours at a frequency of 1.1 compared to 1.4 in the same period last year. The improved performance reflects continued focus on safety combined with programmes such as the “Life Saving Rules” which are aimed to further raise safety awareness of employees and contractors. While Borealis’ safety record remains world class, the company is committed to making further progress with the ultimate goal of an accident free working environment for both employees and contractors.

In the first five months of 2014 the Brent Crude oil price remained in a relatively narrow range of 107 – 109 USD/bbl before peaking in June at 112 USD/bbl. Naphtha followed a similar pattern as crude averaging 927 USD/t in the first six months. The ethylene contract price experienced a steady decline from January to May in a long market, while propylene was short causing the propylene contract prices to increase over the same period.

The European polyolefins demand in the first six months of 2014 increased by 3% compared to the same period in 2013. Borealis’ polyolefins sales in the first six months of 2014 were impacted by turnarounds, but Borealis was able to increase its share of speciality products in line with the market growth. In fertilizers Borealis doubled its sales volumes in the first six months of 2014 compared to the same period last year following the acquisition of Borealis Chimie and Rosier at the end of June last year.

Net profit reached EUR 245 million in the first six months of 2014, compared to EUR 144 million in the same period of 2013. The improvement of net profit was driven by the improved operating profit as well as by the increased profit realised by Borouge.

Borealis achieved an operating result of EUR 138 million during the first six months of 2014, compared to EUR 72 million in the same period of 2013. The Polyolefins business saw a significant improvement in its operating profit as margins improved with higher prices compared to 2013, while the Base Chemicals business had a similar performance in the first six months of 2014 when compared to the same period of 2013. Operational challenges at the fertilizer plants, particularly in France, impacted the operating result of the Base Chemicals business.

The Borouge joint venture delivered a solid result in the first six months of 2014 despite costs incurred for the start-up of the Borouge 3 project. Borouge delivered a net profit contribution to Borealis of EUR 172 million in the first six months of 2014 compared to EUR 137 million in the same period last year. Borouge 3 will increase the annual production capacity of the company’s integrated polyolefin site from the current 2 million tonnes to 4.5 million tonnes. Borouge successfully started-up the Borouge 3 ethane cracker in the second quarter of 2014 and has been producing on-spec ethylene since the middle of June. The cracker has an annual ethylene production capacity of 1.5 million tonnes. The five polyolefin plants within the Borouge 3 project will start up sequentially in the coming months.

Borealis’ net debt increased by EUR 169 million during the first six months of 2014 driven by increasing working capital needs and a dividend payment to Borealis’ shareholders. Overall, investments in tangible and intangible assets reached EUR 165 million compared to EUR 117 million in the same period of 2013. The higher capital expenditure was primarily driven by the turnarounds in Grand-Quevilly, France and Kallo, Belgium. Borealis’ financial position remains solid with a gearing of 48% at the end of June 2014 compared to 50% in June 2013.

Borealis continues to maintain a strong liquidity position through its EUR 1 billion fully committed revolving credit facility which remained fully undrawn in the first half of 2014. Borealis concluded no long term financing contracts in the first half of 2014 having pre-financed some maturities at the end of 2013.

Borealis continued to invest in Europe in the first half of 2014 to ensure continuous competitiveness and operational reliability. In March, Borealis' Propane Dehydrogenation plant in Kallo, Belgium, successfully completed its turnaround including the replacement of end of life equipment and execution of key maintenance. The turnaround at Borealis' fertilizer site in Grand-Quevilly, France, started in early April. Although these planned operational stops impact short term performance, they remain an important activity to ensure the company's sites continue to deliver efficient and reliable production over the long term.

In March, Borealis announced a number of rebranding efforts to coincide with the 20th anniversary of the company. Over the past 20 years, Borealis has evolved from its Nordic roots as a plastic manufacturer to a global provider of chemical solutions with worldwide operations. At the core of the new Borealis positioning is the tagline "Keep Discovering" which draws on the spirit of continual innovation that has always been integral to Borealis. Borealis' rebranding efforts include an entirely new look and feel in corporate design, and a wholly redesigned corporate website (www.borealisgroup.com).

In May, Borealis and Borouge, together with their partners Water and Sanitation for the Urban Poor (WSUP) and the OPEC Fund for International Development (OFID), announced the co-sponsoring of a programme that will deliver safe and affordable water to 56,000 residents living in Kenya's Nairobi Mukuru Sinai and Korogocho informal settlements. The programme, part of Borealis'

and Borouge's commitment to Responsible Care® and under the umbrella of the Water for the World programme, will deliver a safe and reliable water service costing a tenth of what residents currently pay to private water vendors. Since its launch in 2007, Water for the World has directly improved water access for over a quarter million people, with the number of people indirectly impacted being well over 1 million. Together with local NGOs and pipe customers, Water for the World has supported projects in India, Vietnam, Nepal, China, Pakistan and Kenya. In 2013, the Water for the World programme received the "Outstanding International Development Project in a Fragile State" award from the non-profit organisation HEED.

Borealis announced Thomas Kröner and Ali Goger as the winners of its 2014 Borealis Student Innovation Awards. The awards recognise the most innovative research papers for master's and doctorate degree students working in olefins and polyolefins. The master's thesis award went to Ali Goger for his work on "Modelling of counter rotating twin screw extrusion", while Thomas Kröner received the PhD award for his work on "Mass transfer and kinetics in heterophasic copolymerization of propylene".

Borealis' Executive Board is pleased to see improved results in the first half of 2014 and expects further improvement in the second half of the year as the Borouge 3 expansion becomes fully operational. At the same time, management expects the operability of Borealis' fertilizer plants to improve which will drive further efficiency and profitability. By staying true to its strategy of focusing on innovation, commercial and operational excellence, while never compromising on safety, the Executive Board is confident that Borealis will also be able to deliver a solid performance in the second half of 2014.

Review of results

Sales

The business environment of the European polyolefin industry has shown some signs of stability in the first half of 2014 despite the uncertainties which surround the economic recovery. With a sales volume of 1.8 million tonnes, Borealis achieved the same level of polyolefins sales volume as in the first 6 months of 2013. Fertilizer sales realised another period of growth, reaching a sales level of 2.5 million tonnes, mainly as a result of the acquisition of Borealis Chimie S.A.S und Rosier S.A. Melamine sales volumes decreased from 70 kt to 67 kt in the first half of 2014. Compared to the same period last year, pricing improved across all business segments, except Melamine.

Cost development

As a result of the acquisition activity in June 2013, the total production costs increased by approximately 8% versus the first six months of 2013. Underlying sales and distribution costs increased by 10% year on year, due to higher sales volumes generated as a result of the acquisitions. The general administrative and Research & Development expenses followed a similar trend. The number of full-time equivalent employees (FTEs) as per end of June 2014 was 6,217, compared to 6,227 as of December 2013.

Operating profit

Operating profit for the first six months of 2014 amounted to EUR 138 million compared to EUR 72 million for the same period of 2013. The positive development within the polyolefin market drove the improvement.

Financial income and expenses

Net financial expenses for the first six months of 2014 amounted to EUR 39 million, an increase of EUR 8 million compared to the first six months of 2013, mainly as a result of higher debt levels due to acquisition activity.

Taxes

The provision for income taxes for the first six months of 2014 amounted to EUR 26 million, compared to EUR 34 million in 2013. The decrease is partly attributable to a lower amount of taxable profits in the fertilizer business compared to the first six months of 2013. Borealis paid income taxes of EUR 33 million in the first six months of 2014, compared with EUR 16 million in the same period of 2013.

Net profit and distribution of dividend

The net profit for the first six months of 2014 amounted to EUR 245 million, compared to a net profit of EUR 144 million in the first six months of 2013. In March 2014 Borealis distributed a dividend of EUR 70 million to its shareholders from the results of the financial year 2013.

Financial position

Total assets and capital employed

At the end of June 2014, the total assets and capital employed stood at EUR 7,847 million and EUR 6,034 million respectively, compared to EUR 7,712 million and EUR 5,733 million at year-end 2013. The increase results largely from increased working capital and from the retained profits within Borouge.

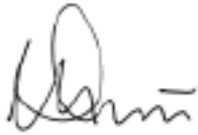
The solvency ratio was 50% on 30 June 2014, up by 1% compared to year-end 2013. The gearing ratio increased to 48%, compared to 45% at the end of December 2013 as a result of increased working capital requirements and associated investments as well as the payment of the 2013 dividend in March 2014. Net debt increased in the first half of 2014 by EUR 169 million to EUR 1,939 at the end of June 2014. Total equity increased by EUR 154 million in the first six months of 2014, mainly as a result of the profit generated in the first six months, partially offset by foreign exchange translation effects and the dividend paid to shareholders.

Cash flows and liquidity reserves

Cash flow from operations for the first six months of 2014 was EUR 26 million. Liquidity reserves, composed of undrawn, long-term committed credit facilities and cash balances amounted to EUR 1,141 million at the end of June 2014, compared to EUR 1,163 million at year-end 2013.

Vienna, 19 August 2014

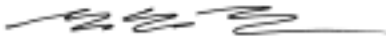
Management:



Mark Garrett
Chief Executive



Daniel Shook
Chief Financial Officer



Markku Korvenranta



Martijn van Koten



Herbert Willerth



Alfred Stern

Interim Consolidated Financial Statements

Interim Consolidated Income Statement

EUR thousand	2014	2013	Note
For the six months ended 30 June	unaudited	unaudited	
Net sales	4,347,034	3,955,369	1
Production costs	-3,728,121	-3,451,240	
Gross profit	618,913	504,129	
Sales and distribution costs	-313,587	-284,411	
Administration costs	-108,953	-94,145	
R&D costs	-58,176	-53,666	
Operating profit	138,197	71,907	
Net results in associated companies after tax	171,802	136,575	
Financial income	5,547	4,063	
Financial expenses	-44,284	-35,116	
Profit before taxation	271,262	177,429	
Taxes	-26,155	-33,769	
Net profit for the year	245,107	143,660	
Attributable to:			
Non-controlling interest	942	431	
Equity holders of the parent	244,165	143,229	

Interim Consolidated Statement of Comprehensive Income

EUR thousand	2014	2013
For the six months ended 30 June	unaudited	unaudited
Net profit for the year	245,107	143,660
Items that may be reclassified subsequently to the income statement		
Net gain/loss on translation of financial statements of foreign operations	-11,482	4,798
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 foreign operations	-2,137	-2,514
Reclassifications during the period to the income statement	0	0
Tax effect recognised in other comprehensive income	534	0
Net gain/loss on loans and financial contracts to hedge investments in foreign operations	-2,890	-2,623
Reclassifications during the period to the income statement	0	0
Tax effect recognised in other comprehensive income	723	0
Fair value adjustment of cash flow hedges	-23,270	-38,095
Reclassification during the period to the income statement	15,485	18,774
Tax effect recognised in other comprehensive income	1,946	0
Fair value adjustment of available for sale assets	0	0
Reclassification during the period to the income statement	0	0
Tax effect recognised in other comprehensive income	0	0
Items that will not be reclassified to income statement		
Actuarial gains and losses	0	0
Tax effect recognised in other comprehensive income	0	0
Net income/expense recognised in other comprehensive income	-21,091	-19,660
Total comprehensive income	224,016	124,000
Attributable to:		
Non-controlling interest	1,598	-419
Equity holders of the parent	222,418	124,419

Interim Consolidated Balance Sheet

EUR thousand	30.6.2014	31.12.2013	Note
	unaudited	audited ¹	
Assets			
Non-current assets			
Intangible assets	352,608	346,668	2
Tangible assets			2
Production plants	2,415,260	2,553,801	
Machinery and equipment	31,617	33,131	
Construction in progress	284,422	177,467	
	2,731,299	2,764,399	
Investments in associated and jointly controlled companies	2,180,067	2,026,024	4
Other investments	30,766	20,288	10
Other receivables and other assets	24,747	26,568	10
Deferred tax assets	191,717	193,372	5
Non-current assets	5,511,204	5,377,319	
Current assets			
Inventories	1,155,019	1,145,381	6
Receivables			
Trade receivables	654,813	653,631	10
Receivables from associated companies	83,025	83,129	10, 12
Income taxes	9,990	5,654	10
Other receivables and other assets	394,557	386,138	10
Total receivables and other assets	1,142,385	1,128,552	
Cash and cash equivalents	38,278	60,266	
Total current assets	2,335,682	2,334,199	
Total assets	7,846,886	7,711,518	

¹ Adapted for the finalisation of the purchase price allocation see note 3.

Interim Consolidated Balance Sheet

EUR thousand	30.6.2014	31.12.2013	Note
	unaudited	audited ¹	
Total Equity and Liabilities			
Shareholders' equity			
Share capital and contributions by shareholders	1,599,397	1,599,397	
Reserves	-180,162	-158,416	
Retained earnings	2,615,596	2,441,432	
Shareholders' equity	4,034,831	3,882,413	
Non-controlling interest	21,417	19,881	
Total equity	4,056,248	3,902,294	
Liabilities			
Non-current liabilities			
Loans and borrowings	1,511,522	1,676,784	9, 10
Deferred tax	263,239	264,771	
Employee benefits	301,789	306,193	
Provisions	63,474	66,062	7
Government grants	26,430	19,510	8
Other liabilities	35,808	51,802	10
Non-current liabilities	2,202,262	2,385,122	
Current liabilities			
Loans and borrowings	465,868	153,819	9, 10
Trade payables	790,403	920,081	10, 12
Income taxes	7,488	18,870	
Provisions	5,940	7,405	7
Other liabilities	318,677	323,927	10
Current liabilities	1,588,376	1,424,102	
Total liabilities	3,790,638	3,809,224	
Total equity and liabilities	7,846,886	7,711,518	

¹ Adapted for the finalisation of the purchase price allocation see note 3.

Interim Consolidated Statement of Changes in Equity

EUR thousand	Share capital* and contributions by shareholders	Reserve for actuarial gains/losses recognised in equity	Hedging reserve	Reserve for unrealised exchange gains and other**	Retained earnings	Total attributable to the equity holders of the parent	Attributable to non-controlling interest	Total equity
For the six months ended 30 June								
Balance as of 31 December 2013	1,599,397	-106,238	-13,821	-38,356	2,441,432	3,882,413	19,881	3,902,294
Profit of the period	0	0	0	0	244,165	244,165	942	245,107
Other comprehensive income	0	0	-5,839	-15,908	0	-21,747	656	-21,091
Total comprehensive income	0	0	-5,839	-15,908	244,165	222,418	1,598	224,016
Dividend payment to equity holders of the parent	0	0	0	0	-70,000	-70,000	0	-70,000
Acquisition of additional interest in a subsidiary	0	0	0	0	0	0	-62	-62
Balance as of 30 June 2014 (unaudited)	1,599,397	-106,238	-19,660	-54,264	2,615,596	4,034,831	21,417	4,056,248
Balance as of 31 December 2012	1,619,397	-102,933	-22,624	64,014	2,059,245	3,617,099	9,941	3,627,040
Profit of the period	0	0	0	0	143,229	143,229	431	143,660
Other comprehensive income	0	0	-19,321	511	0	-18,810	-850	-19,660
Total comprehensive income	0	0	-19,321	511	143,229	124,419	-419	124,000
Dividend payment to equity holders of the parent	0	0	0	0	-60,000	-60,000	0	-60,000
Acquisition of a subsidiary	0	0	0	0	0	0	22,000	22,000
Balance as of 30 June 2013 (unaudited)	1,619,397	-102,933	-41,945	64,525	2,142,474	3,681,518	31,522	3,713,040

* Share capital of Borealis AG (parent company) amounts to EUR 300,000.00 (EUR 300,000.00).

** Reserves for unrealised exchange gains and other include reserves relating to available for sale assets.

A dividend of EUR 70,000 thousand was paid in 2014 out of the result of the year 2013.

Interim Consolidated Cash Flow

EUR thousand	2014	2013	Note
For the six months ended 30 June	unaudited	unaudited	
Cash flow from operating activities			
Payments from customers	4,360,645	3,882,522	
Payments to employees and suppliers	-4,261,996	-3,656,197	
Interest received	585	1,097	
Interest paid	-30,155	-28,545	
Other financial expenses paid	-9,893	-5,749	
Income taxes paid	-33,356	-16,158	
	25,830	176,970	
Cash flow from investing activities			
Investments in tangible assets	-146,955	-95,117	2
Investment in intangible assets and other investments	-17,871	-21,837	2
Acquisitions of subsidiaries	20,495	-337,114	3
Capital repayments/dividends of associates	21,812	0	
	-122,519	-454,068	
Cash flow from financing activities			
Long-term loans obtained	0	100,000	
Short-term loans obtained	146,253	392,763	
Long-term loans repaid	0	0	
Short-term loans repaid	-2,357	-171,302	
Acquisition of non-controlling interest	-62	0	
Dividends paid	-70,000	-60,000	
Dividends paid to non-controlling interest	0	0	
	73,834	261,461	
Net cash flow of the period	-22,855	-15,637	
Cash and cash equivalents as of Jan 1	60,266	64,523	
Effect of exchange rate fluctuations on cash held	867	-1,399	
Cash and cash equivalents	38,278	47,487	

Notes to the Interim Consolidated Financial Statements

Reporting entity

Borealis AG (the "Company" or Group) 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 innovative solutions in the fields of polyolefins, base chemicals and fertilizers.

In our Polyolefins segment we focus on three specific market sectors: energy & infrastructure (including pipes for utilities such as water, gas and sewage and oil transport as well as power and communication cables), engineering applications (components that enhance safety and bring lightweight energy saving and corrosion-proof solutions) and advanced packaging & fibre (niche and specialised applications in rigid moulded and flexible film packaging as well as highly advanced medical applications).

The Base Chemicals reporting segment includes hydrocarbons & energy (phenol, acetone, ethylene, propylene, butadiene and pygas), melamine and fertilizers. Base Chemicals are the building blocks of many of the products and solutions we use in our everyday lives, from water supply to communication networks, food packaging and healthcare products, interior furnishings and automobiles. Partnering with the oil and gas industry, Borealis is a major feedstock buyer and can supply a broad range of innovative and high-quality base chemicals. Fertilizers include a large fertilizer product portfolio to help make farming more efficient, as well as a range of technical nitrogen products.

Basis of preparation

The interim consolidated financial statements for the six months ended 30 June 2014 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 of 31 December 2013.

The interim consolidated financial statements for the six months ended 30 June 2014 are unaudited and have not been subject to an external audit review.

The interim consolidated financial statements are presented in Thousand Euro (EUR thousand).

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 31 December 2013.

Following new standards and interpretations, as endorsed by the EU, are applied as of 1 January 2014:

- IFRS 10 Consolidated Financial Statements (new standard issued in 2011 and subsequently amended in 2012), effective 1 January 2014
- IFRS 11 Joint Arrangements (new standard issued in 2011 and subsequently amended in 2012), effective 1 January 2014
- IFRS 12 Disclosure of Interests in Other Entities (new standard issued in 2011 and subsequently amended in 2012), effective 1 January 2014
- IAS 27 Separate Financial Statements (revised), effective 1 January 2014
- IAS 28 Investments in Associates and Joint Ventures (revised), effective 1 January 2014
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12), effective 1 January 2014
- Investment Entities (Amendments to IFRS 10, IFRS 11 and IFRS 12), effective 1 January 2014
- IAS 32 Offsetting Financial Assets and Liabilities (amended), effective 1 January 2014
- IAS 36 (amended) Recoverable Amount Disclosure for Non-Financial Assets, effective 1 January 2014
- IAS 39 (amended) Novation of Derivatives and Continuation of Hedge Accounting, effective 1 January 2014
- IFRIC 21 Levies, effective 1 January 2014

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

The adoption of IFRS 10 and IFRS 11, effective as of 1 January 2014, do not change the consolidation group of Borealis nor are there any entities becoming or ceasing to be investment entities in accordance with IFRS 10.

The adoption of the other new and amended standards and interpretations stated above is included in the financial statements, however it did not have a material impact on the financial position or performance of the Group.

1. Segment reporting

Six months ended 30 June, if not indicated otherwise

EUR thousand	Polyolefins		Base Chemicals		Non-Allocated		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
Net sales by business:								
Total sales	2,675,266	2,642,081	3,976,900	3,523,455	63,203	34,630	6,715,369	6,200,166
Group internal sales	-	-	(2,368,335)	(2,244,797)	-	-	(2,368,335)	(2,244,797)
	2,675,266	2,642,081	1,608,565	1,278,658	63,203	34,630	4,347,034	3,955,369

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

Result:								
Operating profit	79,786	(4,071)	171,810	204,338	(113,399)	(128,360)	138,197	71,907
Net result in associated companies					171,802	136,575	171,802	136,575
Net financial items					(38,737)	(31,053)	(38,737)	(31,053)
Income tax					(26,155)	(33,769)	(26,155)	(33,769)
Non-controlling interest					(942)	(431)	(942)	(431)
Net profit for the year attributable to equity holders of the parent							244,165	143,229
Other information:	30.6.	31.12.	30.6.	31.12.	30.6.	31.12.	30.6.	31.12.
Segment assets:	3,457,964	3,209,677	2,043,268	2,086,139	2,345,654	2,415,702	7,846,886	7,711,518
thereof Austria	2,140,472	2,020,667	990,902	937,626	2,158,698	2,015,829	5,290,072	4,974,122
Segment liabilities	-	-	-	-	3,790,638	3,809,224	3,790,638	3,809,224

2. Intangible and tangible assets

Borealis invested EUR 17,871 thousand into intangible assets in the first six months of 2014 (first six months 2013: EUR 101,988 thousand), whereof EUR 0 thousand (first six months 2013: EUR 80,151 thousand) were acquired through business combinations, including goodwill of EUR 0 thousand (first six months 2013: EUR 57,208 thousand). The goodwill recognised is based on the final purchase price allocation. Additions arising from internal development amounted to EUR 13,484 thousand (first six months 2013: EUR 10,852 thousand). Intangible assets received by the way of government grants as allowances for emissions (EU Emissions Trading System) amounted to EUR 21,648 thousand for the year 2014 and EUR 24,026 thousand for

the year 2013 (first six months 2013: EUR 0 thousand). The emissions of the year 2013 were settled in April 2014. Their carrying value is in line with the fair value.

The impairment of intangible assets in the first six months of 2014 for which the carrying value exceeds the present value of future cash flows amounted to EUR 4,500 thousand (first six months 2013: EUR 5,247 thousand).

Additions to tangible assets in the first six months of 2014 amounted to EUR 146,955 thousand (first six months 2013: EUR 296,628 thousand), whereof EUR 0 thousand were acquired through business combinations (first six months 2013: EUR 201,511 thousand). Moreover, borrowing costs

amounting to EUR 725 thousand (first six months 2013: EUR 2,144 thousand) have been capitalised, using a 2.8% (first six months 2013: 3.5%) interest rate.

Impairment of tangible assets amounting to EUR 3,327 thousand was reversed in the first six months 2014 (first six months 2013: EUR 0 thousand). The reversal resulted from a prolongation of a site rental and raw material supply agreement in respect of a melamine production site in Piesteritz, Germany, which was previously scheduled to end as of 31 December 2014. The discount rate used in the most recent value in use calculation was 8% (first six months 2013: 8%).

The effects of the reversal are included in the production line of the consolidated income statement and segment "Non-Allocated".

3. Business Combinations

Borealis had no acquisitions in the first six months of 2014.

The determination of the fair values needed for the purchase price allocation of two acquisitions made in 2013, namely GPN and Rosier, remained preliminary as at year end 2013 and was finalised by 30 June 2014. The changes are reported below.

3.1. Acquisition of GPN

On 28 June 2013, Borealis (via Borealis France S.A.S., in Nanterre, France, a 100% subsidiary of Borealis AG, Vienna, Austria) acquired the shares of GPN S.A., Nanterre, France, from Elf Aquitaine Fertilisants S.A., Nanterre, France (the Seller), a 100% subsidiary of TOTAL S.A., Paris, France. GPN S.A. was renamed to Borealis Chimie S.A.S., referred to herein as Borealis Chimie.

Borealis Chimie is France's largest manufacturer of nitrogen fertilizers and nitrogen oxide reducers. Borealis is already active in nitrogen fertilizers in Central Europe, as well as in France following its acquisition of PEC-Rhin S.A., today

Major projects advanced in the first six months of 2014 relate to the turnaround project in Grand-Quevilly, France, the turnaround project of the Propane Dehydrogenation plant in Kallo, Belgium, and investments into new production capacities in Itatiba, Brazil.

In June 2014, the Group disposed assets of the Le Havre urea production plant that had a book value of EUR 0 thousand and resulted in a gain of EUR 4,000 thousand.

Future capital expenditure approved (tangible and intangible) by Management totals EUR 428,756 thousand (31.12.2013: EUR 283,802 thousand), out of which EUR 143,989 thousand (31.12.2013: EUR 137,993 thousand) are contractually committed.

known as Borealis PEC-Rhin SAS, in early 2012. This acquisition is in line with Borealis' strategy to grow its fertilizer business and to become a leading producer in Europe.

Borealis Chimie is the main production, sales and marketing entity. Furthermore, Borealis Chimie holds directly and indirectly shares in 12 companies, supporting Borealis Chimie mainly in blending and distributing its products. Apart from Borealis Chimie none of its direct or indirect subsidiaries or associated companies, respectively, have been included in the consolidated financial statements, due to immateriality. These companies are reported in other investments.

The acquisition has been accounted for using the acquisition method. The acquisition date fair value of the acquired assets and liabilities is final. The consolidated financial statements include the results of Borealis Chimie for the 12-month period from the acquisition date.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Borealis Chimie as at the date of acquisition were:

EUR thousand	2013 adapted	2013 audited
	Fair value recognised on acquisition ²	Fair value recognised on acquisition ¹
Assets		
Tangible and intangible assets	175,361	173,357
Other investments	5,712	6,865
Deferred tax assets	10,000	10,000
Inventories	53,161	53,161
Trade receivables	57,260	57,260
Other current receivables and other assets	42,906	40,933
Cash and cash equivalents	2,366	2,366
Total assets acquired	346,766	343,942
Liabilities		
Employee benefits	20,595	20,470
Provisions non-current	24,694	23,974
Trade payables	61,822	61,822
Other current liabilities	32,293	27,393
Total liabilities	139,404	133,659
Total identifiable net assets at fair value	207,362	210,283
Goodwill arising on acquisition	7,016	5,603
Total purchase consideration	214,378	215,886
Percentage acquired	100.00%	100.00%

¹ Due to ongoing assessments the fair value recognised at year end 2013 was preliminary and subject to finalisation.

² The determination of the fair values needed for the purchase price allocation was finalised by the end of June 2014 and adapted in the comparatives of 2013.

Borealis agreed with the Seller to settle the acquiree's outstanding liabilities toward its former parent (the Seller) together with the transfer of the purchase price. The total acquisition costs of 100% of the share capital of Borealis Chimie are comprised of an initial cash payment in June 2013 of EUR 177,485 thousand, including debt repayment amount to former owner of EUR 69,109 thousand, a subsequent purchase price adjustment in March 2014 of EUR 20,495 thousand (31.12.2013: EUR 18,843 thousand), including interest payment of EUR 144 thousand, a contingent consideration liability of EUR 57,244 thousand and costs of EUR 1,446 thousand directly attributable to the acquisition.

The loan settled at the date of acquisition is part of the purchase consideration and was reclassified in the comparatives as of 30 June 2013, from cash flow of financing activities to cash flow from investing activities.

The cash acquired with this acquisition amounted to EUR 2,366 thousand, resulting in a net cash outflow on the acquisition of EUR 154,768 thousand. The transaction costs of EUR 1,446 thousand have been expensed and are included in administrative expenses in the income statement and are part of operating cash flows in the statement of cash flows.

Borealis agreed with the Seller to transfer up to a maximum amount of EUR 75,000 thousand to the Seller if the agreed earnings target, over a three year period as from the date of acquisition, is met. The additional consideration shall be transferred to the Seller no later than seven months after the third anniversary of the acquisition date. Borealis assumed to achieve the earnings target and accounted the contingent consideration liability at EUR 57,244 thousand fair value as of the acquisition date.

As of 30 June 2014, the key performance indicators of Borealis Chimie show that it is highly probable that the earnings assumed as of 28 June 2013 have to be revised due to a lower than expected performance during the 12-month period from the acquisition date. The fair value of the contingent consideration determined at the reporting date reflects this development and the discount rate effect, and amounts to EUR 20,031. A re-measurement income

of EUR 37,212 thousand has been recognised through profit or loss (thereof EUR 26,212 thousand in the second half year of 2013).

The goodwill of EUR 7,016 thousand comprises the value of the expected synergies and other benefits from combining the assets and activities of Borealis Chimie with those of Borealis and has been allocated to the cash generating unit fertilizer. None of the recognised goodwill is deductible for income tax purposes.

The finalisation of the determination of the fair values needed for the purchase price allocation resulted in no significant changes to the financial statements.

3.2. Acquisition of Rosier

On 28 June 2013, Borealis AG, Vienna, Austria, acquired from Elf Aquitaine Fertilisants S.A., Nanterre, France (the Seller, a 100% subsidiary of Total S.A., Paris, France), its controlling interest of 56.86% in Rosier SA, Moustier, Belgium, listed on NYSE Euronext Brussels. As Borealis acquired a controlling interest in Rosier S.A., it was required to launch a mandatory public takeover bid for the remaining outstanding shares, where Borealis tendered additional 18.19% shares, holding 75.05% shares issued by Rosier SA by the end of the acceptance period on 9 October 2013.

Rosier is a mineral fertilizer manufacturer and markets its products in more than 80 countries worldwide. Borealis is already active in nitrogen fertilizers. This acquisition is in line with Borealis' strategy to grow the fertilizer business and to become a leading producer in Europe. Rosier Group consists of Rosier S.A., Moustier, Belgium, and its three wholly owned subsidiaries.

The acquisition has been accounted for using the acquisition method and measuring the non-controlling interest at fair value. The acquisition date fair value of acquired assets and liabilities is final. The fair value of the non-controlling interest has been determined in line with the stock share price value on the day of acquisition. The consolidated financial statements include the results of the Rosier Group for the 12-month period from the initial acquisition date.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Rosier Group as at the date of acquisition were:

EUR thousand	2013 adapted	2013 audited
	Fair value recognised on acquisition ²	Fair value recognised on acquisition ¹
Assets		
Tangible and intangible assets	19,170	19,170
Deferred tax assets	2,327	1,425
Inventories	41,426	41,426
Trade receivables	43,078	43,078
Other current receivables and other assets	2,564	2,565
Cash and cash equivalents	2,284	2,284
Total assets acquired	110,849	109,948
Liabilities		
Employee benefits	4,621	0
Provisions non-current	0	1,683
Trade payables	31,190	31,190
Other current liabilities	3,926	4,563
Total liabilities	39,737	37,436
Total identifiable net assets at fair value	71,112	72,512
Non-controlling interest measured at fair value	-12,726	-12,726
Goodwill arising on acquisition	1,400	0
Total purchase consideration	59,786	59,786
Percentage acquired	75.05%	75.05%

¹ Due to limited information exchange during the mandatory takeover bid, the fair values recognised as of 31 December 2013 were preliminary and subject to finalisation.

² The determination of the fair values needed for the purchase price allocation was finalised by the end of June 2014 and adapted in the comparatives of 2013.

Borealis agreed with the Seller to settle the acquiree's outstanding liabilities toward its former majority owner (the Seller) together with the transfer of the purchase price. The total acquisition costs for the interest of 75.05% comprised of a cash payment of EUR 59,786 thousand (EUR 27,840 thousand for the initial acquisition of 56.86% interest in Rosier S.A., EUR 9,430 thousand for the interest of 18.19% tendered in the mandatory takeover bid and EUR 22,516 thousand debt repayment amount to the Seller), and costs of EUR 329 thousand directly attributable to the initial acquisition, all incurred in 2013.

The loan settled at the date of acquisition is part of the purchase consideration and was reclassified in the comparatives as of 30 June 2013, from cash flow of financing activities to cash flow from investing activities.

The cash acquired with this acquisition amounted to EUR 2,284 thousand, resulting in a net cash outflow on the acquisition of EUR 57,502 thousand. The transaction costs of EUR 329 thousand have been expensed and

are included in administrative expenses in the income statement and are part of operating cash flows in the statement of cash flows.

After the completion of the mandatory public takeover bid the fair value of the non-controlling interest amounted to EUR 12,726 thousand. Borealis voluntarily reopened the bid from 14 October 2013 to 28 October 2013, where Borealis acquired an additional 2.42% of the shares issued by Rosier S.A.

The goodwill of EUR 1,400 thousand comprises the value of the expected synergies and other benefits from combining the assets and activities of Rosier with those of Borealis and has been allocated to the cash generating unit fertilizer. None of the recognised goodwill is deductible for income tax purposes.

The finalisation of the determination of the fair values needed for the purchase price allocation resulted in no significant changes to the financial statements.

4. Investments in subsidiaries, associated companies and joint ventures

Associates	Country	Ownership in %	
		30.6.2014	31.12.2013
Abu Dhabi Polymers Company Limited (Borouge)	United Arab Emirates	40	40
Borouge Pte Ltd	Singapore	50	50
Speciality Polymers Antwerp N.V.	Belgium	33	33
FEBORAN AD	Bulgaria	40	40
Chemiepark Linz Betriebsfeuerwehr GmbH*	Austria	47.5	47.5
AZOLOR S.A.S.*	France	34	34
Société d'Intérêt Collectif Agricole par Actions Simplifiée de Guaix (SICA)*	France	25	25
Société Industrielle Commerciale et Agricole de Maizières La Grande Paroisse S.A.S.*	France	33.99	33.99
Société Champenoise pour le Développement des Engrais Liquides S.A.S. (SCEL)*	France	49.98	49.98
Société d'Intérêt Collectif Agricole Laignes Agrifluides (SICA)*	France	49.90	49.90
Franciade Agrifluides S.A.S. (FASA)*	France	49.98	49.98
Société Centre Ouest Agrifluide S.A.A. (SOCOA)*	France	49.98	49.98

* Excluded from consolidation at equity due to immateriality

Jointly controlled companies	Country	Ownership in %	
		30.6.2014	31.12.2013
PetroPort Holding AB	Sweden	50	50
BTF Industriepark Schwechat GmbH*	Austria	50	50

* Excluded from consolidation at equity due to immateriality

In the first 6 months of the reporting period no changes in subsidiaries, investments in associated companies and joint ventures took place.

5. Deferred tax assets

In addition to the tax assets capitalised, the Group has unrecognised tax assets of EUR 191,977 thousand (31.12.2013: EUR 181,098 thousand), due to current forecasts indicating insufficient future profits, justifying further capitalisation of tax assets. These tax losses carried forward have no expiry date.

The recognised deferred tax assets are expected to be utilised against future profits based on internal projections in the relevant jurisdictions.

6. Inventories

Inventories of ethylene and propylene are included under finished products.

EUR thousand	30.6.2014	31.12.2013
Finished products	856,398	860,772
Raw materials and consumables	298,621	284,609
Total	1,155,019	1,145,381

Impairment cost of EUR 1,630 thousand (first six months 2013: write-down reversal of EUR 2,812 thousand) was recognised in the first six months 2014.

7. Provisions

The Group's provisions mainly consist of provisions for decommissioning and restructuring, and other provisions including environmental and legal exposures. The provisions are generally based on the past events and commitments arising thereon. The timing of the cash outflows cannot be determined with certainty.

Decommissioning

The provision for decommissioning amounted to EUR 16,095 thousand (31.12.2013: EUR 17,709 thousand) and covers the expected clean-up and dismantling costs, mainly for plants in Germany and Sweden.

Restructuring

The provision for restructuring amounted to EUR 6,550 thousand (31.12.2013: EUR 8,275 thousand) and covers

estimated costs for the restructuring programmes, mainly in Norway, France and Belgium. The decrease in the provision reflects its utilisation over the first six months of 2014, where part of the commitments related to restructuring programmes was paid.

Other

Other provisions amounted to EUR 46,769 thousand (31.12.2013: EUR 47,483 thousand). Other provisions mainly cover the best estimate of company's environmental and legal exposures.

8. Government grants

Government grants received from the EU Emissions Trading System as of 30 June 2014 amounted to EUR 21,648 thousand in respect of the year 2014 and EUR 24,026

thousand in respect of the year 2013 (31.12.2013: EUR 0 thousand). These grants are included at fair value at the beginning of the year and are released within that year.

9. Loans and borrowings

The composition of interest-bearing loans and borrowings (short and long-term debt) at 30 June 2014 in EUR thousand was as follows:

Maturities		30.6.2014					Unutilised committed facilities
Due		Total	Term loans	Utilised uncommitted facilities	Export credits	Finance leases	
After	5 years	757,045	757,045				
Within	5 years	146,474	146,474				
	4 years	34,136	34,136				1,000,000
	3 years	534,578	533,030			1,548	
	2 years	39,289	39,289				
Total long-term debt		1,511,522	1,509,974	0	0	1,548	1,000,000
Total short-term debt	1 year	465,868	225,729	146,801	93,338 ¹	0	102,662
Total debt		1,977,390	1,735,703	146,801	93,338	1,548	1,102,662

¹ Borealis maintains EUR 166,000 thousand in export credit facilities (EUR 93,338 thousand drawn at 30 June 2014). These facilities are economically evergreen in nature, but include a one year notice for cancellation.

The composition of interest-bearing loans and borrowings (short and long-term debt) at 31 December 2013 in EUR thousand was as follows:

Maturities		31.12.2013					Unutilised committed facilities
Due		Total	Term loans	Utilised uncommitted facilities	Export credits	Finance leases	
After	5 years	762,794	762,794				
Within	5 years	157,600	157,600				
	4 years	332,518	332,518				1,000,000
	3 years	225,914	223,626			2,288	
	2 years	197,959	197,931			28	
Total long-term debt		1,676,784	1,674,468	0	0	2,316	1,000,000
Total short-term debt	1 year	153,819	60,481	0	93,338 ²	0	102,662
Total debt		1,830,603	1,734,949	0	93,338	2,316	1,102,662

² Borealis maintains EUR 166,000 thousand in export credit facilities (EUR 93,338 thousand drawn at 31 December 2013). These facilities are economically evergreen in nature, but include a one year notice for cancellation.

The Group's financing is mainly comprised of committed credit lines (largely syndicated), term loans, bonds, private placements and export credits. The loans and borrowings are measured at amortised cost.

Borealis continues to maintain a strong liquidity position through its EUR 1 billion fully committed revolving credit facility of which EUR 1 billion remained undrawn at the end of June 2014, and by terming out its debt through diverse funding channels.

At 30 June 2014 the Group has committed long-term credit facilities of EUR 1,271,000 thousand (31 December 2013: EUR 1,271,000 thousand) of which EUR 168,338 thousand (31 December 2013: EUR 168,338 thousand) have been utilised. Some loan agreements have financial covenants which are based on maintaining certain gearing and solvency ratios.

10. Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

EUR thousand	30.6.2014		31.12.2013	
	Carrying amount	Fair value	Carrying amount ¹	Fair value
Other investments				
Other investments	30,766	n/a	20,288	n/a
Loans and receivables	30,766		20,288	
Other non-current receivables and assets				
Deposits and other receivables	5,939	5,939	8,718	8,718
Loans and receivables	5,939	5,939	8,718	8,718
Long-term deposits for tax requirements	10,119	10,119	10,119	10,119
Available for sale financial assets	10,119	10,119	10,119	10,119
Financial assets for which hedge accounting is applied				
Commodity derivative contracts	2,593	2,593	1,680	1,680
Foreign exchange derivative contracts	4,692	4,692	5,766	5,766
Cross currency interest rate swaps	1,404	1,404	285	285
Hedging instruments	8,689	8,689	7,731	7,731
Total other non-current receivables and assets	24,747		26,568	
Trade receivables				
Trade receivables	654,813	654,813	653,631	653,631
Loans and receivables	654,813	654,813	653,631	653,631
Receivables from associated companies				
Receivables from associated companies	83,025	83,025	83,129	83,129
Loans and receivables	83,025	83,025	83,129	83,129
Other current receivables and other assets				
Derivative financial assets for which hedge accounting is not applied				
Commodity derivative contracts	3,416	3,416	1,703	1,703
Foreign exchange derivative contracts	142	142	670	670
Financial assets at fair value through profit or loss	3,558	3,558	2,373	2,373
Financial assets for which hedge accounting is applied				
Commodity derivative contracts	14,508	14,508	12,086	12,086
Foreign exchange derivative contracts	5,065	5,065	6,701	6,701
Hedging instruments	19,573	19,573	18,787	18,787
Income Taxes	9,990	n/a	5,654	n/a
Other assets	371,426	n/a	364,978	n/a
Other non-financial assets	381,416		370,632	
Total current receivables and assets	1,142,385		1,128,552	

1 Adapted for the finalisation of the purchase price allocation see note 3.

EUR thousand	30.6.2014		31.12.2013	
	Carrying amount	Fair value	Carrying amount ¹	Fair value
Loans and borrowings non-current liabilities				
Floating rate loans and borrowings	255,083	255,083	419,862	419,862
Fixed rate loans and borrowings	1,256,439	1,317,132	1,256,922	1,279,046
Financial liabilities	1,511,522	1,572,215	1,676,784	1,698,908
Other non-current liabilities				
Other liabilities	23,622	23,622	34,622	34,622
Financial liabilities	23,622	23,622	34,622	34,622
Financial liabilities for which hedge accounting is applied				
Commodity derivative contracts	10,804	10,804	12,099	12,099
Interest derivative contracts	403	403	223	223
Foreign exchange derivative contracts	83	83	0	0
Hedging instruments	11,290	11,290	12,322	12,322
Other non-current liabilities	896	n/a	4,858	n/a
Other non-financial liabilities	896		4,858	
Total other non-current liabilities	35,808		51,802	
Loans and borrowings current liabilities				
Floating rate loans and borrowings	425,131	425,131	114,441	114,441
Fixed rate loans and borrowings	40,737	40,737	39,378	39,378
Financial liabilities	465,868	465,868	153,819	153,819
Trade payables				
Trade payables	790,403	790,403	920,081	920,081
Financial liabilities	790,403	790,403	920,081	920,081
Other current liabilities				
Interest accruals	20,673	20,673	18,331	18,331
Financial liabilities	20,673	20,673	18,331	18,331
Derivative financial liabilities for which hedge accounting is not applied				
Commodity derivative contracts	3,330	3,330	947	947
Foreign exchange derivative contracts	69	69	1,883	1,883
Financial liabilities at fair value through profit or loss	3,399	3,399	2,830	2,830
Financial liabilities for which hedge accounting is applied				
Commodity derivative contracts	37,305	37,305	32,033	32,033
Interest derivative contracts	0	0	685	685
Foreign exchange derivative contracts	5,511	5,511	2,587	2,587
Hedging instruments	42,816	42,816	35,305	35,305

¹ Adapted for the finalisation of the purchase price allocation see note 3.

EUR thousand	30.6.2014		31.12.2013	
	Carrying amount	Fair value	Carrying amount ¹	Fair value
Other liabilities	251,789	n/a	267,461	n/a
Other non-financial liabilities	251,789		267,461	
Total other current liabilities	318,677		323,927	

1 Adapted for the finalisation of the purchase price allocation see note 3.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Fair value for available for sale financial assets has been determined in accordance with Level 1.

Level 2: Valuation techniques based on observable inputs, either directly or indirectly. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in less active markets, or other valuation techniques, where all significant inputs are directly or indirectly observable from market data.

Fair value for financial assets at fair value through profit and loss, financial liabilities, hedging instruments, financial liabilities at fair value through profit and loss has been determined in accordance with Level 2.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Liabilities referring to contingent consideration are reported in other non-current financial liabilities and their fair value is determined in accordance with Level 3.

The fair value of the contingent consideration for the acquisition of Borealis Plastomers amounts to EUR 3,591 thousand as of 30 June 2014 (31 December 2013: EUR 3,591 thousand) and has been estimated by applying a discounted cash flow technique. The assumed production target of Borealis Plastomers is, apart from the discount rate, the most significant valuation input for the determination of the contingent consideration liability. The financing rate for this acquisition has been determined

as the applicable discount rate. A significant increase (decrease) in the production target of Borealis Plastomers would result in a higher (lower) fair value of the contingent consideration liability, while a significant increase (decrease) in the discount rate would result in a lower (higher) fair value of the liability. In the first six months of 2014 no gains or losses were recognised in P&L.

The fair value of the contingent consideration for the acquisition of Borealis Chimie amounts to EUR 20,031 thousand as of 30 June 2014 (31 December 2013: EUR 31,031 thousand) and has been estimated by applying a discounted earnings technique. The assumed earnings target of Borealis Chimie is the most significant valuation input for the determination of the contingent consideration liability. The financing rate for this acquisition has been determined as the applicable discount rate. A significant increase (decrease) in the earnings of Borealis Chimie would result in a higher (lower) fair value of the contingent consideration liability, while a significant increase (decrease) in the discount rate would result in a lower (higher) fair value of the liability. Gains of EUR 11,000 thousand were recognised in net sales in the first six months of 2014.

In the first six months of 2014 no transfers between the different levels took place.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using market interest rates at the reporting date.

The fair value of interest rate swaps is estimated by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date. The credit quality of counterparties did not lead to a significant change in the fair values.

The fair value of commodity derivative contracts is estimated by discounting the difference between current forward price and contractual forward price.

Non-derivative financial liabilities

We estimate that the carrying amount of the long- and short-term loans and borrowings that are based on variable interest rates equals fair value as it corresponds to the current market rate of interest.

Fair value for fixed rate loans and borrowings is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the reporting date. All fair values are excluding the outstanding interest accruals at year end. The own non-performance risk as at 30 June 2014 was assessed to be insignificant.

The fair value of trade and other payables is estimated to equal the carrying amount.

Investments

In absence of a quoted market price for other investments in other companies, no fair value can be determined.

Trade and other receivables and assets

The fair value of trade and other receivables is estimated to equal the nominal value less impairments (= carrying amount).

Deposits and other non-current receivables have no due date and are therefore not discounted.

Other non-financial assets and liabilities

Other non-financial assets and liabilities are shown solely for reconciliation purposes and have no fair value.

11. Contingent liabilities

Several Borealis group companies are currently subject to routine tax audits performed by their respective tax authorities. In some of the audits, specific emphasis is put on business restructuring and transfer pricing. Given the preliminary nature of the proceedings, potential

impacts, if any, cannot be currently reliably estimated, however based on available indications and documents, in some instances material amounts might be involved. Management's opinion is that the company is in compliance with all applicable regulations.

12. Transactions with related parties

For the six months ended 30 June

EUR thousand	2014							
	Goods and Services				Financing			
	Purchases from	Sales to	Receivables from	Payables to	Loans	Borrowings	Interest received	Interest paid
Associates and Joint Ventures	95,706	236,505	83,025	16,089	0	0	0	0
Parent company	0	0	0	0	0	0	0	0
Companies with significant influence	890,725	28,026	5,468	166,182	0	0	0	0
Key management personnel	0	0	0	0	0	0	0	0
Other related parties	6,456	2,771	1,459	555	0	0	0	0
	992,887	267,302	89,952	182,826	0	0	0	0

For the six months ended 30 June

EUR thousand	2013							
	Goods and Services				Financing			
	Purchases from	Sales to	Receivables from	Payables to	Loans	Borrowings	Interest received	Interest paid
Associates and Joint Ventures	75,993	210,387	84,458	40,885	0	0	0	0
Parent company	0	96	96	0	0	0	0	0
Companies with significant influence	905,564	27,802	6,031	142,889	0	0	0	0
Key management personnel	0	0	0	0	0	0	0	0
Other related parties	4,766	4,139	873	133	0	0	0	0
	986,323	242,424	91,458	183,907	0	0	0	0

The sales to associates mainly relate to sales of finished goods and services. Purchases from companies with significant influence mainly relate to purchase of feedstock and utilities from OMV group companies at market rates.

The transactions with other related parties relate to the subsidiaries and associated companies of the parent company of Borealis.

13. Subsequent events

On 7 August 2014 Borealis signed a share purchase agreement to acquire the remaining 67% share in Speciality Polymers Antwerp, N.V. from DuPont Holding Netherlands B.V., the Netherlands. The transaction is subject to the relevant competition authorities' approvals.

Borealis has no other significant subsequent events after 30 June 2014.

14. Management and Supervisory Board

Executive Board


Mark Garrett, Daniel Shook, Herbert Willerth, Markku Korvenranta, Alfred Stern, Martijn van Koten

Supervisory Board

Khadem A. Al-Qubaisi, David C. Davies, Mohamed A. Al-Azdi, Mohamed H. Al Mehairi, Manfred Leitner

Vienna, 19 August 2014

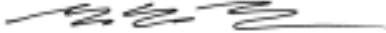
Executive Board:



Mark Garrett
Chief Executive



Daniel Shook
Chief Financial Officer



Markku Korvenranta



Martijn Arjen van Koten



Herbert Willerth



Alfred Stern

Statement by the Management in Accordance with § 87 (1) Z3 of the 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 occurred 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, 19 August 2014

Executive Board:



Mark Garrett
Chief Executive



Daniel Shook
Chief Financial Officer



Markku Korvenranta



Martijn Arjen van Koten



Herbert Willerth



Alfred Stern

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