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# Borealis

# Interim Consolidated

# Financial Statements

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as of 30 June 2015



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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

## Nimblicity™

We are fit, fast and flexible

We create and capture opportunities

We seek the smart and simple solutions

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# Strategy

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## Our strategy is clear

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

### Continue

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

### Exceed

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

### Explore

growth opportunities in other geographies/related businesses.

### Strengthen

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

### Pursue

operational excellence, considering safety at all times.

### Achieve

a step change in innovation.

### Expand

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

### Continue

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

## Outperform financially

**11%+** average return on capital employed (ROCE) after tax,

**40 – 60%** debt to equity ratio.

## Our Business

### Polyolefins

**Borealis Polyolefins are helping to change the world for the better.** The polyolefin products manufactured by Borealis form the basis of many sophisticated plastics applications that are an intrinsic part of our daily lives. Borealis works closely with its customers and industry partners to provide innovative and value-creating plastics solutions that make end products safer, lighter, more affordable and adaptable. The areas of application are wide-ranging and diverse. At Borealis, these areas are called **Energy, Automotive, Consumer Products, and Pipe.** **New Business Development** explores novel and potentially significant polyolefin products and applications.

#### Energy

Borealis is the leading provider of polyolefin compounds for the global wire and cable industry. A broad range of sophisticated extra-high, high and medium voltage cable applications, semi-conductive products as well as low voltage energy transmission and distribution cable solutions are made possible by Borealis proprietary technologies. Borealis' unique polymer manufacturing technologies make the wires and cables used in the building and automotive industries safer, and improve the efficiency of data and communication networks. Borealis is also a leading supplier of polypropylene (PP) material solutions for capacitor film products. Exhibiting exceptional cleanliness standards, these materials help achieve outstanding electrical properties, and their consistent processing behaviour enables the production of extremely thin films.

#### Automotive

Borealis is a leading supplier of innovative polyolefin plastic materials for engineering applications in the automotive industry. Using its proprietary technologies, Borealis delivers ideal replacement solutions for conventional materials such as metal, rubber and engineering polymers. Borealis continues to discover new material solutions which help facilitate lightweight construction and thus play an important role in enhancing energy efficiency. In automotive vehicles, Borealis' leading-edge polyolefin plastic materials are used in a wide range of exterior, interior, and under-the-bonnet applications. These include bumpers, body panels, trims, dashboards, door claddings, climate control and cooling systems, air intake manifolds and battery cases.

#### Consumer Products

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

#### Pipe

As a trusted and experienced partner, Borealis supplies materials for advanced polyolefin pipe systems that help the pipe industry better serve a variety of global communities. Using its proprietary technology as a base, Borealis offers pipes used in many different industries: water and gas supply, waste water and sewage disposal, irrigation, plumbing and heating, and oil and gas, including multi-layer coating solutions for onshore and offshore oil and gas pipelines. By offering more durable and reliable pipes, Borealis' step-change innovations continue to make pipes safer and more efficient, eliminating wastage and losses whilst at the same time offering energy savings.

#### New Business Development

Borealis' impressive track record in value creation through innovation and its close cooperation with customers enables it to develop innovative products and solutions in the areas of healthcare, elastomers and foamable materials based on its proprietary technologies. In healthcare, the ever-growing Borealis portfolio of polyolefins offers superior technical performance for medical devices, pharmaceuticals, and diagnostic packaging. As a global supplier, Borealis can ensure the security of supply and provide technical support tailored to the specific and stringent requirements of the market. In elastomers, Borealis continues to expand its wide range of attractive elastomers solutions to meet or even

surpass the most demanding requirements in sealing, flexibility, compatibility and processability. In foamable materials, Borealis' HMS (high-melt-strength) PP-based products fulfil the varying and sophisticated needs of both converters and consumers in the packaging industry.

## 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 Borealis' Base Chemicals business consists of three units being Hydrocarbons & Energy, Melamine and Fertilizer.

### 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 Borouge are either sourced from its owners or purchased from the markets. A range of co-products from the steam cracking process, including pygas and butadiene, are also sold to international markets.

Phenol, benzene and cumene as well as acetone are produced in Finland and are sold mainly to the adhesive, fibre, epoxy resin and polycarbonate industries in Northern Europe. 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. With 60 warehouses across Europe and an inventory capacity of over 700,000 tonnes, Borealis L.A.T promotes a broad fertilizer portfolio: nitrogen-based straight fertilizer; complex fertilizer – a combination of nitrogen (N), phosphate (P) and potassium (K); and a range of other technical nitrogen products, from ammonia and ammonium nitrates to nitric acid and urea solutions. The roll-out of the N-Pilot®, an innovative new diagnostic tool to help optimise nitrogen fertilizer application, has begun across Europe, having first been launched in France and Austria in 2014 as well as in Hungary at the beginning of 2015.





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# Financial Statements

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# Management Report – Half Year Report 2015

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The total number of recordable injuries (TRI) per million working hours was at a frequency of 1.6 in the first six months of 2015 compared to 1.1 in the same period last year. While the performance is world-class, it was overshadowed by a fatality which occurred at the production location in Linz in May. Borealis will use this and all other incidents to learn and further enhance its culture of safety with the ultimate goal of zero injuries.

The oil price decline seen in the second half of 2014 continued into 2015, with the Brent Crude oil price averaging 50 USD/bbl in January. Since then the Brent Crude oil price increased and averaged at 59 USD/bbl in the first six months of 2015, peaking at 66 USD/bbl in May. Naphtha has followed a similar pattern to the Brent Crude steadily increasing from an average of 397 USD/t in January to average 503 USD/t for the first six months of the year. The ethylene and propylene contract prices bottomed out in February and increased sharply since, reaching a peak in June of 1,105 EUR/t and 1,030 EUR/t, respectively, both up around 36% from the low of February.

The European polyolefins demand in the first six months of 2015 increased by 2% compared to the same period in 2014. Borealis' polyolefins sales increased by 3% slightly ahead of the industry in the first six months of 2015. In fertilizer, Borealis' sales volumes were unchanged from the first six months of 2014 reaching 2.5 million tonnes in the first half of 2015.

Borealis achieved an operating result of EUR 378 million during the first six months of 2015, compared to EUR 138 million in the same period of 2014. The Polyolefins business saw a significant improvement in their operating profit as margins improved in the second quarter and polyolefin prices did not retreat despite lower feedstock costs. The decoupling was driven by a tight market as a result of solid demand combined with a supply shortfall in the industry. In addition, imports of polyolefins into Europe have been uncompetitive, particularly following the weakening of the Euro. The second quarter was in sharp contrast to the first

quarter of 2015 when the falling monomer prices caused large negative inventory effects for polyolefin producers. The Base Chemicals business also saw an improved result in the first six months of 2015 compared to the same period of 2014, with both the fertilizer and olefins businesses benefitting from improved margins.

Borealis' net debt decreased by EUR 201 million during the first six months of 2015 driven by the solid business performance. Overall, investments in tangible and intangible assets reached EUR 160 million compared to EUR 165 million in the same period of 2014. The lower capital expenditure in the first half of the year was primarily due to a number of turnarounds in the first half of 2014, while in 2015 a major turnaround for the Stenungsund location in Sweden is planned for the second half of the year. Borealis' financial position remains solid with a gearing of 31% at the end of June 2015 compared to 40% on 31 December 2014.

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 2015. In the first quarter, Borealis concluded a BRL 36.7 million financing with BNDES for Borealis Brasil S.A.'s expansion. Other than that Borealis concluded no long-term financing contracts in the first half of 2015 in light of the favourable liquidity situation driven by the good operating result.

Borouge delivered a solid result in the first six months of 2015 with the start-up of the Borouge 3 mega project continuing. Borouge delivered a net profit contribution to Borealis of EUR 227 million in the first six months of 2015 compared to EUR 172 million in the same period last year. As of April 2015, all five polyolefin plants included in the Borouge 3 mega project are running as planned.

Borouge 3 will deliver an additional 2.5 million tonnes of capacity when fully ramped up, bringing the total Borouge capacity to 4.5 million tonnes, thus making Borouge the biggest integrated polyolefins complex in the world. Borealis and Borouge will then have approximately 8 million tonnes of polyolefin capacity combined.

In May, Borealis announced that it had reached a preliminary agreement with Agrifos Partners LLC to jointly develop a world-scale ammonia project through Gulf Coast Ammonia LLC (GCA). The plant will be located within an existing chemical site along the Texas Gulf Coast. GCA is in final negotiations with a short list of strategic site owners and expects to make a final site selection within the coming few months. The brownfield, hydrogen-based project is scheduled for mechanical completion and start-up in early 2019. The site will benefit from existing infrastructure and excellent logistics capabilities which will allow product supply to a variety of long-term off-takers and customers.

Borealis continued to invest in Europe in the first half of 2015 to ensure continuous competitiveness and operational reliability. In July, Borealis announced a major EUR 160 million investment in the “Stenungsund Cracker Furnace Revamp Programme”. During the programme, four out of the six old furnaces will be upgraded and revamped. The remaining two old furnaces will be shut down. The design of the revamped furnaces which will provide the highest standards in process safety and energy efficiency will be at the level of “Best Available Technology”.

Borealis announced the appointment of His Excellency Suhail Al Mazrouei, Managing Director of International Petroleum Investment Company (IPIC), as Chairman of its Supervisory Board. H.E. Suhail Al Mazrouei replaces H.E. Khadem Al Qubaisi who recently resigned from IPIC’s Board of Directors. Among other leadership roles, H.E. Suhail Al Mazrouei is Energy Minister of the United Arab

Emirates (UAE) and chairman of several other UAE and international companies.

Borealis’ commitment to innovation is firm. With three state of the art innovation centres located in Linz, Porvoo and Stenungsund, Borealis has over 500 employees in the R&D organisation supporting innovations for all business groups. Innovation projects are conducted in close collaboration with key customers as well as the Innovation centre of Borouge in Abu Dhabi.

To recognise and award the study of polyolefins Borealis announced Pouyan Sardashti from the University of Waterloo, Canada, as the winner of the 2015 Borealis PhD award, Sachin Chalapati from the University of Borås, Sweden, as the winner in the master thesis category, and for the first time an award for the best bachelor thesis was awarded to Anna Kalteis from the Johannes Kepler University in Linz, Austria.

The Borealis Group is operating in risky and uncertain markets which could affect its results. We refer to note 5 of the interim consolidated financial statements for further information on the tax contingencies. No further significant risks and uncertainties have been identified compared to the details reported in the Group Annual Report 2014.

Borealis’ Executive Board is pleased with the results in the first half of 2015.

In the second half of the year, integrated polyolefin margins are not expected to be as high as in the first half as supply and demand are expected to become better balanced. However, building on the solid performance in the first half of 2015 and 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 2015.

## Review of results

### Sales

The business environment in Europe in the first half of 2015 showed some signs of economic optimism. However the macroeconomic situation continues to be affected by the Eurozone debt crisis related to some countries in southern Europe and embargos towards Russia.

Borealis delivered a polyolefins sales volume in the first 6 months of 2015 which was 3% higher compared to the same period in 2014, and realised sales of 1.8 million tonnes of polyolefins for the first half-year of 2015. Fertilizer, within the Base Chemicals segment, reached a sales level of 2.5 million tonnes, comparable to the same period in 2014. Base Chemicals' Melamine sales volumes increased from 67 kt in the first half-year 2014 to 75 kt in the first half-year 2015. Compared to the same period last year, gross margins improved across all business segments, except for Melamine.

### Cost development

The total production costs decreased by approximately 16% in 2015 versus the first six months of 2014, mainly due to the lower feedstock prices. Underlying sales and distribution costs increased by 2% year on year, due to the higher sales volumes generated. The Administration and Research & Development expenses followed a similar trend. The number of full-time equivalent employees (FTEs) as per end of June 2015 was 6,218, compared to 6,290 at the end of December 2014.

### Operating profit

Operating profit for the first six months of 2015 amounted to EUR 378 million compared to EUR 138 million for the same period of 2014. The positive operating profit development in all businesses drove the improvement.

### Financial income and expenses

Net financial expenses for the first six months of 2015 amounted to EUR 30 million, a decrease of EUR 9 million compared to the first six months of 2014, mainly as a result of lower debt levels.

### Taxes

Income tax charges for the first six months of 2015 amounted to EUR 86 million, compared to EUR 26 million in the corresponding period of 2014. The increase is attributable to higher taxable profits, compared to the first six months of 2014, however, in the first six months of 2015 Borealis paid income taxes of EUR 22 million, compared with EUR 33 million in the same period of 2014.

### Net profit and distribution of dividend

The net profit for the first six months of 2015 amounted to EUR 489 million, compared to a net profit of EUR 245 million in the first six months of 2014. Borealis distributed a dividend of EUR 100 million to its shareholders from the results of the financial year 2014 in March 2015.

## Financial position

### Total assets and capital employed

At the end of June 2015, the total assets and capital employed stood at EUR 8,690 million and EUR 6,798 million, respectively, compared to EUR 8,353 million and EUR 6,372 million at year-end 2014.

The solvency ratio was 58% at 30 June 2015, up by 5% compared to year-end 2014. The gearing ratio decreased to 31%, compared to 40% at the end of December 2014, as a result of improved profitability and related repayment of debt. Net debt decreased in the first half of 2015 by EUR 201 million to EUR 1,597 million at the end of June 2015. Total equity increased by EUR 605 million to EUR 5,137 million in the first six months of 2015, mainly as a result of the profit generated in the first six months and the foreign exchange translation effects, partially offset by the dividend paid to shareholders.

### Cash flows and liquidity reserves

Cash flow from operations for the first six months of 2015 was EUR 435 million. Liquidity reserves, composed of undrawn, long-term committed credit facilities and cash balances, amounted to EUR 1,230 million at end of June 2015, compared to EUR 1,208 million at year-end 2014.

Vienna, 17 August 2015

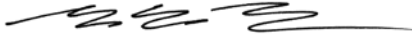
**Executive Board:**



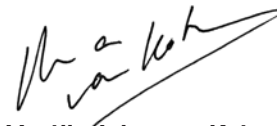
**Mark Garrett**  
Chief Executive



**Mark Tonkens**  
Chief Financial Officer



**Markku Korvenranta**



**Martijn Arjen van Koten**



**Alfred Stern**

# Interim Consolidated Financial Statements

## Interim Consolidated Income Statement

EUR thousand	2015	2014	Note
For the six months ended 30 June	unaudited	unaudited	
<b>Net sales</b>	<b>4,027,016</b>	<b>4,347,034</b>	1
Production costs	-3,149,485	-3,728,121	
<b>Gross profit</b>	<b>877,531</b>	<b>618,913</b>	
Sales and distribution costs	-318,446	-313,587	
Administration costs	-121,375	-108,953	
R&D costs	-60,078	-58,176	
<b>Operating profit</b>	<b>377,632</b>	<b>138,197</b>	
Net results in associated companies and joint ventures after tax	227,420	171,802	
Financial income	5,429	5,547	
Financial expenses	-35,349	-44,284	
<b>Profit before taxation</b>	<b>575,132</b>	<b>271,262</b>	
Taxes	-86,476	-26,155	
<b>Net profit for the year</b>	<b>488,656</b>	<b>245,107</b>	
Attributable to:			
Non-controlling interest	-899	942	
Equity holders of the parent	489,555	244,165	

## Interim Consolidated Statement of Comprehensive Income

EUR thousand	2015	2014
For the six months ended 30 June	unaudited	unaudited
<b>Net profit for the year</b>	<b>488,656</b>	<b>245,107</b>
<b>Items that may be reclassified subsequently to the income statement</b>		
Net gain/loss on translation of financial statements of foreign operations	230,246	-11,482
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	794	-2,137
Reclassifications during the period to the income statement	0	0
Tax effect recognised in other comprehensive income	-199	534
Net gain/loss on loans and financial contracts to hedge investments in foreign operations	-26,177	-2,890
Reclassifications during the period to the income statement	0	0
Tax effect recognised in other comprehensive income	6,544	723
Fair value adjustments of cash flow hedges	-11,677	-23,270
Reclassifications during the period to the income statement	18,844	15,485
Tax effect recognised in other comprehensive income	-1,792	1,946
Fair value adjustments of available for sale assets	0	0
Reclassifications during the period to the income statement	0	0
Tax effect recognised in other comprehensive income	0	0
<b>Items that will not be reclassified to income statement</b>		
Actuarial gains and losses	0	0
Tax effect recognised in other comprehensive income	0	0
<b>Net income/expense recognised in other comprehensive income</b>	<b>216,583</b>	<b>-21,091</b>
<b>Total comprehensive income</b>	<b>705,239</b>	<b>224,016</b>
Attributable to:		
Non-controlling interest	-1,537	1,598
Equity holders of the parent	706,776	222,418

## Interim Consolidated Balance Sheet

EUR thousand	30.6.2015	31.12.2014	Note
	unaudited	audited	
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	355,268	352,028	2
Tangible assets			2
Production plants	2,443,788	2,534,112	
Machinery and equipment	31,898	35,306	
Construction in progress	339,175	255,058	
	2,814,861	2,824,476	
Investments in associated companies and joint ventures	3,032,650	2,638,194	4
Other investments	29,892	30,251	10
Other receivables and other assets	17,894	17,344	10
Deferred tax assets	164,219	219,277	5
<b>Total non-current assets</b>	<b>6,414,784</b>	<b>6,081,570</b>	
<b>Current assets</b>			
Inventories	1,026,517	1,126,594	6
Receivables			
Trade receivables	692,313	544,538	10
Receivables from associated companies	96,876	88,491	10, 12
Income taxes	35,812	13,956	
Other receivables and other assets	360,080	455,040	10
Total receivables and other assets	1,185,081	1,102,025	
Cash and cash equivalents	63,526	42,425	
<b>Total current assets</b>	<b>2,275,124</b>	<b>2,271,044</b>	
<b>Total assets</b>	<b>8,689,908</b>	<b>8,352,614</b>	



## Interim Consolidated Balance Sheet

EUR thousand	30.6.2015	31.12.2014	Note
	unaudited	audited	
<b>Total Equity and Liabilities</b>			
<b>Shareholders' equity</b>			
Share capital and contributions by shareholders	1,599,397	1,599,397	
Reserves	187,041	-30,180	
Retained earnings	3,331,159	2,941,604	
Shareholders' equity	5,117,597	4,510,821	
Non-controlling interest	19,208	20,745	
<b>Total equity</b>	<b>5,136,805</b>	<b>4,531,566</b>	
<b>Liabilities</b>			
Non-current liabilities			
Loans and borrowings	1,621,436	1,594,982	9, 10
Deferred tax	202,480	204,816	
Employee benefits	385,523	382,930	
Provisions	62,607	61,825	7
Government grants	33,116	18,440	8
Other liabilities	15,862	17,829	10
<b>Non-current liabilities</b>	<b>2,321,024</b>	<b>2,280,822</b>	
Current liabilities			
Loans and borrowings	39,292	245,810	9, 10
Trade payables	711,973	740,379	10, 12
Income taxes	87,348	57,196	
Provisions	3,905	3,395	7
Other liabilities	389,561	493,446	10
<b>Current liabilities</b>	<b>1,232,079</b>	<b>1,540,226</b>	
<b>Total liabilities</b>	<b>3,553,103</b>	<b>3,821,048</b>	
<b>Total equity and liabilities</b>	<b>8,689,908</b>	<b>8,352,614</b>	

## 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	Non-controlling interest	Total equity
<b>Balance as of 31 December 2014</b>	<b>1,599,397</b>	<b>-164,358</b>	<b>-58,890</b>	<b>193,068</b>	<b>2,941,604</b>	<b>4,510,821</b>	<b>20,745</b>	<b>4,531,566</b>
Profit of the period	0	0	0	0	489,555	<b>489,555</b>	-899	<b>488,656</b>
Other comprehensive income	0	0	5,375	211,846	0	<b>217,221</b>	-638	<b>216,583</b>
Total comprehensive income	0	0	5,375	211,846	489,555	<b>706,776</b>	-1,537	<b>705,239</b>
Dividend payment to equity holders of the parent	0	0	0	0	-100,000	<b>-100,000</b>	0	<b>-100,000</b>
<b>Balance as of 30 June 2015 (unaudited)</b>	<b>1,599,397</b>	<b>-164,358</b>	<b>-53,515</b>	<b>404,914</b>	<b>3,331,159</b>	<b>5,117,597</b>	<b>19,208</b>	<b>5,136,805</b>
<b>Balance as of 31 December 2013</b>	<b>1,599,397</b>	<b>-106,238</b>	<b>-13,821</b>	<b>-38,356</b>	<b>2,441,432</b>	<b>3,882,413</b>	<b>19,881</b>	<b>3,902,294</b>
Profit of the period	0	0	0	0	244,165	<b>244,165</b>	942	<b>245,107</b>
Other comprehensive income	0	0	-5,839	-15,908	0	<b>-21,747</b>	656	<b>-21,091</b>
Total comprehensive income	0	0	-5,839	-15,908	244,165	<b>222,418</b>	1,598	<b>224,016</b>
Dividend payment to equity holders of the parent	0	0	0	0	-70,000	<b>-70,000</b>	0	<b>-70,000</b>
Acquisition of additional interest in a subsidiary	0	0	0	0	0	<b>0</b>	-62	<b>-62</b>
<b>Balance as of 30 June 2014 (unaudited)</b>	<b>1,599,397</b>	<b>-106,238</b>	<b>-19,660</b>	<b>-54,264</b>	<b>2,615,596</b>	<b>4,034,831</b>	<b>21,417</b>	<b>4,056,248</b>

\* Share capital of Borealis AG (parent company) amounts to EUR 300,000.00 (30 June 2014: EUR 300,000.00).

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

A dividend of EUR 100,000 thousand was paid in 2015 out of the result of the year 2014.

## Interim Consolidated Cash Flow

EUR thousand	2015	2014	Note
For the six months ended 30 June	<b>unaudited</b>	<b>unaudited</b>	
<b>Cash flows from operating activities</b>			
Payments from customers	3,880,977	4,360,645	
Payments to employees and suppliers	-3,390,489	-4,265,996	
Interest received	391	585	
Interest paid	-29,727	-30,155	
Other financial expenses paid	-4,350	-9,893	
Income taxes paid	-22,290	-33,356	
	<b>434,512</b>	<b>21,830</b>	
<b>Cash flows from investing activities</b>			
Investments in tangible assets	-134,123	-146,955	2
Investments in intangible assets and other investments	-25,951	-17,871	2
Purchase price adjustment of acquisition of subsidiaries	0	20,495	3
Dividend/ capital repayments of associated companies	53,638	81,548	
Capital contributions to associated companies	0	-59,736	
Proceeds from sale of non-current assets	2,444	4,000	
	<b>-103,992</b>	<b>-118,519</b>	
<b>Cash flows from financing activities</b>			
Long-term loans obtained	9,345	0	
Short-term loans obtained	0	146,253	
Long-term loans repaid	0	0	
Short-term loans repaid	-218,864	-2,357	
Acquisition of non-controlling interest	0	-62	
Dividends paid	-100,000	-70,000	
Dividends paid to non-controlling interest	0	0	
	<b>-309,519</b>	<b>73,834</b>	
<b>Net cash flow of the period</b>	<b>21,001</b>	<b>-22,855</b>	
Cash and cash equivalents as of 1 January	42,425	60,266	
Effect of exchange rate fluctuations on cash held	100	867	
<b>Cash and cash equivalents as of 30 June</b>	<b>63,526</b>	<b>38,278</b>	

## 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 chemical and innovative plastics solutions.

In the Polyolefins segment Borealis' focuses on the application areas Energy, Automotive, Consumer Products, Pipe and New Business Development.

Base Chemicals is the second reporting segment and includes the following product ranges: phenol/aromatics (phenol and acetone), feedstock (naphtha, LPG, etc), olefins (ethylene, propylene, butadiene, etc), melamine and fertilizer.

### Basis of preparation

The interim consolidated financial statements for the six months ended 30 June 2015 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 2014.

The interim consolidated financial statements for the six months ended 30 June 2015 are unaudited and have not been subject to an external audit review.

The interim consolidated financial statements are presented in thousand Euro (EUR thousand), rounded to the nearest thousand, hence rounding differences may arise.

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 2014 except for the adoption of new standards and interpretations effective as of 1 January 2015.

The following new standards and interpretations, as endorsed by the EU, are applied as of 1 January 2015:

- IFRIC 21 Levies, effective 17 June 2014
- Annual Improvements to IFRSs 2011-2013 Cycle, effective 1 January 2015

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

The adoption of the new and amended standards and interpretations stated above is included in the financial statements. This 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	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Net sales by business:</b>								
Total sales	2,610,686	2,675,266	3,480,357	3,976,900	67,139	63,203	6,158,183	6,715,369
Group internal sales	-	-	(2,131,167)	(2,368,335)	-	-	(2,131,167)	(2,368,335)
	<b>2,610,686</b>	<b>2,675,266</b>	<b>1,349,190</b>	<b>1,608,565</b>	<b>67,139</b>	<b>63,203</b>	<b>4,027,016</b>	<b>4,347,034</b>

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

<b>Result:</b>								
Operating profit	271,488	79,786	256,448	171,810	(150,304)	(113,399)	377,632	138,197
Net result in associated companies and joint ventures					227,420	171,802	227,420	171,802
Net financial items					(29,920)	(38,737)	(29,920)	(38,737)
Taxes					(86,476)	(26,155)	(86,476)	(26,155)
Non-controlling interest					899	(942)	899	(942)
<b>Net profit for the year attributable to equity holders of the parent</b>							<b>489,555</b>	<b>244,165</b>
<b>Other information:</b>								
	30.6.	31.12.	30.6.	31.12.	30.6.	31.12.	30.6.	31.12.
Segment assets:	3,106,404	3,129,405	2,383,564	2,415,616	3,199,940	2,807,593	8,689,908	8,352,614
thereof Austria	1,740,587	1,756,159	1,183,041	1,268,292	3,093,571	2,624,480	6,017,200	5,648,931
Segment liabilities	-	-	-	-	3,553,103	3,821,048	3,553,103	3,821,048

## 2. Intangible and tangible assets

Borealis invested EUR 25,951 thousand into intangible assets in the first six months of 2015 (first six months 2014: EUR 17,871 thousand). Additions arising from internal development amounted to EUR 15,572 thousand (first six months 2014: EUR 13,484 thousand). Furthermore, the goodwill increased by EUR 209 thousand (see note 3) related to the acquisition of Speciality Polymers Antwerp N.V. in 2014. Intangible assets received by the way of government grants as allowances for emissions (EU Emissions Trading System) amounted to EUR 30,501 thousand for the year 2015 (2014: EUR 46,980 thousand for the years 2013 and 2014). The emissions of the year 2014 were settled in April 2015. Their carrying value is in line with the fair value.

The impairment of intangible assets in the first six months of 2015 for which the carrying value exceeds the value in use amounted to EUR 5,000 thousand (first six months 2014: EUR 4,500 thousand).

## 3. Business Combinations

Borealis had no acquisitions in the first six month of 2015.

The determination of the fair values needed for the purchase price allocation of the acquisition of Speciality Polymers Antwerp N.V. made in 2014 remained preliminary as at year end 2014 and has been updated by 30 June 2015. The changes are reported below.

### 3.1. Acquisition of Speciality Polymers Antwerp N.V.

On 1 September 2014, Borealis (via Borealis Polymers, N.V., in Beringen, Belgium, a 100% subsidiary of Borealis AG, Vienna, Austria) acquired 670 shares of Speciality Polymers Antwerp N.V., Zwijndrecht, Belgium (hereafter 'SPA'), from DuPont Holding Netherlands B.V. (the Seller). Together with

Additions to tangible assets in the first six months of 2015 amounted to EUR 134,123 thousand (first six months 2014: EUR 146,955 thousand). Moreover, borrowing costs amounting to EUR 1,550 thousand (first six months 2014: EUR 725 thousand) have been capitalised, using a 2.8% (first six months 2014: 2.8%) interest rate.

Major projects advanced in the first six months of 2015 relate to the light feed modification of the cracker in Stenungsund, Sweden, the upgrade of the PE2 plant to Borstar 3G in Porvoo, Finland, and the Phenol and Aromatics turnaround project in Porvoo, Finland.

At 30 June 2015, Borealis' contractual commitments amounted to EUR 120,844 thousand (31 December 2014: EUR 129,138 thousand) for the acquisition of tangible assets.

330 shares (33%) already owned before the latest acquisition by Borealis Polymers N.V., Belgium, and Borealis Kallo N.V., Belgium (directly or indirectly 100% subsidiaries of Borealis AG, Vienna, Austria), Borealis became 100% owner of SPA. SPA is a producer of acrylate based co- and ter-polymers and ethylene vinyl acetate (EVA). The acrylate copolymers, which are part of a broader portfolio of speciality polymers produced at SPA, are an important building block for Borealis' value-added products sold into the core Energy market. The acquisition has been accounted for using the acquisition method. The acquisition date purchase price for the acquired assets and liabilities is preliminary and may be adjusted.

## Assets acquired and liabilities assumed

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

EUR thousand	Fair value recognised on acquisition <sup>2</sup>	Fair value recognised on acquisition <sup>1</sup>
<b>Assets</b>		
Tangible and intangible assets	39,662	39,662
Inventories	2,892	2,892
Trade receivables	18,061	18,061
Other current receivables and other assets	573	573
Cash and cash equivalents	903	903
<b>Total assets acquired</b>	<b>62,091</b>	<b>62,091</b>
<b>Liabilities</b>		
Deferred taxes	2,967	3,074
Employee benefits	8,462	8,462
Provisions non-current	456	140
Trade payables	16,831	16,831
Other current liabilities	4,383	4,383
<b>Total liabilities</b>	<b>33,099</b>	<b>32,890</b>
<b>Total identifiable net assets at fair value</b>	<b>28,992</b>	29,201
Non-controlling interest measured at fair value	-8,154	-8,154
Goodwill arising on acquisition	3,162	2,953
<b>Total purchase consideration</b>	<b>24,000</b>	<b>24,000</b>
<b>Percentage acquired</b>	<b>67.00%</b>	<b>67.00%</b>

<sup>1</sup> Due to ongoing assessments the fair value recognised at year end 2014 was preliminary and subject to finalisation.

<sup>2</sup> The determination of the fair values needed for the purchase price allocation is still not finalised, as there is a certain possibility for an adjustment of the purchase consideration.

The total acquisition costs of 67% of the share capital of SPA comprise a cash payment in September 2014 of EUR 24,000 thousand and costs of EUR 640 thousand directly attributable to the acquisition. The cash acquired with this acquisition in 2014 amounted to EUR 903 thousand, resulting in net cash outflow in 2014 on the acquisition of EUR 23,097 thousand. The transaction costs of EUR 640 thousand have been expensed and are included in administrative expenses in the income statement 2014 and are part of operating cash flows in the statement of cash

flows in 2014. The goodwill of EUR 3,162 thousand comprises the value of the expected synergies and other benefits from combining the assets and activities of SPA with those of Borealis and has been allocated to the cash generating unit Polyethylene. None of the recognised goodwill is deductible for income tax purposes. The adjustment of the determination of the fair values needed for the purchase price allocation resulted in no significant changes and no adaption of the financial statements 2014.

#### 4. Investments in subsidiaries, associated companies and joint ventures

Associates	Country	Ownership in %	
		30.6.2015	31.12.2014
Abu Dhabi Polymers Company Limited (Borouge)	United Arab Emirates	40.00	40.00
Borouge Pte Ltd	Singapore	50.00	50.00
FEBORAN AD	Bulgaria	40.00	40.00
Chemiepark Linz Betriebsfeuerwehr GmbH*	Austria	47.50	47.50
AZOLOR S.A.S.*	France	34.00	34.00
Société d'Intérêt Collectif Agricole par Actions Simplifiée de Guaix (SICA)*	France	25.00	25.00
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

Joint ventures	Country	Ownership in %	
		30.6.2015	31.12.2014
PetroPort Holding AB	Sweden	50.00	50.00
BTF Industriepark Schwechat GmbH*	Austria	50.00	50.00

\* Excluded from consolidation at equity due to immateriality

In the first six months of the reporting period, two new 100% subsidiaries were established: Borealis Chimie S.A.R.L., Casablanca, Morocco, and Borealis Colombia S.A.S., Bogota, Colombia. Furthermore, Speciality Polymers Antwerp N.V., Zwijndrecht, Belgium, was merged into Borealis Antwerpen Compounding N.V., Zwijndrecht, Belgium, which is now named Borealis Antwerpen N.V., Zwijndrecht, Belgium. Borealis L.A.T Sobelagro S.A.S., Clevilliers, France, was merged into Borealis L.A.T Gratecap S.A.S., Courbevoie, France, which is now named Borealis L.A.T France S.A.S., Courbevoie, France.



## 5. Taxation

The recognised deferred tax assets are expected to be utilised against future profits based on internal projections in the relevant jurisdictions. In addition to the tax assets capitalised, the Group has unrecognised tax assets of EUR 141,436 thousand (31 December 2014: EUR 141,436 thousand), due to current forecasts indicating insufficient future profits, not justifying further capitalisation of tax assets. These tax losses carried forward have no expiry date.

### Tax contingencies

On 29 December 2014, the management of Borealis Technology Oy (TOY), a Finnish subsidiary of Borealis AG (BAG), which owns intellectual property (IP) for both polyolefin and catalyst technologies, has received a re-assessment decision by the Finnish Tax Authority (FTA) regarding polyolefin IP.

Based on this re-assessment the taxable income of TOY in the year 2008 has been increased by an amount of EUR 700,000 thousand. This leads to a requested additional total payment of EUR 281,747 thousand, comprising taxes, late payment interest and penalties. The payment obligation has been suspended pending TOY's appeal.

The FTA claims that the exclusive licence agreement under which TOY licensed its polyolefin IP to BAG in the year 2008 is to be regarded as a sale of business. The management of Borealis believes that the FTA's decision is unjustified as, in fact, it constitutes an attempt to re-characterise a valid and legitimate licence deal into a sales deal that never took place. Furthermore, Borealis believes that TOY's licensed IP constitutes assets and cannot be regarded as a fully-fledged business. Borealis is confident that it is very likely that the decision of the FTA will be reversed in one of the next phases of the proceeding.

On 9 June 2015, TOY received from the FTA a second re-assessment decision requesting TOY to pay an additional amount of EUR 124,600 thousand in taxes, penalties and interest regarding catalyst IP. The claimed amount is based on an additional taxable income in the year 2010 of EUR 340,000 thousand. The payment obligation has been suspended pending TOY's appeal.

Despite all arguments provided by Borealis and its team of advisors the FTA decided to follow an argumentation similar to the argumentation used in the re-assessment decision received on 29 December 2014. Borealis believes that also this second decision is incorrect and is confident that also this second decision will be reversed in one of the next phases of the proceeding.

On 3 July 2015, Borealis Polymers Oy (BPOY), a Finnish subsidiary of BAG, received the final tax audit report (Audit Report) from the FTA regarding the year 2009. The Audit Report proposes to increase BPOY's taxable base in the year 2009 by EUR 364,000 thousand.

The Audit Report mainly relates to a license arrangement entered into between BPOY and BAG in connection with the conclusion of a toll manufacturing agreement, whereby BPOY's contractual status was amended from that of a full-risk manufacturer to one of a toll manufacturer as of 1 January 2009. The purpose of the toll manufacturing agreement was to align the contractual allocation of risks and responsibilities between BPOY and BAG with the commercial reality of a centralised group management structure of the Borealis group that had gradually evolved over the years.

In the Audit Report the FTA claims that for taxation purposes the license agreement concluded between BPOY and BAG on 19 December 2008 and applied as of 1 January 2009 should be considered a sales agreement constituting a transfer of intangibles (including goodwill). Thus, in practice the taxation proposal constitutes a re-characterisation of the license agreement as a sale of business for taxation purposes.

The FTA has not yet issued any decision following the Audit Report. BPOY will present to the FTA detailed judicial and factual argumentation concluding that the taxation proposal included in the Audit Report is unjustified.

Several other 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. Management's opinion is that the company is in compliance with all applicable regulations. Given the preliminary nature of the proceedings, potential impacts, if any, cannot be currently reliably estimated.

## 6. Inventories

EUR thousand	30.6.2015	31.12.2014
Finished products	759,072	784,896
Raw materials and consumables	267,445	341,698
<b>Total</b>	<b>1,026,517</b>	<b>1,126,594</b>

Inventories of ethylene and propylene are included under finished products.

Impairment cost of EUR 13,170 thousand (first six months 2014: impairment cost of EUR 16,509 thousand) was recognised in the first six months 2015.

## 7. Provisions

The Group's provisions mainly consist of provisions for decommissioning, environmental and other provisions. 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 14,955 thousand (31 December 2014: EUR 15,729 thousand) and covers the expected clean-up and dismantling costs for plants situated on rented land mainly in Germany.

### Environmental

The provision for environmental exposures amounted to EUR 23,410 thousand (31 December 2014: EUR 23,095 thousand) and covers several environmental exposures mainly in France.

### Other

Other provisions amounted to EUR 28,147 thousand (31 December 2014: EUR 26,396 thousand) and cover numerous types of long term obligations including long term incentive plans, as well as costs for restructuring and litigations.

## 8. Government grants

Government grants received from the EU Emissions Trading System as of 30 June 2015 amounted to EUR 30,501 thousand in respect of the year 2015 (31 December 2014: EUR 46,980 thousand for the years 2013 and 2014). These grants are included at fair value at

the beginning of the year and are released within that year. The carrying value of government grants related to emission rights amounted to EUR 15,296 thousand as of 30 June 2015 (31 December 2014: EUR 0 thousand).

## 9. Loans and borrowings

The composition of interest-bearing loans and borrowings (short and long-term debt) at 30 June 2015 in EUR thousand was as follows:

Maturities		30.6.2015					Unutilised committed facilities
Due		Total	Term loans	Utilised uncommitted facilities	Export credits	Finance leases	
After	5 years	<b>357,294</b>	357,294				
Within	5 years	<b>483,594</b>	483,594				1,000,000
	4 years	<b>160,462</b>	160,462				
	3 years	<b>48,124</b>	48,124				
	2 years	<b>571,962</b>	571,183			779	
<b>Total long-term debt</b>		<b>1,621,436</b>	<b>1,620,657</b>	<b>0</b>	<b>0</b>	<b>779</b>	<b>1,000,000</b>
Total short-term debt	1 year	<b>39,292</b>	39,292	0	0 <sup>1</sup>	0	166,000 <sup>1</sup>
<b>Total debt</b>		<b>1,660,728</b>	<b>1,659,949</b>	<b>0</b>	<b>0</b>	<b>779</b>	<b>1,166,000</b>

<sup>1</sup> Borealis maintains EUR 166,000 thousand in export credit facilities (these facilities were fully undrawn at 30 June 2015). 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 2014 in EUR thousand was as follows:

Maturities		31.12.2014					Unutilised committed facilities
Due		Total	Term loans	Utilised uncommitted facilities	Export credits	Finance leases	
After	5 years	<b>416,818</b>	416,818				
Within	5 years	<b>417,116</b>	417,116				1,000,000
	4 years	<b>170,045</b>	170,045				
	3 years	<b>352,585</b>	352,585				
	2 years	<b>238,418</b>	237,252			1,166	
<b>Total long-term debt</b>		<b>1,594,982</b>	<b>1,593,816</b>	<b>0</b>	<b>0</b>	<b>1,166</b>	<b>1,000,000</b>
Total short-term debt	1 year	<b>245,810</b>	195,810	50,000	0 <sup>2</sup>	0	166,000 <sup>2</sup>
<b>Total debt</b>		<b>1,840,792</b>	<b>1,789,626</b>	<b>50,000</b>	<b>0</b>	<b>1,166</b>	<b>1,166,000</b>

<sup>2</sup> Borealis maintains EUR 166,000 thousand in export credit facilities (these facilities were fully undrawn at 31 December 2014). These facilities are economically evergreen in nature, but include a one year notice for cancellation.

The Group's financing mainly comprises committed credit lines (largely syndicated), term loans, bonds, private placements and export credits. The loans and borrowings are all 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 2015 and by terming out its debt through diverse funding channels.

In the first six months of 2015, Borealis concluded a BRL 36,736 thousand financing agreement with BNDES, the Brazilian Development Bank (Banco Nacional de Desenvolvimento Econômico e Social) for the financing of the Borealis Brasil S.A.'s expansion. As of 30 June 2015, BRL 23,110 thousand (31 December 2014: BRL 0 thousand) were utilised, the remainder is expected to be released later this year.

At 30 June 2015, the Group has committed long-term credit facilities of EUR 1,166,000 thousand (31 December 2014: EUR 1,166,000 thousand) of which EUR 0 thousand (31 December 2014: EUR 0 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 and the fair value measurement hierarchy level shown in the balance sheet, are as follows:

EUR thousand	30.6.2015			31.12.2014		
	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
<b>Assets</b>						
<b>Other investments</b>						
Other investments	29,892	n/a	n/a	30,251	n/a	n/a
<b>Loans and receivables</b>	<b>29,892</b>			<b>30,251</b>		
<b>Trade receivables</b>						
Trade receivables	692,313	692,313	n/a	544,538	544,538	n/a
<b>Loans and receivables</b>	<b>692,313</b>			<b>544,538</b>		
<b>Receivables from associated companies</b>						
Receivables from associated companies	96,876	96,876	n/a	88,491	88,491	n/a
<b>Loans and receivables</b>	<b>96,876</b>			<b>88,491</b>		
<b>Other receivables and other assets (current and non-current)</b>						
Long term deposits for tax requirements	10,869	10,869	1	10,869	10,869	1
<b>Available for sale financial assets</b>	<b>10,869</b>			<b>10,869</b>		
Derivative financial instruments for which hedge accounting is applied	65,522	65,522	2	81,333	81,333	2
<b>Hedging instruments</b>	<b>65,522</b>			<b>81,333</b>		
Derivative financial instruments for which hedge accounting is not applied	3,920	3,920	2	41,822	41,822	2
<b>Financial assets at fair value through profit or loss</b>	<b>3,920</b>			<b>41,822</b>		
Deposits and other receivables	5,552	5,552	n/a	5,889	5,889	n/a
<b>Loans and receivables</b>	<b>5,552</b>			<b>5,889</b>		
Other non-financial assets	292,111	n/a	n/a	332,471	n/a	n/a
<b>Total other receivables and other assets (current and non-current)</b>	<b>377,974</b>			<b>472,384</b>		

EUR thousand	30.6.2015			31.12.2014		
	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
<b>Liabilities</b>						
<b>Loans and borrowings (current and non-current)</b>						
Floating rate loans and borrowings	364,884	364,884	2	557,577	557,577	2
Fixed rate loans and borrowings	1,295,844	1,525,249	2	1,283,215	1,502,009	2
<b>Financial liabilities</b>	<b>1,660,728</b>			<b>1,840,792</b>		
<b>Trade payables</b>						
Trade payables	711,973	711,973	n/a	740,379	740,379	n/a
<b>Financial liabilities</b>	<b>711,973</b>			<b>740,379</b>		
<b>Other liabilities (current and non-current)</b>						
Derivative financial instruments for which hedge accounting is applied	104,309	104,309	2	142,710	142,710	2
<b>Hedging instruments</b>	<b>104,309</b>			<b>142,710</b>		
Derivative financial instruments for which hedge accounting is not applied	8,289	8,289	2	45,309	45,309	2
<b>Financial liabilities at fair value through profit or loss</b>	<b>8,289</b>			<b>45,309</b>		
Contingent consideration	3,684	3,684	3	3,684	3,684	3
Interest accruals	20,873	20,873	n/a	18,758	18,758	n/a
<b>Financial liabilities</b>	<b>24,557</b>			<b>22,442</b>		
Other non-financial liabilities	268,269	n/a	n/a	300,814	n/a	n/a
<b>Total other liabilities (current and non-current)</b>	<b>405,423</b>			<b>511,275</b>		

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.

**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.

**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.

In the first six months of 2015 no transfers between the different levels took place.

### **Contingent consideration**

The fair value of the contingent consideration for the acquisition of Borealis Plastomers amounts to EUR 3,684 thousand as of 30 June 2015 (31 December 2014: EUR 3,684 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 2015 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 0 thousand as of 30 June 2015 (31 December 2014: EUR 0 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. In the first six months of 2015 no gains or losses were recognised in P&L.

### **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 the current forward price and the contractual forward price.

### **Non-derivative financial liabilities**

It is estimated 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 as at 30 June 2015. The own non-performance risk as at 30 June 2015 was assessed to be insignificant.

The fair value of trade payables and interest accruals is estimated to equal the carrying amount. Therefore, no fair value hierarchy level was stated.

### **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 and assets and receivables from associated companies 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. Therefore, no fair value hierarchy level was stated.

### **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

Besides the pending tax contingency as included in note 5, no further significant risks and uncertainties have been identified compared to the Group Annual Report 2014.

## 12. Transactions with related parties

For the six months ended 30 June

EUR thousand	2015							
	Goods and Services				Financing			
	Purchases from	Sales to	Receivables from	Payables to	Loans	Borrowings	Interest received	Interest paid
Associates	129,371	223,159	96,876	22,668	0	0	0	0
Parent company	0	0	0	0	0	0	0	0
Companies with significant influence	668,584	20,909	4,919	139,106	0	0	0	0
Key management personnel	0	0	0	0	0	0	0	0
Other related parties	16,998	1,085	199	4,519	0	0	0	0
	<b>814,954</b>	<b>245,152</b>	<b>101,994</b>	<b>166,292</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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	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
	<b>992,887</b>	<b>267,302</b>	<b>89,952</b>	<b>182,826</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The sales to associates include mainly 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.

## 13. Subsequent events

There have been no significant subsequent events after 30 June 2015.

## 14. Executive Board and Supervisory Board

### Executive Board

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

### Supervisory Board

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

Vienna, 17 August 2015

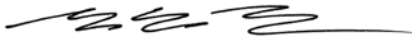
#### Executive Board:



**Mark Garrett**  
Chief Executive



**Mark Tonkens**  
Chief Financial Officer



**Markku Korvenranta**



**Martijn Arjen van Koten**



**Alfred Stern**



## Statement of the Executive Board in Accordance with § 87 (1) Z 3 of the Vienna 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, 17 August 2015

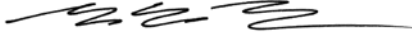
### Executive Board:



**Mark Garrett**  
Chief Executive



**Mark Tonkens**  
Chief Financial Officer



**Markku Korvenranta**



**Martijn Arjen van Koten**



**Alfred Stern**





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**Borealis AG**

Wagramer Strasse 17–19 · A-1220 Vienna · Austria

Tel. +43 1 22 400 300 · Fax +43 1 22 400 333

[www.borealisgroup.com](http://www.borealisgroup.com)

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Responsible Care<sup>®</sup>  
OUR COMMITMENT TO SUSTAINABILITY