

Company Registration No. 03768308

**HUNTSMAN (HOLDINGS) UK**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2017**

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**HUNTSMAN (HOLDINGS) UK, Company Registration 03768308**

**Annual Report and Financial Statements  
For the Year Ended 31 December 2017**

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**HUNTSMAN (HOLDINGS) UK, Company Registration 03768308**

**COMPANY INFORMATION**

**For the Year Ended 31 December 2017**

<b>Directors</b>	N E D Degrieck K R Hall Q R Hodgson
<b>Company Secretary</b>	K R Hall
<b>Registered Office</b>	Concordia House Glenarm Road Wynyard Business Park Billingham England TS22 5FB
<b>Registered Number</b>	03768308 (England and Wales)
<b>Auditor</b>	Deloitte LLP Statutory Auditor Newcastle upon Tyne Tyne and Wear NE1 2HF United Kingdom
<b>Solicitors</b>	Womble Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX United Kingdom

**HUNTSMAN (HOLDINGS) UK, Company Registration 03768308**

**STRATEGIC REPORT**

**For the Year Ended 31 December 2017**

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a holding company. The principal activities of the company's subsidiaries are the manufacture and sale of textile chemicals and dyes, polyurethane chemicals, surfactants and intermediate chemicals. This is expected to continue into the foreseeable future.

**REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The statement of comprehensive income for the financial year is set out on page 7.

The company made a loss after taxation of £34,243,000 (2016 Profit: £25,270,000). It received interest income of £15,056,000 (2016: £10,745,000) and had interest payable of £18,509,000 (2016: £14,136,000).

On the 8th June 2017 the company disposed of its subsidiary Huntsman (UK) Limited to Huntsman Investments (Netherlands) BV for a consideration of £232,379,000. This produced a loss relative to the book value of the investment of £31,689,000 in the year recognised in the Statement of Comprehensive Income and further described in note 9 to the accounts.

On 1st May 2017 the company acquired IFS Chemicals Limited a leading independent formulator of methylene diphenyl diisocyanate. This acquisition will strengthen the company's differentiated downstream capabilities in this market.

The key performance indicators of the company monitor the amount of interest received and paid (net payable 2017: £3,453,000, 2016: £3,391,000), the carrying value of the investments and the value of intercompany debtors and creditors (net creditors 2017: £8,182,000, 2016: £225,590,000).

The directors regard the financial position of the company's business, which has net assets of over £235,000,000 at the year-end, as satisfactory.

The directors expect the result of the company, with the exception of the effects of disposals of investments, to remain consistent with 2017 in the forthcoming year, based on the expectation that the current financing structure will remain in place. The company's result could be significantly affected by external interest rate changes which impact the interest received and paid, but which are beyond the company's control.

**PRINCIPAL RISK AND UNCERTAINTIES**

The company does not trade but is exposed to risks associated with changes in foreign exchange rates. These risks are monitored on an ongoing basis but the company does not enter into any hedging activity and does not use financial instruments in this regard.

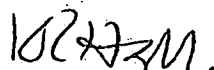
The company is also exposed to risks associated with the performance of the companies in which it holds investments.

Management continues to closely monitor developments in relation to Brexit and the potential consequential political and economic uncertainties in order to mitigate any risks to the business.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2017 (2016: £nil).

**ON BEHALF OF THE BOARD:**



K Hall  
Director

28 September 2018

**HUNTSMAN (HOLDINGS) UK, Company Registration 03768308**

**DIRECTORS' REPORT**

For the Year Ended 31 December 2017

The directors present their annual report with the audited financial statements of the company for the year ended 31 December 2017.

**DIRECTORS**

The directors below have held office during the whole of the period from 1 January 2017 to the date of this report, except as noted below:

N E D Degriek

M Dixon (resigned 1st July 2017)

D Emerson (resigned 30th January 2017)

K R Hall (appointed 3rd August 2017)

G R Hodgson (appointed 3rd August 2017)

R J J Phillipson (resigned 7th August 2017)

**DIRECTORS INDEMNITIES**

The Company has made qualifying third party indemnity provisions for the benefit of its directors and directors of one or more fellow group subsidiaries which were made during the year and remain in force at the date of this report.

**GOING CONCERN**

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out within the Strategic Report. The financial position of the company and liquidity position are as set out in the attached financial statements. In addition, the principal risks and uncertainties section within the Strategic Report details the main risks to the business. The company is part of a group cash-pooling arrangement and has access to considerable financial resources. Due to this cash-pooling arrangement the directors have obtained a letter of support from the company's parent company - Huntsman International LLC - to confirm that access to financial resources and support would be available to it should it need to call on this. Although this letter is not legally binding, given the company's important function within the group, the intention of the parent company to support the company is consistent with these objectives. The directors have considered the ability of the parent to provide this support. After making such enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Strategic Report contains details of principal risks and uncertainties affecting the business and forms part of this report by cross-reference.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2017 (2016: £nil).

**FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE**

Details of future developments can be found in the Strategic Report and form part of this report by cross-reference. There were no significant post-balance sheet events that have occurred up to the date of this report.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

In the case of each of the persons who are directors of the company at the date when this report is approved confirms:


- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**AUDITOR**

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



K Hall  
Director

28 September 2018

**HUNTSMAN (HOLDINGS) UK, Company Registration 03768308**

**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**For the Year Ended 31 December 2017**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**HUNTSMAN (HOLDINGS) UK, Company Registration 03768308**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUNTSMAN (HOLDINGS) UK  
For the Year Ended 31 December 2017**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Huntsman (Holdings) UK (the 'company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**HUNTSMAN (HOLDINGS) UK, Company Registration 03768308**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUNTSMAN (HOLDINGS) UK  
For the Year Ended 31 December 2017**

**Report on the audit of the financial statements (continued)**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

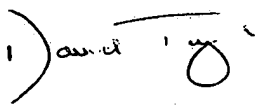
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



David Taylor FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Newcastle upon Tyne, England  
28 September 2018



**HUNTSMAN (HOLDINGS) UK, Company Registration 03768308**

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the Year Ended 31 December 2017**

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Other operating expense	3		(2)		(2)
<b>OPERATING LOSS</b>			<u>(2)</u>		<u>(2)</u>
(Loss)/income from shares in group undertakings	9	(30,787)		28,664	
Interest receivable and similar income	6	<u>15,056</u>		<u>10,745</u>	
			(15,731)		39,409
Interest payable and similar charges	7		(18,509)		(14,136)
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	3		<u>(34,242)</u>		<u>25,271</u>
Tax charge on profit/(loss)	8		(1)		(1)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>			<u><u>(34,243)</u></u>		<u><u>25,270</u></u>

**HUNTSMAN (HOLDINGS) UK, Company Registration 03768308**

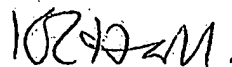
**BALANCE SHEET**

As at 31 December 2017

		2017	2017	Restated (Note 12)	2016
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Investments	9		245,691		495,029
<b>CURRENT ASSETS</b>					
Debtors due within one year	10	406,958		203,622	
<b>CREDITORS</b>					
Amounts falling due within one year	12	(417,453)		(429,212)	
<b>NET CURRENT ASSETS</b>			(10,495)		(225,590)
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>			235,196		269,439
<b>NET ASSETS</b>			235,196		269,439
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		338,373		338,373
Share premium account	13		74,937		74,937
Profit and loss account	13		(178,114)		(143,871)
<b>TOTAL SHAREHOLDERS' FUNDS</b>			235,196		269,439

The notes on the following pages form part of the financial statements.

The financial statements of Huntsman (Holdings) UK (Registered number 03768308), on pages 7 to 15, were approved by the Board of Directors and authorised for issue on 28 September 2018 and were signed on its behalf by:



K Hall  
Director

HUNTSMAN (HOLDINGS) UK, Company Registration 03768308

**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2017

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Totals £'000
At 1 January 2016	338,373	74,937	(169,141)	244,169
Profit for the year	-	-	25,270	25,270
Total Comprehensive Income	-	-	25,270	25,270
At 31 December 2016	338,373	74,937	(143,871)	269,439
At 1 January 2017	338,373	74,937	(143,871)	269,439
Loss for the year	-	-	(34,243)	(34,243)
Total Comprehensive Loss	-	-	(34,243)	(34,243)
At 31 December 2017	338,373	74,937	(178,114)	235,196

**HUNTSMAN (HOLDINGS) UK, Company Registration 03768308**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2017**

**1. ACCOUNTING POLICIES**

The separate financial statements are prepared in accordance with applicable United Kingdom accounting standards which have been applied consistently in the current and preceding year. The particular accounting policies adopted by the directors are described below.

**General information and basis of accounting**

Huntsman (Holdings) UK is a private unlimited company, registered in England and incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Huntsman (Holdings) UK is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out below.

Huntsman (Holdings) UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, financial instruments, intra-group transactions and remuneration of key management personnel.

**Going Concern**

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out above in the Strategic Report. The financial position of the company and liquidity position are as set out in the attached financial statements. In addition, the principal risks and uncertainties section within the Strategic Report details the main risks to the business. The company is part of a group cash-pooling arrangement and has access to considerable financial resources. Due to this cash-pooling arrangement the directors have obtained a letter of support from the company's parent company - Huntsman International LLC - to confirm that access to financial resources and support would be available to it should it need to call on this. Although this letter is not legally binding, given the company's important function within the group, the intention of the parent company to support the company is consistent with these objectives. The directors have considered the ability of the parent to provide this support. After making such enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Basis of consolidation**

Consolidated financial statements are not presented because Huntsman (Holdings) UK is a wholly owned subsidiary and the company is exempt under s.401 of the Companies Act. The results of Huntsman (Holdings) UK for the year ended 31 December 2017 have been consolidated in the financial statements of Huntsman International LLC, a company registered in the United States of America.

**Foreign currencies**

Transactions denominated in foreign currencies are translated into Pounds Sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated into Pounds Sterling at the rate ruling at that date. These translation differences are dealt with in the profit and loss account.

**Investments**

Investments held as fixed assets are stated at cost less provision for impairment.

**Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended 31 December 2017

**1. ACCOUNTING POLICIES (CONTINUED)**

**Impairment of non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of investments is derived from measurement of the present value of the future cash flows relating to the investment.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Impairment of financial assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Interest receivable**

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount receivable can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable to the financial asset. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to the asset's

**Interest payable**

Interest payable is recognised when it is probable that the economic benefits will flow from the company and the amount payable can be measured reliably. Interest payable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable to the financial liability. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial liability to the liability's net carrying amount on initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended 31 December 2017

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements and estimations in applying the Company's accounting policies**

There are no critical judgements made in applying the company's accounting policies. The following are the critical estimations that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Key source of estimation uncertainty - impairment of investments**

Assets, other than those measured at fair value are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

**Key source of estimation uncertainty - deferred tax asset recognition**

Due to reporting tax losses in previous years, the company has accumulated tax losses brought forward of £13.0m (2016: £11.4m). These tax losses can be offset against future taxable profits, and therefore represent a deferred tax asset to the company. Under the requirements of FRS 102 Section 29 'Income Tax', unrelieved tax losses shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Estimating the future taxable profits of the company requires an assessment of the future forecasted outlook for the company. As a consequence of this assessment, as described in note 11, management have assumed that none of the losses can be recognised.

**3. (LOSS)/PROFIT BEFORE TAXATION**

The loss before taxation is arrived at after charging the audit fee for the audit of the financial statements of £5,200 (2016: £6,629).

**4. DIRECTORS' EMOLUMENTS**

None of the directors received any remuneration in respect of services to the company during the year (2016: £nil). The company had no employees during the year.

The directors are remunerated by other Huntsman group companies for their services to the group as a whole. It is not practicable to allocate this between their services to Huntsman (Holdings) UK Limited and other group companies.

**5. STAFF COSTS**

There were no staff costs for the year ended 31 December 2017 (2016: £nil).

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2017 £'000	2016 £'000
Interest on balances with group undertakings	15,056	10,745
	<u>15,056</u>	<u>10,745</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2017 £'000	2016 £'000
Foreign exchange loss	1,642	1,780
Interest payable on intergroup loans	16,867	12,356
	<u>18,509</u>	<u>14,136</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended 31 December 2017**
**8. TAX CHARGE ON (LOSS)/PROFIT**

	2017 £'000	2016 £'000
Analysis of tax charge in the year:		
Current tax		
United Kingdom corporation tax charge on profit for year	-	-
Adjustments in respect of prior years	-	-
Overseas taxation	1	1
Total Current Tax	<u>1</u>	<u>1</u>
Deferred Tax		
Current year deferred tax related to pension charges	-	-
Origination and reversal of timing differences	-	-
Adjustments in respect of prior years	-	-
Tax charge on (loss)/profit	<u>-</u>	<u>-</u>

**Factors affecting charge for the year:**

The standard rate of tax applied to reported (loss)/profit is 19.25% (2016: 20.00%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2016.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows:

	2017 £'000	2016 £'000
(Loss)/profit before tax	<u>(34,242)</u>	<u>25,271</u>
Tax on (loss)/profit at standard UK corporation tax rate of 19.25% (2016: 20.00%)	<u>(6,592)</u>	<u>5,054</u>
Effects of:		
Overseas Taxation	2	1
Change in unrecognised deferred tax assets	491	-
Utilisation of tax losses	-	679
Income not taxable	-	(24,395)
Expenses not deductible	6,100	18,662
Total tax charge for the year	<u>1</u>	<u>1</u>

**9. FIXED ASSET INVESTMENTS**

	2017 £'000	2016 £'000
<b>Shares in Subsidiaries</b>		
Cost and Net Book Value		
As at 1 January	1,841,502	1,608,906
Additions	14,730	232,596
Disposals	(264,068)	-
As at 31 December	<u>1,592,164</u>	<u>1,841,502</u>
Provision for diminution in value		
As at 1 January	1,346,473	1,253,162
Movement in the year	-	93,311
As at 31 December	<u>1,346,473</u>	<u>1,346,473</u>
Net Book Value	<u>245,691</u>	<u>495,029</u>

During the year the company acquired 100% of the issued share capital of I.P.S Chemicals Limited for a consideration of £14.7m. During the year the company received a dividend of £nil (2016: £121,975,000) from its subsidiary Huntsman Holdings (UK) Limited. Net expense from shares in group undertakings was £30,787,000 due to the recognition of the loss on disposal of the company's investment in Huntsman UK Limited of £31,689,000 and an adjustment related to the recognition of a dividend received of £902,000 (2016 Income: £28,664,000).

HUNTSMAN (HOLDINGS) UK, Company Registration 03768308

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended 31 December 2017

**9. FIXED ASSET INVESTMENTS (CONTINUED)**

	Country of Registration and Operation	Proportion of Nominal Value of Ordinary Shares Held
Huntsman IFS Polyurethanes Limited	England & Wales	100%
Huntsman Petrochemicals (UK) Holdings	England & Wales	100%
Huntsman Polyurethanes (UK) Limited	England & Wales	100%
Huntsman Europe Limited	England & Wales	100%
Huntsman Surface Sciences (UK) Limited	England & Wales	100%
Huntsman Offshore Investments Limited	England & Wales	100%
Tioxide Overseas Holdings Limited	England & Wales	100%
Tioxide Europe Titanium Pigmentleri Ticaret Limited Sirketi (TETPTLS)	Turkey	99%

With the exception of Huntsman Europe Limited and Huntsman IFS Polyurethanes, all UK subsidiaries are registered in England and Wales and have their registered office at Concordia House, Glenarm Road, Wynyard Business Park, Billingham, England TS22

Huntsman Europe Limited has its registered office at Llanelli Plant, Bynca, Llanelli, Dyfed, SA14 9TE.

Huntsman IFS Polyurethanes has its registered office at 26 King Street, Kings Lynn, PE30 1HJ.

TETPTLS is registered at Kultur Mah. Camlik Sitesi Yolu Sok.E 1 Blok D.2, Etiler, Besiktas, Istanbul.

The company had the following indirect investments in subsidiaries and associated undertakings, with the investment being held through one of the company's direct subsidiaries above. These indirect subsidiaries and associated undertakings were engaged in the manufacture and sale of titanium dioxide pigment, textile chemicals and dyes, polyurethane chemicals and surfactants.

	Country of Registration and Operation	Proportion of Nominal Value of Ordinary Shares Held
Huntsman International Europe Limited	England & Wales	100%
Huntsman Polyurethanes Sales Limited	England & Wales	100%
Huntsman Polyurethanes (UK) Ventures Limited	England & Wales	100%
Huntsman Corporation (UK) Limited	England & Wales	100%
Huntsman Trustees Limited	England & Wales	100%
Huntsman Pension Trustees Limited	England & Wales	100%
Huntsman Corporation Hungary Limited	Hungary	100%
Optivill Limited	Hungary	100%

With the exception of Huntsman Corporation (UK) Limited and Huntsman Trustees Limited, all indirectly held subsidiaries and investments registered in England and Wales have their registered office at Concordia House, Glenarm Road, Wynyard Business Park, Billingham, England TS22 5FB.

Huntsman Corporation (UK) Limited and Huntsman Trustees Limited have their registered office at Llanelli Plant, Bynca, Llanelli, Dyfed, SA14 9TE.

All indirectly held subsidiaries and investments registered in Hungary have their registered office at Pétfürdő, Gyártelep, Irsz. 2387/7, 8105, Hungary.

10. DEBTORS	2017 £'000	Restated 2016 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	406,958	203,622

Amounts owed by group undertakings are repayable on demand and carry an interest rate of the cost of capital of Huntsman International LLC plus one eighth of one percent.

In the 2016 Financial Statements intercompany loan debtors totalling £202,146,000 were disclosed as falling due in more than one year. As these amounts were repayable on demand at the balance sheet date, they have been reclassified as falling due within one year at the 2016 balance sheet date in the 2017 Financial Statements.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year Ended 31 December 2017

**11. DEFERRED TAX**

A deferred tax asset has not been recognised in respect of timing differences relating to non trading losses carried forward, as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £2,422,064 (2016: £2,513,000). Any such deferred tax asset would be recovered if sufficient taxable profits were made in future years.

Following the substantive enactment of Finance Act 2016 in September 2016 which included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020, the deferred tax balances were revalued to 17% in the 2016 financial statements.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2017 £'000	Restated 2016 £'000
Amounts owed to group undertakings	415,140	429,212
Other creditors	2,313	0
	<u>417,453</u>	<u>429,212</u>

Interest on amounts owed to group undertakings accrues at a variable rate equal to the cost of funds of Huntsman International LLC (as calculated from time to time by the company in good faith), plus one eighth of one percent per annum. The loan is repayable on demand.

In the 2016 Financial Statements, intercompany loan creditors of £155,675,000 were disclosed as falling due in more than one year. As these loan creditors were repayable on demand at the 2016 balance sheet date, they have been reclassified as falling due within one year as at 31 December 2016.

**13 CALLED-UP SHARE CAPITAL AND RESERVES**

	2017 No. Shares	2017 £'000	2016 No. Shares	2016 £'000
Called-up, allotted and fully paid				
Class A ordinary shares of £1 each	338,368,030	338,368	338,368,030	338,368
Class B ordinary shares of £1 each	5,000	5	5,000	5
	<u>338,373,030</u>	<u>338,373</u>	<u>338,373,030</u>	<u>338,373</u>

Each class of shares has full voting rights attached to them.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

**14 PARENT UNDERTAKING**

As at 31 December 2017, Huntsman Corporation was the ultimate parent undertaking and controlling party. The immediate parent company is Huntsman (Holdings) Netherlands B.V., a company incorporated in the Netherlands.

Huntsman International LLC, a company registered in the United States, is the parent of the smallest group of which the company is a member and for which consolidated financial statements are prepared. Huntsman Corporation, a company registered in the United States, is the parent of the largest group of which the company is a member and for which consolidated financial statements are prepared. Copies of the consolidated financial statements of Huntsman International LLC and Huntsman Corporation can be obtained from the group's website at [www.huntsman.com](http://www.huntsman.com).

Huntsman International LLC and Huntsman Corporation have their registered address at 10003 Woodloch Forest Drive, The Woodlands, Texas 77380, USA.

**15 RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption available to wholly-owned group companies within FRS 102 Section 33 "Related Party Disclosures" which allows it not to disclose transactions with Huntsman International entities or investees of Huntsman International qualifying as related parties.