
Borealis

Interim Consolidated

Financial Statements

as of 30 June 2016

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About Borealis



Borstar 3G plant in Porvoo, Finland (construction phase)
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Our Business

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

Polyolefins

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

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

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

Energy

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

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

Automotive

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

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

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

Consumer Products

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

These value-added packaging and fibre innovations play a role in safeguarding the quality and safety of consumer and industrial products, but also fulfil demand for enhanced functionality and convenience. Plastic food packaging, for example, helps protect and preserve food from farm to fork. Spoilage is avoided thanks to efficient

filling systems and leak-resistant packaging. Food stays fresher longer, and less must be thrown away. What is more, the consumer has a wider range of choices when it comes to convenient and appealing packaging formats.

Pipe

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

New Business Development

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

In Healthcare, the ever-growing Borealis polyolefins portfolio offers superior technical performance for medical devices, pharmaceuticals, and diagnostic packaging. Borealis innovations help make healthcare packaging and medical devices safer and more affordable whilst improving usability, a key criterion in today's ageing society. Disposable syringes,

insulin injection devices, unbreakable transparent bottles and single-dose eye drop dispensers, among other products, have all been enhanced by advanced polyolefins made by Borealis.

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

Base Chemicals

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

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

Hydrocarbons & Energy

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

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

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

Melamine

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

Fertilizers

Efficient and effective use of fertilizers has become more essential than ever. The world's population is expected to rise from today's 7.4 billion to over 9 billion by 2050, and an

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

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

Innovative products

HVDC cables enable more efficient transmission

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



In courtesy of ABB

Innovative beverage caps save on both material and cost

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



Mission and Strategy

CONTINUITY COMBINED WITH THE FLEXIBILITY TO SEIZE CHANGING OPPORTUNITIES

Our mission

To be **THE** leading provider of innovative plastics, chemical and fertilizer solutions that create value for society.

We will

- Grow our PO business with a focus on **advanced applications** and **differentiated products**, strengthen our European base and ensure cost competitiveness from feedstock to customer.
 - Pursue excellence and optimise **Borouge** in the Middle East and Asia, including **leveraging into Europe**.
 - Continue to maximise the value of **Base Chemicals**, with a focus on **growth in Fertilizers** and **strengthening the cracker asset base** with increased feedstock flexibility.
 - Realise **growth opportunities** in other geographies/related businesses.
 - Pursue **operational excellence** and a **Goal Zero** mindset.
 - 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 a **learning organisation**.
 - **Drive sustainability**, explore and realise business opportunities from the **circular economy**.
-

Outperform financially

11%+

average return on capital
employed (ROCE) after tax

40–60%

debt
to equity ratio

Our Values



Responsible

We are leaders in Health, Safety and the Environment

We are good neighbours wherever we operate

We do business according to high ethical standards



Respect

We involve people and communicate in a straightforward way

We work together – helping and developing each other

We are 'One Company' – building on diversity



Exceed

Our customers' and owners' success is our business

We win through commitment and innovation

We deliver what we promise – and a little bit more



Nimblicity™

We are fit, fast and flexible

We create and capture opportunities

We seek the smart and simple solutions

Financial Statements

Management report – Half year report 2016

The total number of recordable injuries (TRI) per million working hours was at a frequency of 0.7 in the first six months of 2016 compared to 1.6 in the same period last year. While this performance is world class, the ratio reflects six individuals who have been injured, which is six too many. Safety remains a top priority at Borealis and the company will continue to work with all its employees and contractors to continuously enhance its culture of safety with the ultimate goal of zero injuries.

The oil price decline seen during 2015 continued into January 2016 when an average of 32 USD/bbl was reached. Since then the oil price has recovered reaching an average of 41 USD/bbl for the first six months of 2016, peaking at 50 USD/bbl in June. Naphtha has followed a pattern similar to the oil price with a low point for the year of 294 USD/t in February before creeping upwards to an average of 359 USD/t for the first six months of the year. The ethylene and propylene contract prices fell consecutively for the first three months of the year before rebounding and reaching a high for the first six months in June of 935 EUR/t and 653 EUR/t, respectively, which is an increase of around 16% since March.

The European polyolefins demand in the first six months of 2016 was strong compared to the same period in 2015. Borealis' polyolefins sales volume increased by 4% in the first six months of 2016 compared to the first six months of 2015. Borealis' fertilizer sales volume was impacted by the low market demand and decreased by 9% in the first six months of 2016 compared to the first six months of 2015.

Borealis achieved a record operating result of EUR 521 million during the first six months of 2016, compared to EUR 378 million in the same period of 2015. The Polyolefins business saw a significant improvement in its operating profit as the very strong polyolefins margin, driven by a tight market, has remained since the second quarter of 2015. The Base Chemicals business, on the other hand, saw a lower result in the first six months of 2016 compared to the same period of 2015. Within the Base Chemicals business the Fertilizer business suffered from low demand while both the Hydrocarbons and Energy and the Melamine businesses realised an improved result in the first six months of 2016.

Borealis' net debt decreased by EUR 120 million during the first six months of 2016 driven by the excellent business performance. Overall, investments in tangible and intangible assets reached EUR 159 million.

Capital expenditure remained at a similar level in the first half of 2016 compared to the first half of 2015. Borealis' financial position remains strong with a gearing of 17% at the end of June 2016 compared to 31% at the end of June 2015.

Borealis continues to maintain a very good liquidity position through its EUR 1 billion fully committed revolving credit facility (RCF), which remained fully undrawn in the first half of 2016, based on a five-year tenor with a further one-year extension option at lenders' discretion. The RCF was originally refinanced in 2014. Borealis benefits from a well-diversified financing portfolio and a balanced maturity profile. The company will look to maintain access to a wide range of funding options, including capital markets and bank funding as well as private placements going forward. Borealis concluded no long-term financing contracts in the first half of 2016 in light of the favourable liquidity situation.

Borouge had a solid start into the year delivering a net profit contribution to Borealis of EUR 205 million in the first six months of 2016 compared to EUR 227 million in the same period last year. Borouge's net profit contribution to Borealis was slightly lower in the first half of 2016 due to limited feedstock availability in the first quarter of 2016.

With the successful start-up of the cross-linked polyethylene (XLPE) plant in the second quarter of 2016, Borouge has successfully finalised the start-up of the Borouge 3 plant expansion project. The company has seen its production capacity more than double to 4.5 million tonnes, making Borouge the world's largest integrated polyolefins complex. Borealis and Borouge now have a combined annual polyolefins production capacity of 8 million tonnes.

In June, Borealis announced that it had reached an agreement to fully acquire the German plastics recycler mtm plastics GmbH and mtm compact GmbH. mtm plastics GmbH is regarded as a technology leader in the recycling of mixed post-consumer plastic waste and as one of Europe's largest producers of post-consumer polyolefin recyclates. mtm plastics is Borealis' first step into the circular economy and reflects Borealis' pro-active and dedicated "Keep Discovering" approach to provide specific and innovative solutions to core global challenges.

Borealis continued to invest in Europe in the first half of 2016 to ensure continuous competitiveness and operational excellence. In March, Borealis announced

an EUR 80 million investment programme called “Linz 2020” to boost the overall long-term competitiveness of the Linz location. The programme goals include improving plant efficiency and achieving better environmental performance by installing and implementing state-of-the art equipment and processes. In June, Borealis announced a EUR 40 million investment to upgrade its steam cracker in Porvoo, Finland. The upgrade will enhance the cracker’s energy efficiency, yield higher production capacities for propylene and crude C4, and enable an overall higher production quality of propylene. The project is scheduled for completion in the third quarter of 2017.

Borealis’ commitment to innovation is firm. With three state of the art innovation centres located in Linz, Porvoo and Stenungsund plus innovation facilities in Grand-Quevilly and Schwechat, 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. Moreover, Borealis is the most innovative Austrian company with respect to patent filing, with the largest number of Austrian and European patents filed.

Borealis’ innovation efforts are also recognised externally; in January, Borealis was awarded as the “most active innovator” at Philips’ supplier innovation week in Europe. Two of the eight European Plastics Innovation Awards were awarded to Borealis: one for the primerless painting of PP compounds and one for the thinnest capacitor film world-wide which was developed in cooperation with our customer Treofan.

To recognise and reward the scientific study of polyolefins and related areas, Borealis announced Alberto García-Peñas from the Universidad Autónoma de Madrid, Spain, as the winner of the 2015–2016 Borealis PhD award; Melanie Baumgartner from the Johannes Kepler University in Linz, Austria, was the winner in the master thesis category. The award for the best bachelor thesis was awarded to Michael Müller from the Johannes Kepler University in Linz, Austria.

Borealis, Borouge and Nova invite partners and customers to “Join Our Journey” at K Fair 2016, the largest plastics fair in the world in Düsseldorf, Germany. The three companies are leading providers of chemical and innovative plastics

solutions and members of a global family of polyolefins companies, delivering an enhanced customer experience across global markets filled with cutting-edge innovation, new applications development, and steady strategic expansion.

Borealis’ Executive Board and senior management is happy with the record result in the first half of 2016. In the second half of the year, the market environment is expected to be less favourable compared to the first half. Uncertainty around the economic environment in Europe has increased and global ramifications remain to be seen. However, Borealis is well positioned to face these challenges with the completion and start-up of all the plants of the Borouge 3 expansion project and by having a balanced portfolio of three profit centres; Polyolefins, Base Chemicals and Borouge. Building on the record financial performance 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 deliver a solid result in the second half of 2016.

Review of results

Sales

The European business environment was supported by the low oil price, supportive monetary policy and a low euro exchange rate in the first half of 2016. However, a downturn in emerging economies as well as geopolitical uncertainty dampened the economic optimism. European economic growth is therefore expected to be at a similarly modest level in 2016 as in 2015.

Borealis delivered a polyolefins sales volume in the first six months of 2016 which was 4% higher compared to the same period in 2015, and realised sales of 1.9 million tonnes of polyolefins for the first half year of 2016. Fertilizer, within the Base Chemicals segment, reached a sales level of 2.3 million tonnes, a decrease of 0.2 million tonnes compared to the same period in 2015 as demand was weak. Base Chemicals’ Melamine sales volumes decreased from 75 kt in the first half year 2015 to 72 kt in the first half year 2016. Compared to the same period last year, gross margin percentages improved across all business segments.

Cost development

The total production costs decreased by 16% in the first half of 2016 versus the first six months of 2015, mainly due to the lower feedstock prices. Underlying sales and distribution costs increased by 1% year on year. The Administration and Research & Development expenses decreased by 5% compared to the first six months of 2015. The number of full-time equivalent employees (FTEs) as per end of June 2016 was 6,275, compared to 6,266 at the end of December 2015.

Operating profit

Operating profit for the first six months of 2016 amounted to EUR 521 million compared to EUR 378 million for the same period of 2015. The positive operating profit development was mainly driven by an improved result in polyolefins.

Financial income and expenses

Net financial expenses for the first six months of 2016 amounted to EUR 37 million, an increase of EUR 7 million compared to the first six months of 2015, mainly impacted by foreign exchange.

Taxes

Income tax charges for the first six months of 2016 amounted to EUR 125 million, compared to EUR 86 million in the corresponding period of 2015. The increase is attributable to higher taxable profits, compared to the first six months of 2015. In the first six months of 2016, Borealis paid income taxes of EUR 22 million, the same as in the first six months of 2015.

Net profit and distribution of dividend

The net profit for the first six months of 2016 amounted to EUR 564 million, compared to a net profit of EUR 489 million in the first six months of 2015. Borealis distributed a dividend of EUR 425 million to its shareholders from the results of the financial year 2015 in March 2016.

Financial position

Total assets and capital employed

At the end of June 2016, the total assets and capital employed stood at EUR 9,203 million and EUR 7,395 million, respectively, compared to EUR 9,261 million and EUR 7,359 million at year-end 2015.

The solvency ratio was 62% at 30 June 2016, up by 2% compared to year-end 2015. The gearing ratio decreased to 17%, compared to 19% at the end of December 2015. Net debt decreased in the first half of 2016 by EUR 120 million to EUR 976 million at the end of June 2016. Total equity increased by EUR 56 million to EUR 5,772 million in the first six months of 2016, mainly as a result of the profit generated in the first six months, partially offset by the dividend paid to shareholders and foreign exchange translation effects.

Cash flows and liquidity reserves

Cash flow from operations for the first six months of 2016 was EUR 643 million. Liquidity reserves, composed of undrawn, long-term committed credit facilities and cash balances, amounted to EUR 1,814 million at the end of June 2016, compared to EUR 1,714 million at year-end 2015.

Vienna, 22 August 2016

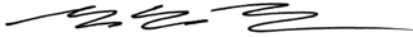
Executive Board:



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	2016	2015	Note
For the six months ended 30 June	unaudited	unaudited	
Net sales	3,660,964	4,027,016	1
Production costs	-2,646,783	-3,149,485	
Gross profit	1,014,181	877,531	
Sales and distribution costs	-320,171	-318,446	
Administration costs	-115,614	-121,375	
R&D costs	-57,589	-60,078	
Operating profit	520,807	377,632	
Net results in associated companies and joint ventures after tax	204,970	227,420	
Financial income	3,676	5,429	
Financial expenses	-40,974	-35,349	
Profit before taxation	688,479	575,132	
Taxes	-124,713	-86,476	
Net profit for the year	563,766	488,656	
Attributable to:			
Non-controlling interest	-919	-899	
Equity holders of the parent	564,685	489,555	

Interim Consolidated Statement of Comprehensive Income

EUR thousand	2016	2015
For the six months ended 30 June	unaudited	unaudited
Net profit for the year	563,766	488,656
Items that may be reclassified subsequently to the income statement		
Net gain/loss on translation of financial statements of foreign operations	-51,070	230,246
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	-1,493	794
Reclassifications during the period to the income statement	0	0
Tax effect recognised in other comprehensive income	373	-199
Net gain/loss on loans and financial contracts to hedge investments in foreign operations	4,882	-26,177
Reclassifications during the period to the income statement	0	0
Tax effect recognised in other comprehensive income	-1,221	6,544
Fair value adjustments of cash flow hedges	14,642	-11,677
Reclassifications during the period to the income statement	7,020	18,844
Tax effect recognised in other comprehensive income	-5,416	-1,792
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
Items that will not be reclassified to the income statement		
Actuarial gains and losses	-66,861	0
Tax effect recognised in other comprehensive income	16,715	0
Net income/expense recognised in other comprehensive income	-82,429	216,583
Total comprehensive income	481,337	705,239
Attributable to:		
Non-controlling interest	543	-1,537
Equity holders of the parent	480,794	706,776

Interim Consolidated Balance Sheet

EUR thousand	30.6.2016	31.12.2015	Note
	unaudited	audited	
Assets			
Non-current assets			
Intangible assets	365,178	364,101	2
Tangible assets			2
Production plants	2,456,135	2,587,743	
Machinery and equipment	29,646	30,265	
Construction in progress	348,201	244,509	
	2,833,982	2,862,517	
Investments in associated companies and joint ventures	3,371,709	3,284,487	3
Other investments	43,337	29,923	3, 9
Other receivables and other assets	23,205	20,909	9
Deferred tax assets	84,640	174,847	
Total non-current assets	6,722,051	6,736,784	
Current assets			
Inventories	877,699	993,326	5
Receivables			
Trade receivables	547,170	532,463	9
Receivables from associated companies	94,693	90,218	9, 11
Income taxes	17,442	9,445	
Other receivables and other assets	296,508	350,433	9
Total receivables and other assets	955,813	982,559	
Cash and cash equivalents	647,559	547,938	
Total current assets	2,481,071	2,523,823	
Total assets	9,203,122	9,260,607	

Interim Consolidated Balance Sheet

EUR thousand	30.6.2016	31.12.2015	Note
	unaudited	audited	
Total Equity and Liabilities			
Shareholders' equity			
Share capital and contributions by shareholders	1,599,397	1,599,397	
Reserves	184,172	268,063	
Retained earnings	3,969,173	3,829,488	
Shareholders' equity	5,752,742	5,696,948	
Non-controlling interest	19,122	18,579	
Total equity	5,771,864	5,715,527	
Liabilities			
Non-current liabilities			
Loans and borrowings	1,051,785	1,399,524	8, 9
Deferred tax	195,940	215,336	
Employee benefits	414,515	350,415	
Provisions	46,673	50,771	6
Government grants	28,946	18,587	7
Other liabilities	24,819	24,391	9
Non-current liabilities	1,762,678	2,059,024	
Current liabilities			
Loans and borrowings	571,598	244,327	8, 9
Trade payables	631,651	735,982	9, 11
Income taxes	133,325	106,519	
Provisions	5,837	4,017	6
Other liabilities	326,169	395,211	9
Current liabilities	1,668,580	1,486,056	
Total liabilities	3,431,258	3,545,080	
Total equity and liabilities	9,203,122	9,260,607	

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
Balance as of 31 December 2015	1,599,397	-140,366	-45,110	453,539	3,829,488	5,696,948	18,579	5,715,527
Profit of the period	0	0	0	0	564,685	564,685	-919	563,766
Other comprehensive income	0	-50,146	16,246	-49,991	0	-83,891	1,462	-82,429
Total comprehensive income	0	-50,146	16,246	-49,991	564,685	480,794	543	481,337
Dividend payment to equity holders of the parent	0	0	0	0	-425,000	-425,000	0	-425,000
Balance as of 30 June 2016 (unaudited)	1,599,397	-190,512	-28,864	403,548	3,969,173	5,752,742	19,122	5,771,864
Balance as of 31 December 2014	1,599,397	-164,358	-58,890	193,068	2,941,604	4,510,821	20,745	4,531,566
Profit of the period	0	0	0	0	489,555	489,555	-899	488,656
Other comprehensive income	0	0	5,375	211,846	0	217,221	-638	216,583
Total comprehensive income	0	0	5,375	211,846	489,555	706,776	-1,537	705,239
Dividend payment to equity holders of the parent	0	0	0	0	-100,000	-100,000	0	-100,000
Balance as of 30 June 2015 (unaudited)	1,599,397	-164,358	-53,515	404,914	3,331,159	5,117,597	19,208	5,136,805

* Share capital of Borealis AG (parent company) amounts to EUR 300,000.00 (30 June 2015: EUR 300,000.00).

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

A dividend of EUR 425,000 thousand was paid in 2016 out of the result of the year 2015.

Interim Consolidated Cash Flow

EUR thousand	2016	2015	Note
For the six months ended 30 June	unaudited	unaudited	
Cash flows from operating activities			
Payments from customers	3,647,568	3,880,977	
Payments to employees and suppliers	-2,943,665	-3,390,489	
Interest received	421	391	
Interest paid	-28,669	-29,727	
Other financial expenses paid	-10,662	-4,350	
Income taxes paid	-21,910	-22,290	
	643,083	434,512	
Cash flows from investing activities			
Investments in tangible assets	-137,115	-134,123	2
Investments in intangible assets	-21,733	-25,951	2
Acquisition of other financial investments	-19,632	0	3
Dividend / capital repayments of associated companies	74,163	53,638	
Acquisitions and capital contributions to associated companies and joint ventures	-2,356	0	
Proceeds from sale of non-current assets	0	2,444	
	-106,673	-103,992	
Cash flows from financing activities			
Long-term loans obtained	174	9,345	
Short-term loans repaid	-12,343	-218,864	
Dividends paid	-425,000	-100,000	
	-437,169	-309,519	
Net cash flow of the period	99,241	21,001	
Cash and cash equivalents as of 1 January	547,938	42,425	
Effect of exchange rate fluctuations on cash held	380	100	
Cash and cash equivalents as of 30 June	647,559	63,526	

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 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 2016 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 2015.

The interim consolidated financial statements for the six months ended 30 June 2016 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 2015 except for the adoption of new and amended standards and interpretations effective as of 1 January 2016.

The following new and amended standards and interpretations, as endorsed by the EU, are applied as of 1 January 2016:

- Amendments to IAS 27: Equity Method in Separate Financial Statements, effective 1 January 2016
- Amendments to IAS 1: Disclosure Initiative, effective 1 January 2016
- Annual Improvements to IFRSs 2012–2014 Cycle, effective 1 January 2016
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- Amendments to IAS 16 and IAS 41: Bearer Plants, effective 1 January 2016
- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions, effective 1 February 2015
- Annual Improvements to IFRSs 2010–2012 Cycle, effective 1 February 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	
	2016	2015	2016	2015	2016	2015	2016	2015
Net sales by business								
Total sales	2,473,557	2,610,686	2,862,872	3,480,357	57,293	67,139	5,393,722	6,158,183
Group internal sales	-	-	(1,732,758)	(2,131,167)	-	-	(1,732,758)	(2,131,167)
	2,473,557	2,610,686	1,130,114	1,349,190	57,293	67,139	3,660,964	4,027,016

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

Result								
Operating profit	398,264	271,488	221,038	256,448	(98,495)	(150,304)	520,807	377,632
Net result in associated companies and joint ventures					204,970	227,420	204,970	227,420
Net financial items					(37,298)	(29,920)	(37,298)	(29,920)
Taxes					(124,713)	(86,476)	(124,713)	(86,476)
Non-controlling interest					919	899	919	899
Net profit for the year attributable to equity holders of the parent							564,685	489,555
Other information								
	30.6.	31.12.	30.6.	31.12.	30.6.	31.12.	30.6.	31.12.
Segment assets	2,850,705	2,882,479	2,205,565	2,375,853	4,146,852	4,002,276	9,203,122	9,260,607
thereof Austria	1,484,921	1,504,817	1,034,466	1,192,443	3,915,292	3,781,264	6,434,679	6,478,524
Segment liabilities	-	-	-	-	3,431,258	3,545,080	3,431,258	3,545,080

Over 90% of the above relate to segment EU countries.

2. Intangible and tangible assets

Borealis invested EUR 21,733 thousand into intangible assets in the first six months of 2016 (first six months 2015: EUR 25,951 thousand). Additions arising from internal development amounted to EUR 14,980 thousand (first six months 2015: EUR 15,572 thousand). Intangible assets received by the way of government grants as allowances for emissions (EU Emissions Trading System) amounted to EUR 22,406 thousand for the year 2016 (2015: EUR 30,266 thousand). The emissions of the year 2015 were settled in April 2016.

The impairment of intangible assets in the first six months of 2016 for which the carrying value exceeds the value in use amounted to EUR 3,779 thousand (first six months 2015: EUR 5,000 thousand).

Additions to tangible assets in the first six months of 2016 amounted to EUR 137,115 thousand (first six months 2015: EUR 134,123 thousand). Moreover, borrowing costs amounting to EUR 1,613 thousand (first six months 2015: EUR 1,550 thousand) have been capitalised, using a 3.0% (first six months 2015: 2.8%) interest rate.

Major projects advanced in the first six months of 2016 relate to the enhanced ethane cracking & storage construction in Stenungsund, Sweden, and the turnaround in our production facility in Ottmarsheim, France.

At 30 June 2016, Borealis' contractual commitments amounted to EUR 124,988 thousand (31 December 2015: EUR 96,603 thousand) for the acquisition of tangible assets.

3. Investments in associated companies, joint ventures and subsidiaries

Associates	Country	Ownership in %	
		30.6.2016	31.12.2015
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
Kilpilahti Power Plant LTD*	Finland	20.00	-
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 %	
		30.6.2016	31.12.2015
PetroPort Holding AB	Sweden	50.00	50.00
GCA Holdings LLC*	US	50.00	-
BTF Industriepark Schwechat GmbH*	Austria	50.00	50.00

*Excluded from consolidation at equity due to immateriality

Subsidiaries

In the first six months of the reporting period, two new 100% subsidiaries were established: Borealis US Holdings LLC, Port Murray, New Jersey, United States of America, and OOO Borealis RUS, Moscow, Russia. Furthermore, Poliolefinas Borealis Espana S.A., Barcelona, Spain, was

renamed to Borealis Quimica Espana S.A. End of June 2016 Borealis acquired 100% of mtm plastics GmbH, Niedergebra, Germany, and mtm compact GmbH, Niedergebra, Germany. These subsidiaries are not consolidated due to immateriality.

4. Tax contingencies

On 30 December 2015, Borealis Polymers Oy (BPOY), a Finnish subsidiary of Borealis AG (BAG), received a re-assessment decision by the Finnish Tax Authority (FTA) regarding the year 2009. Based on this re-assessment decision the taxable income of BPOY has been increased by an amount of EUR 364,000 thousand; leading to an additional requested payment of EUR 152,500 thousand (EUR 94,640 thousand as additional taxable income, EUR 57,860 thousand for penalties and interests).

The re-assessment decision relates to a license arrangement and other agreements 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. 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.

The FTA claims that the license agreement concluded between BPOY and BAG on 19 December 2008 together with the other connected agreements 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.

Borealis appealed the re-assessment decision to the Board of Adjustment on 29 February 2016.

The management of Borealis believes that the FTA's decision is unjustified and is confident that the decision of the FTA will be reversed in one of the next phases of the proceeding.

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

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.

Borealis believes both decisions are unfounded and has filed claims both for the re-assessment decision concerning the year 2008 (on 27 February 2015) and for the decision concerning the year 2010 (on 13 November 2015). All payment obligations have been suspended pending all above mentioned appeals.

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.

5. Inventories

EUR thousand	30.6.2016	31.12.2015
Finished products	654,876	774,378
Raw materials and consumables	222,823	218,948
Total	877,699	993,326

Impairment cost of EUR 17,780 thousand (first six months 2015: impairment cost of EUR 13,170 thousand) was recognised in the first six months of 2016.

6. 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 14,999 thousand (31 December 2015: EUR 14,999 thousand) and covers the expected clean-up and dismantling costs for plants situated on rented land in Germany. It is expected that EUR 10,876 thousand will be used until 2024 and EUR 4,123 thousand until 2027.

Environmental

The provision for environmental exposures amounted to EUR 7,271 thousand (31 December 2015: EUR 7,271 thousand) and covers several environmental exposures in the Group.

Other

Other provisions amounted to EUR 30,240 thousand (31 December 2015: EUR 32,518 thousand) and cover numerous types of long-term obligations including long-term incentive plans, as well as costs for restructuring and litigations.

7. Government grants

Government grants received from the EU Emissions Trading System as of 30 June 2016 amounted to EUR 22,406 thousand in respect of the year 2016 (31 December 2015: EUR 30,266 thousand for the year 2015). 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 11,242 thousand as of 30 June 2016 (31 December 2015: EUR 0 thousand).

8. Loans and borrowings

The composition of interest-bearing loans and borrowings (short and long-term debt) at 30 June 2016 in EUR thousand was as follows:

Maturities		30.6.2016					Unutilised committed facilities
		Total	Term loans	Utilised uncommitted facilities	Export credits	Finance leases	
Due							
After	5 years	285,996	285,996				
Within	5 years	68,328	68,328				1,000,000
	4 years	485,337	485,337				
	3 years	161,580	161,580				
	2 years	50,544	50,544				
Total long-term debt		1,051,785	1,051,785	0	0	0	1,000,000
Total short-term debt		571,598	571,598	0	0	0	166,000 ¹⁾
Total debt		1,623,383	1,623,383	0	0	0	1,166,000

¹⁾ Borealis maintains EUR 166,000 thousand in export credit facilities (these facilities were fully undrawn at 30 June 2016). 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 2015 in EUR thousand was as follows:

Maturities		31.12.2015					Unutilised committed facilities
		Total	Term loans	Utilised uncommitted facilities	Export credits	Finance leases	
Due							
After	5 years	337,502	337,502				
Within	5 years	99,943	99,943				1,000,000
	4 years	425,840	425,840				
	3 years	172,829	172,829				
	2 years	363,410	363,410				
Total long-term debt		1,399,524	1,399,524	0	0	0	1,000,000
Total short-term debt		244,327	243,931	0	0	396	166,000 ²⁾
Total debt		1,643,851	1,643,455	0	0	396	1,166,000

²⁾ Borealis maintains EUR 166,000 thousand in export credit facilities (these facilities were fully undrawn at 31 December 2015). 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 very good liquidity position through its EUR 1 billion fully committed revolving credit facility (RCF), which remained fully undrawn in the first half of 2016, based on a five-year tenor with a further one-year extension option at lenders' discretion. The RCF was originally refinanced in 2014.

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

Borealis concluded no long-term financing contracts in the first half of 2016 in light of the favourable liquidity situation. A part (EUR 174 thousand) of the 2015 closed facility agreement with BNDES, the Brazilian Development Bank (Banco Nacional de Desenvolvimento Econômico e Social), was drawn in the first half of 2016.

At 30 June 2016, the Group has committed long-term credit facilities of EUR 1,166,000 thousand (31 December 2015: EUR 1,166,000 thousand) of which EUR 0 thousand (31 December 2015: EUR 0 thousand) have been utilised. Some loan agreements have financial covenants, which are based on maintaining certain gearing and solvency ratios.

9. Fair values

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

EUR thousand	30.6.2016			31.12.2015		
	Carrying value	Fair value	Fair value hierarchy level	Carrying value	Fair value	Fair value hierarchy level
Assets						
Other investments						
Other investments	43,337	43,337	n/a	29,923	29,923	n/a
Loans and receivables	43,337			29,923		
Trade receivables						
Trade receivables	547,170	547,170	n/a*	532,463	532,463	n/a*
Loans and receivables	547,170			532,463		
Receivables from associated companies						
Receivables from associated companies	94,693	94,693	n/a*	90,218	90,218	n/a*
Loans and receivables	94,693			90,218		
Other receivables and other assets (current and non-current)						
Long term deposits for tax requirements	12,224	12,224	1	10,593	10,593	1
Available for sale financial assets	12,224			10,593		
Derivative financial instruments for which hedge accounting is applied	27,884	27,884	2	43,090	43,090	2
Hedging instruments	27,884			43,090		
Derivative financial instruments for which hedge accounting is not applied	5,973	5,973	2	12,613	12,613	2
Financial assets at fair value through profit or loss	5,973			12,613		
Deposits and other receivables	5,183	5,183	n/a*	5,021	5,021	n/a*
Loans and receivables	5,183			5,021		
Other non financial assets	268,449	n/a	n/a	300,025	n/a	n/a
Total other receivables and other assets (current and non-current)	319,713			371,342		

* According to IFRS 7.29 the fair value of these items is estimated to equal the carrying values. Therefore, no fair value level was stated.

EUR thousand	30.6.2016			31.12.2015		
	Carrying value	Fair value	Fair value hierarchy level	Carrying value	Fair value	Fair value hierarchy level
Liabilities						
Loans and borrowings (current and non-current)						
Floating rate loans and borrowings	368,087	368,087	2	368,491	368,491	2
Fixed rate loans and borrowings	1,255,296	1,626,279	2	1,275,360	1,456,975	2
Financial liabilities	1,623,383			1,643,851		
Trade payables						
Trade payables	631,651	631,651	n/a*	735,982	735,982	n/a*
Financial liabilities	631,651			735,982		
Other liabilities (current and non-current)						
Derivative financial instruments for which hedge accounting is applied	60,852	60,852	2	93,283	93,283	2
Hedging instruments	60,852			93,283		
Derivative financial instruments for which hedge accounting is not applied	4,363	4,363	2	6,795	6,795	2
Financial liabilities at fair value through profit or loss	4,363			6,795		
Contingent consideration	3,781	3,781	3	3,781	3,781	3
Interest accruals	20,568	20,568	n/a*	18,673	18,673	n/a*
Financial liabilities	24,349			22,454		
Other non-financial liabilities	261,424	n/a	n/a	297,070	n/a	n/a
Total other liabilities (current and non-current)	350,988			419,602		

* According to IFRS 7.29 the fair value of these items is estimated to equal the carrying values. Therefore, no fair value level was stated.

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 2016, no transfers between the different levels took place.

Other investments

The carrying value of other investments is not materially different from their fair value.

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 values less impairments (= carrying value). Therefore, no fair value hierarchy level was stated.

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

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.

Other non-financial assets and liabilities

Other non-financial assets and liabilities are shown solely for reconciliation purposes.

Non-derivative financial liabilities

It is estimated that the carrying value 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 2016. The own non-performance risk as at 30 June 2016 was assessed to be insignificant.

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

Contingent Consideration

The fair value of the contingent consideration for the acquisition of Borealis Plastomers amounts to EUR 3,781 thousand as of 30 June 2016 (31 December 2015: EUR 3,781 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 2016 no gains or losses were recognised in the income statement.

10. Contingent liabilities

Besides the pending tax contingency as included in note 4, no further significant risks and uncertainties have been identified compared to the Group Annual Report 2015.

11. Transactions with related parties

For the six months ended 30 June

EUR thousand	2016							
	Goods and Services				Financing			
	Purchases from	Sales to	Receivables from	Payables to	Loans	Borrowings	Interest received	Interest paid
Associates	147,736	177,978	94,693	62,907	0	0	0	0
Parent company	0	0	0	0	0	0	0	0
Companies with significant influence	485,133	15,716	3,809	86,273	0	0	0	0
Key management personnel	0	0	0	0	0	0	0	0
Other related parties	20,503	3,107	992	1,718	0	0	0	0
	653,372	196,801	99,494	150,898	0	0	0	0

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
	814,954	245,152	101,994	166,292	0	0	0	0

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.

Purchases from associates mainly include purchases of finished goods produced by Borouge and sold in Europe. Payables to related parties are included in trade payables.

12. Subsequent events

There have been no significant subsequent events after 30 June 2016.

13. Executive Board and Supervisory Board

Executive Board

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

Supervisory Board

Suhail Mohamed Faraj Al Mazrouei (Chairman), Rainer Seele (Deputy Chairman),
Mohamed A. Al-Azdi (until 25 February 2016), Mohamed H. Al Mehairi (until 25 February 2016),
Murtadha Al Hashmi (since 25 February 2016), Rashed Saud al Shamsi (since 25 February 2016), Manfred Leitner

Vienna, 22 August 2016


Executive Board:



Mark Garrett
Chief Executive



Mark Tonkens
Chief Financial Officer



Markku Korvenranta



Martijn Arjen van Koten



Alfred Stern

Statement of the Executive Board according to § 87 (1) Z 3 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, 22 August 2016

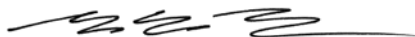
Executive Board:



Mark Garrett
Chief Executive



Mark Tonkens
Chief Financial Officer



Markku Korvenranta



Martijn Arjen van Koten



Alfred Stern

Borealis AG

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OUR COMMITMENT TO SUSTAINABILITY