

Borealis Insurance A/S

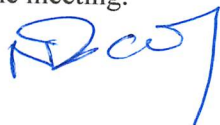
Annual report 2015

20th. Financial year

Approved at the annual general meeting

Date: 11 April 2016

Chairman of the meeting:

A handwritten signature in blue ink, appearing to be 'R. C. J.', is written below the text 'Chairman of the meeting:'.

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Statements

Statement by the Management on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Borealis Insurance A/S for the financial year 1 January - 31 December 2015, which comprises Management's Statement, Management's Review, income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, and statement of comprehensive income.


We declare that the Annual Report of Borealis Insurance A/S is prepared in accordance with the Danish Financial Business Act and requirement of regulations or agreement, and the annual accounts gives a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company's operations for the financial year, and we believe that Management's Review gives a true and fair view of the development of the Company's activities and financial situation and describes the most material risks and uncertainties by which the Company may be affected. We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, April 11, 2016

Executive Board:



Peter Rienckens
Director

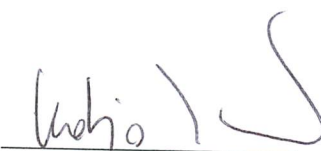


Nikolaj Boysen
Director

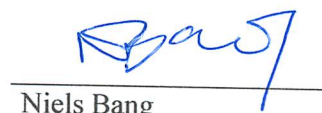
Supervisory Board:



Markku Korvenranta
Chairman



Katja Tautscher



Niels Bang

Statements

Independent Auditors' Report

To the shareholders of Borealis Insurance A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Borealis Insurance A/S for the financial year 1 January – 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Business Act.

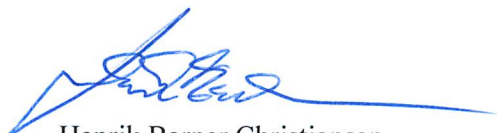
Statements

Independent Auditors' Report

Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Frederiksberg, 11 April 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
Reg. no. 30 70 02 28



Henrik Barner Christiansen
State Authorised
Public Accountant

Management's review

Borealis Insurance A/S
c/o Gorrissen Federspiel

H. C. Andersens Boulevard 12
DK-1553 Copenhagen V

Registration no: 19 32 32 93

Founded: 1996

Registered office: Municipality of Copenhagen

Supervisory Board

Markku Tapani Korvenranta
Katja Tautscher

Niels Bang

Executive Board

Peter Guy Emiel Rienckens, Belgium

Nikolaj Boysen, Denmark

Auditor

ERNST & YOUNG
Godkendt Revisionspartnerselskab
Osvold Helmuths vej 4

DK-2000 Frederiksberg

General meeting

Ordinary general meeting will be held on April 11, 2016

Management's Review

Primary activities

Borealis Insurance A/S was founded in 1996 as a captive reinsurance company for the Borealis Group and in 1998 the company began to write insurance as well.

Borealis Insurance A/S has licence to reinsurance business as well as direct insurance business in the following classes "Property" (insurance class 8), "Marine Cargo" (insurance class 7), "Liability insurance" (insurance class 13), and "Financial losses" (insurance class 16). At the same time, the company is registered in respect of cross-border business in certain EU countries and in Norway.

In 2015, business involved companies of the Borealis group located in Austria, Belgium, Finland, France, Germany, Italy, Sweden, The Netherlands and USA. Borealis Insurance A/S fixing of the premium is made at market prices, based on a general evaluation of the market level made by international insurance consultants.

In 2015, the company has as in previous years – after permission from the Danish Financial Supervisory authorities (Finanstilsynet) - granted a loan to a Borealis group company.

Uncertainty in connection with recognition and measurement

The Company is exposed to uncertainty when determining claims provisions and credit risk with counterparties, first and foremost reinsurance companies.

The Company has limited these risks by using professional handlers for determination of provisions and by requiring at least A-rating of the reinsurance companies, unless approved by the Board.

Unusual matters

It is the opinion of the Company that no unusual matters materially affect the Company's earnings and equity.

Development in activities and financial development

The company's result for 2015 amounts to a loss of EUR 121,131, which is app. EUR 2,5 million lower than expected (2014: profit of EUR 1,235,220) which is entered under equity.

The liquidity of the company has been satisfactory in 2015.

Borealis Insurance A/S' solvency margin according to rules from the Danish Financial Supervisory Authority (Finanstilsynet) is EUR 3,700,000 as at 31 December 2015, corresponding to a base capital of EUR 58,348,069 (2014: EUR 58,469,201). Consequently, the Danish Financial Supervisory authorities' requirement for the solvency margin is observed 15.77 times (2014: 15.8 times). The Company's individual solvency requirement equals EUR 19,270,000 using the LTGA (Long Term Guarantee Assessment) model and Danish regulation (2014: EUR 18,598,000).

The introduction of Solvency II as of 1.st January 2016, will increase the company's solvency requirement significantly compared with Solvency I, but due to the high solvency capital, the company will still be very solvent. There will be no change in solvency requirement compared with the individual solvency requirement.

Management's Review

Development in losses

Total losses incurred for own account amount to EUR 8,874,188.

The claims result in 2015 equal app. 50% of the gross premiums which is satisfactory. The company's reinsurers have not been affected by any losses in 2015.

Reinsurance

Borealis Insurance A/S' risk is limited to claims within risk classes to which the company has licence. Claims are limited to per loss and in the annual aggregate.

Other information

The Annual Report for 2015 is denominated in EUR.

The company has no commitments or collateralisations, cf. section 78 in the Danish Act on Financial Business and relating executive orders etc.

The company's Executive Board has no duties, cf. section 80 in the Danish Act on Financial Business and relating executive orders etc. Alpha Consulting A/S, Denmark conducts the administration of the company.

The Company expect a profit for 2016 of EUR 2-3 million.

It is the Company's salary policy only to pay fixed salary, and only to external directors and board members.

Events after the balance sheet date

No events occurred after the balance sheet date that materially affect the financial position of the company.

Specific risks, including business and financial risks which can affect the company

It is the Company's opinion that no particular risks materially affect the Company.

Description

The company is the captive insurance company of the Borealis Group and does not write any third party business. Consequently, the company's risk profile is different than these from commercial or traditional insurance companies as there is no risk connected to competition, market conditions, reputation risk, strategic risk, business cycle and company size.

Insurance risk

Insurance risks include the acceptance of risks on a direct and reinsurance basis, issuance of policies and claims management. To limit the risk in this area, the company has only accepted risks in accordance with the procedure "Rules for Internal Transactions and Underwriting". Except for the company's net risk retention, the insurance policies issued by the company contain the same conditions as the reinsurance protection.

Management's Review

Policies

The Supervisory Board has determined that the Company must manage its risks in such way that the Company is at all times and under all circumstances able to meet its financial and other obligations to the insureds, i.e. Borealis Group companies.

The Supervisory Board has determined the overall risk strategy through the issuance of various procedures such as the "Rules for Internal Transactions and Underwriting" and the "Investment Policy". The Executive Board is responsible for the implementation of and compliance with these policies.

The company's risk management relates to the main area insurance risk.

Objective for the management

The Company uses LTGA model to calculate the Company's insurance risk and at every supervisory board meeting the Supervisory Board is up-dated about matters that affect the Company's assessment of this risk. The calculation of risk is related to the determined budgets.

Financial risk

Description

Investment risk represents the risk of losses due to changes in the market value of the company's assets and liabilities as a result of changes in market conditions. Investment risk includes changes in market value of investments, interest rate and currency risks.

Policies

The Supervisory Board has established the company's Investment Policy in terms of type of investments or assets classes, currencies and limits. The company handles the investment both in relation to the liquidity as well as the long term investments in compliance with the Investment Policy. The investment risks are monitored through an investment portfolio agreement and reporting system.

Objective for the management

The Company's Supervisory Board ensures that the determined investment policy at any time is cautious even though bigger investment returns could be obtained through risky investments.

At each supervisory board meeting the actual returns are reviewed and the Supervisory Board receives continuous information of the Company's investment portfolio. Only professional portfolio administrators are used.

Credit risk

Credit risk is the risk of losses caused by one or more counter-parties' breach of their payment obligations. The company is exposed to credit risk in both its insurance and investment business.

In respect of insurance, the company does not place any business with a (re)insurance company with a Standard & Poor (S&P) or equivalent financial strength rating of less than A-, unless specifically approved by the Supervisory Board.

Management's Review

To limit the risk in the investment business, the investments are made by granting a loan to a Borealis Group company against a parental guarantee, and in bonds and shares of high credit rating.

Operational risk

Operational risk is the risk of incurring a loss due to insufficient or faulty procedures or human or systematic errors. Operational risk includes the risk of breakdowns in the IT systems. For all main areas there are established procedures in the Borealis Group.

Other assignments:

Markku Korvenranta:

Borealis AG, Borealis Polymers Oy, Borealis Technology Oy, Finphenol Oy, Borealis Agrolinz Melamine GmbH, Borealis LAT GmbH, Borealis Plasticos S.A. de C.V.

Niels Bang:

Advance A/S, Advance Holding ApS, Andreas Duckert Holding ApS, Aqvilø Danmark A/S, Faxe Kalk A/S, GFJura 883 A/S, Gorrissen Federspiel Holding ApS, Henning Larsen A/S, Holdingselskabet af 8. Maj 2002 A/S, J. Duckert Holding A/S, PeopleGroup A/S, PeopleGroup Production A/S, RelationsPeople A/S, RetailPeople A/S, Tenneco Holdings Danmark ApS, Upatfive A/S, W & L 1991 ApS, W&D 1990 A/S, Walker Danmark ApS, Wibroe, Duckert & Partners A/S, Winther's A/S.

Katja Tautscher:

Borealis Polska Sp.z o.o, Borealis Agrolinz Melamine GmbH, Borealis Polyolefine GmbH, Borouge Pte Ltd.

Annual accounts for 1 January – 31 December

Income statement

	<i>Note</i>	<i>2015</i> <i>EUR'000</i>	<i>2014</i> <i>EUR'000</i>
Gross premiums written	3	17,972	16,301
Reinsurance premiums ceded		(10,324)	(10,951)
Change in gross premium provisions		(526)	103
Change in reinsurers' share of premium provisions		(224)	(319)
	4	6,898	5,134
Premiums earned at own account, total			
Insurance technical interest at own account	5	(21)	12
Gross claims paid	6	(4,374)	(757)
Received reinsurance coverage		0	0
Change in gross claims provisions		(4,500)	(4,899)
Change in reinsurers' share of gross claims provisions		0	0
Losses incurred at own account, total	7	(8,874)	(5,656)
Administrative expenses	8	(265)	(186)
Operating insurance expenses at own account, total		(265)	(186)
Insurance technical result		(2,262)	(696)
Interest income and dividends etc.		1,148	1,274
Value adjustments	9	933	1,148
Return on investments, total		2,081	2,422
Transfer to insurance technical interest	5	21	(12)
Return on investments after insurance technical interest		2,102	2,410
Results before tax		(160)	1,714
Tax	10	39	(479)
Result for the year		(121)	1,235
Other Total Income (comprehensive income)		0	0
Total comprehensive income for the year		(121)	1,235

Annual accounts for 1 January – 31 December

Balance sheet

	Note	2015 EUR'000	2014 EUR'000
ASSETS			
Mutual Funds		8,885	9,643
Bonds		11,168	10,652
Bank deposits		9,736	5,951
		<hr/>	<hr/>
Total other financial investment assets	11	29,789	26,246
Total investment assets		29,789	26,246
		<hr/>	<hr/>
Reinsurers' share of premium provisions		3,681	3,905
Reinsurers' share of claims provisions		0	0
Total reinsurers' share of insurance provisions		3,681	3,905
		<hr/>	<hr/>
Premiums receivables		2,270	1,857
Receivables from affiliated companies		40,000	40,000
Total receivables		42,270	41,857
		<hr/>	<hr/>
Interest receivable		136	143
Other prepayments and accrued income		685	166
Total prepayments and accrued income		821	309
TOTAL ASSETS		76,561	72,317
		<hr/> <hr/>	<hr/> <hr/>

Annual accounts for 1 January – 31 December

Balance sheet

	Note	2015 EUR'000	2014 EUR'000
EQUITY & LIABILITIES			
Share capital		7,092	7,092
Retained earnings		51,256	51,377
Total equity	12	58,348	58,469
Premium provisions		6,355	5,829
Claims provisions		11,750	7,250
Total technical provisions		18,105	13,079
Liabilities in connection with reinsurance		95	102
Tax liabilities	10	0	14
Other liabilities		13	653
Total liabilities		108	769
TOTAL EQUITY AND LIABILITIES			
		76,561	72,317
Collateralisation, contract of suretyship, contingent liabilities	13		
Insurance technical result distributed on insurance class	14		
Related parties	15		
Sensitivity information	16		

Annual accounts for 1 January – 31 December

Statement of changes in equity

EUR'000	Share Capital	Retained earnings	Total
Equity at 1 January 2014	7,092	50,142	53,001
Transferred, cf. distribution of profit	0	1,235	1,235
Equity at 1 January 2015	7,092	51,377	58,469
Proposed dividends	0	0	0
Transferred, cf. profit appropriation	0	(121)	(121)
Equity at 31 December 2015	7,092	51,256	58,348

The Company has no "Other Total Income" (comprehensive income).

Annual accounts for 1 January – 31 December

NOTES

1 Accounting policies

The Annual Report has been prepared in accordance with the Danish Financial Business Act and the Danish Financial Supervisory Authority's Executive order on Financial Reports for Insurance Companies and Lateral Pension Funds.

Changes in applied accounting policies

The accounting principles are consistent with previous year.

Accounting estimates

When preparing the financial statements, estimates and assessments are applied which affect the size of assets and liabilities and therefore the profit/loss in current and future years. The most material estimates concern assessment of the claims provisions.

Foreign currency

The amounts in the Annual Report are denominated in EUR.

The DKK/EUR rate used is 7.4625 (7.4436 in 2014).

Entries in foreign currencies are translated to the reporting currency exchange rate. Foreign exchange gains and losses arisen due to the difference between the reporting currency exchange rate and the exchange rate at the balance sheet date are recognised in the Income Statement.

Translation to reporting currency exchange rate is done by using the exchange rate at the time of transaction.

Receivables, liabilities and other monetary entries in foreign currencies that have not been settled before the balance sheet date are translated by applying the foreign exchange rate at the balance sheet date, 31 December 2015. The difference is recognised in the Income Statement.

Income Statement

Income and expenses are recognised in the Income Statement with the amounts related to the financial year.

Premiums earned at own account

Gross premiums written consists of due premiums for the year.

Reinsurance premiums ceded consists of the share of gross premiums written for the year which are ceded to other insurance companies as a result of the reinsurance coverage.

Losses incurred at own account

Gross claims paid appear as paid claims for the year, including addition of internal and external expenses for inspection and assessment of claims and other direct and indirect costs connected to the treatment of occurred damages.

Annual accounts for 1 January – 31 December

Received reinsurance coverage appear as a share of gross claims paid for the year which are received from other insurance companies as a result of the reinsurance coverage.

Insurance technical interest at own account

Part of total result from financial operations relate to insurance operations and has been transferred to this part of the Income Statement.

The transfer is a calculated yield of the average total technical provisions at own account of the last two years (2014 and 2015). For 2015, an average interest rate of -0.18 % p.a. has been applied (0.18% in 2014).

Operating insurance expenses at own account

The operating insurance expenses at own account comprise administrative expenses with deduction of received reinsurance commissions.

Tax

Tax on results for the year which comprises current tax and changes in deferred tax is recognised in the Income Statement with the portion of taxes related to the taxable income for the year whereas the portion attributable to entries on equity is recognised directly in equity.

The tax is calculated in accordance with the Danish Company Tax regulation § 11A.

Payable or receivable current tax, respectively, is recognised in the Balance Sheet stated as calculated tax on the taxable income for the year adjusted for tax paid on account.

Investment assets

Investments of Borealis Insurance A/S are bank deposits, government bonds and mutual fund holdings that have been measured at the closing price at the balance sheet date. Recognition of purchase and sale are made at the trading date.

Receivables

Receivables are measured at amortised cost corresponding to nominal value. Provisions made for bad debts reduce the value.

Prepayments

Prepayments recognised under assets comprise incurred expenses relating to the following financial year. The prepayments are measured at cost.

Accounting estimates

When preparing the financial statements estimates and assessments are applied which affect the size of assets and liabilities and therefore the profit/loss in current and future years. The most material estimates concern assessment of the claims provisions.

Premium provisions

Premium provisions are calculated according to the pro rata temporis method.

Annual accounts for 1 January – 31 December

Claims provisions

The claims provisions have in accordance with available information been calculated to be sufficient to cover all claims incurred before the balance sheet date, no matter if they have been notified or not. The claims provisions also include expenses for surveys and assessment of the claims by independent loss adjusters. As claims are paid shortly after they occur, the claims provisions are in general calculated without consideration of interest (discounting). Gains or losses arising from the claims provisions from previous years are recognised in the income statement.

Financial liabilities

Debt is recognised at amortized value.

2. Financial highlights and key figures

EUR'000.	2015	2014	2013	2012	2011
Gross premium income	17,446	16,301	16,236	14,666	15,510
Premium earned at own account	6,898	5,134	4,480	5,113	5,795
Gross claims incurred	(8,874)	(5,656)	491	(57)	(9)
Operating insurance expenses	(265)	(186)	(251)	(221)	(205)
Profit or loss of reinsurance	(10,548)	(11,270)	(11,148)	(10,284)	(9,770)
Insurance technical results	(2,263)	(696)	4,732	4,856	5,676
Return on investments after insurance technical interest	2,102	2,410	949	2,178	1,806
Results for the year	(121)	1,235	4,233	5,264	5,724
Run off results	200	101	529	0	925
Total technical provisions	18,105	13,079	8,284	8,575	9,539
Insurance assets	3,681	3,905	4,224	3,758	3,668
Total equity	58,348	58,469	57,234	53,001	47,737
Total assets	76,561	72,317	67,665	65,328	59,367
	2015	2014	2013	2012	2011
Key figures:					
Gross claims ratio	50.87	34.70	(3.0)	0.4	0.0
Gross expense ratio	1.52	1.14	1.50	1.40	1.32
Gross combined ratio	112.9	105.0	67.2	68.6	64.5
Gross operation ratio	112.9	105.0	70.0	68.5	63.8
Relative run off results	0	4,3	16.2	0	20.2

Annual accounts for 1 January – 31 December

Return on equity in per cent	(0.21)	2.1	7.7	10.5	12.8
Solvency coverage	15.8	15.8	15.5	15.1	13.6

Claims ratio: $(\text{Gross claims incurred} / \text{Premium income}) * 100$

Expense ratio: $(\text{Total operating insurance expenses} / \text{total premium income}) * 100$

Combined ratio: $(\text{Claims ratio} + \text{Expense ratio} + \text{Net reinsurance ratio})$

Operating ratio: $(\text{Combined ratio where premium income is added to the allocated return on investments})$

Relative run off results: $(\text{Run off results compared to provisions as at 1 January})$

Return on equity: $(\text{Results for the year} / \text{the average equity}) * 100$

Solvency coverage: $(\text{Base capital} / \text{capital requirement})$

Annual accounts for 1 January – 31 December

	<i>2015</i> <i>EUR'000</i>	<i>2014</i> <i>EUR'000</i>
3 Gross premiums written		
Premium Property Damage and Business Interruption Insurance	14,406	12,650
Premium liability insurance	3,338	3,415
Premium marine cargo insurance	228	236
	<hr/>	<hr/>
Total gross premiums written	17,972	16,301
	<hr/> <hr/>	<hr/> <hr/>
Geographical division of gross premiums written:		
Denmark	0	0
Other EU-countries	17,906	16,242
Other countries (USA)	66	59
	<hr/>	<hr/>
Total	17,972	16,301
	<hr/> <hr/>	<hr/> <hr/>
4 Premiums earned at own account		
Premium Property Damage and Business Interruption Insurance	6,308	4,536
Premium liability insurance	590	598
Premium marine cargo insurance	0	0
	<hr/>	<hr/>
Premiums earned at own account, total	6,898	5,134
	<hr/> <hr/>	<hr/> <hr/>

Annual accounts for 1 January – 31 December

	2015 <u>EUR'000</u>	2014 <u>EUR'000</u>
5 Insurance Technical interest at own account		
Insurance technical interest is calculated as -0.18% of the average of:		
Gross premium provisions	6,355	5,829
Reinsurers' share of premium provisions	(3,681)	(3,905)
Gross claims provisions	11,750	7,250
Reinsurers share of claims provisions	<u>0</u>	<u>0</u>
	14,424	9,174
Insurance technical interest -0.18% of 23,598 / 2 (0.18% for 2014)	<u>(21)</u>	<u>12</u>
Insurance technical interest at own account	<u>(21)</u>	<u>12</u>

Annual accounts for 1 January – 31 December

	2015 EUR'000	2014 EUR'000
	<u> </u>	<u> </u>
6 Gross claims paid		
Paid claims Property Damage and Business Interruption Insurance, etc.	(4,307)	(633)
Claims paid liability insurance	(67)	(124)
Claims paid marine cargo insurance	<u>0</u>	<u>0</u>
Gross claims paid	<u>(4,374)</u>	<u>(757)</u>
Number of claims	2	1
Average claims for damage occurred	4,500	5,633
Claims rate	0.08	0.07

Annual accounts for 1 January – 31 December

	2015 EUR'000	2014 EUR'000
7 Losses incurred at own account		
Claims incurred Property Damage and Business Interruption Insurance at own account	(8,807)	(5,633)
Claims incurred liability insurance at own account /	(67)	(23)
Claims incurred marine cargo insurance at own account	0	0
Losses incurred at own account	(8,874)	(5,656)
Allocation of claims incurred and run-off losses with regard to previous years:		
Claims - losses in the year	(9,074)	(5,757)
Claims - run-off losses previous years	200	101
Total gross losses	(8,874)	(5,656)
Claims incurred at own account - losses in the year	(9,074)	(5,757)
Claims incurred at own account - run-off losses previous years	200	101
Total losses at own account	(8,874)	(5,656)

Annual accounts for 1 January – 31 December

	2015 EUR'000	2014 EUR'000
8 Administrative expenses		
Audit fee:		
Ernst & Young	22	21
Assurance engagements other than audit	3	3
	<hr/>	<hr/>
I alt/Total	25	24
	<hr/>	<hr/>
Other services	7	7
	<hr/>	<hr/>
I alt/Total	7	7
	<hr/>	<hr/>

Staff costs:

The company had no employees in the financial year, except from the directors, and no remuneration has been paid to the Supervisory Board and Executive Board except for EUR 6,000 to Nikolaj Boysen (fixed salary).

Annual accounts for 1 January – 31 December

	2015 EUR'000	2014 EUR'000
9 Value adjustments		
Realised and unrealised profits and losses on bonds and mutual funds	933	1,148
Currency adjustment	0	0
Value adjustments	933	1,148
10 Taxes		
	2015	2014
Tax of the year	38	(420)
Prior years adjustment tax	1	(59)
Withholding tax	0	0
	39	(479)
Tax on the result for the year specified as follows:		
Calculated 2015; 23.5% (2014; 24.5%) tax of the result before tax	38	(420)
	38	(420)
Effective tax rate	23.5%	24.5%
11 Investment assets		
Mutual fund holdings, market value	8,885	9,643
Bonds, market value	11,168	10,652
Bank deposits	9,736	5,951
	29,789	26,646
12 Equity		

The share capital consists of 52,795 shares of DKK 1,000 each. The shares are not divided into classes.

The share capital has been unchanged during the last five years.

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Borealis Insurance A/S' solvency margin according to rules from the Danish Financial Supervisory Authority (Finanstilsynet) is EUR 3,700,000 as at 31 December 2015, corresponding to a base capital of EUR 58,348,069. Consequently, the Danish Financial Supervisory authorities' requirement for the solvency margin is observed 15.77 times.

The base capital is equal to the total surplus and equity.

13 Collateralisation, contract of suretyship, contingent liabilities

The Company's investment assets EUR 30,915 thousand are registered as collateral security for liabilities to policyholders, cf. the Danish Financial Business Act, section 167 (Bonds EUR 11,037, investment funds 7,608, Bank 8,589, reinsurance 3,681 thousands).

14 Insurance technical result distributed by insurance classes EUR '000

	Property Insurance		Marine Cargo Insurance		Liability Insurance	
	2015	2014	2015	2014	2015	2014
Gross premiums written	14,406	12,650	228	236	3,338	3,415
Gross premium income	13,821	12,695	230	235	3,395	3,475
Gross claims incurred	(8,807)	(5,633)	0	0	(67)	(23)
Gross operating expenses	(212)	(144)	(2)	(2)	(51)	(40)
Result of reinsurance business ceded	(7,513)	(8,159)	(230)	(236)	(2,805)	(2,876)
Insurance technical interest at own account	(20)	9	0	0	(1)	3
	-----	-----	-----	-----	-----	-----
Insurance technical result	<u>(2,731)</u>	<u>(1,232)</u>	<u>(2)</u>	<u>(3)</u>	<u>471</u>	<u>539</u>

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15 Related parties

Transactions between related parties and Borealis Insurance A/S in 2015:

1. Loans granted at arm's length
2. Interest for this is paid at arm's length.

Borealis Insurance A/S insures companies in the Borealis group and related joint venture companies. The fixing of premiums takes place at arm's length.

According to permission from the Danish Financial Supervisory Authorities (Finanstilsynet), Borealis Insurance A/S grants a loan to Borealis Funding Company Ltd., Isle of Man, a company of the Borealis group.

The loan carries interest calculated according to EURIBOR interest rate and the loan amounted to EUR 40 million as at 31 December 2015.

The following shareholders are registered in the company's register of shareholders as being the owners of minimum 5% of the voting rights or minimum 5% of the share capital:

- Borealis AG, Wagramerstrasse 17-19, A-1220 Vienna, Austria

Borealis Insurance A/S is a subsidiary of Borealis AG and is consolidated in the Borealis Group's Annual Report. Consolidated financial statements are obtainable at Borealis AG.

16 Sensitivity information

EUR'000

<u>Event</u>	<u>Effect on Equity</u>
Interest rate increase of 0.7 percentage points	(533)
Interest rate decrease of 0.7 percentage points	533
Share price drop of 12 percent	(154)
Property price drop of 8 percent	0
Currency risk (VAR 99.5)	0
Loss in counterparties of 8%	(71)