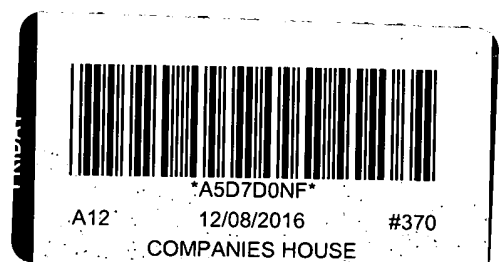


INEOS Derivatives France Limited

Annual report and financial statements

Registered number 6674365

31 December 2015



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Strategic report for the year ended 31 December 2015

The directors present their strategic report on the company for the year ended 31 December 2015.

Review of business and future developments

The company is engaged in the procurement of raw materials and sale of petrochemical products manufactured at the petrochemical sites in Italy and France. The company has tolling contracts with INEOS Manufacturing Italy SpA, INEOS Chemicals Lavera SAS and INEOS Polymers Sarralbe SAS for the manufacture of its product, and distribution agreements with Limited Risk Distributors in the UK and Europe for the sale of product for which it pays a small margin.

The polymer industry has benefitted from strong demand in 2015 and reduced competition. Lower supply due to high level of planned and unplanned shutdowns within the industry reduced product availability and favourable Euro/Dollar exchange rate deterred imports from outside Europe.

Following a fire at an electrical substation, polymer production at Lavera was stopped from the middle of May 2015 until the beginning of July 2015 due to lack of electrical, steam and water supplies. Normal production was resumed from the middle of July but industrial action at an upstream plant in September 2015 caused further disruption to the production plan. Some products did not become available again until November 2015.

The manufacturing site in Rosignano, Italy suffered some technical issues over the summer. Nevertheless it initiated its asset rejuvenation programme by replacing one reactor at the beginning of September 2015.

Subsequent to the balance sheet date, in May 2016 the business was forced to close down the manufacturing assets in Lavera and Sarralbe, France, and declare Force Majeure due to the strikes in France in response to government labour reforms. Production resumed from the middle of June 2016.

The market for polymers in Europe is expected to experience low growth in the future and increased competition from imports. In this difficult context the business will continue to deliver high product quality, excellent customer service and focus on key markets in order to drive profitability and improve market share.

Results and Dividends

The profit for the financial year before taxation was €33,917,000 (2014: loss of €17,842,000). The directors do not propose the payment of a dividend (2014: nil).

Strategy

The longer term objective is to achieve sustained revenue growth and to generate profits by charging competitive pricing, delivery quality products and provide a high level of customer service.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of INEOS Chemicals France Holdings Limited which includes the company, are discussed in the group's annual report which does not form part of this report.

Strategic report for the year ended 31 December 2015 *(continued)*

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties INEOS Chemicals France Holdings Limited which include those of the company are discussed in the group's annual report.

By order of the board



Y Ali
Company Secretary

27 July 2016

Directors' report for the year ended 31 December 2015

The directors present their report and audited financial statements of the company for the year ended 31 December 2015.

Principal activities

The company is engaged in the procurement of raw materials and sale of petrochemical products manufactured at the petrochemical sites in Italy and France, which are sold through a network of Limited Risk Distributors in the UK and across Europe for which the company pays a small margin.

Results and dividends

Results and dividends are discussed in the Strategic report.

Future developments

Future developments are discussed in the Strategic report.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company where appropriate. The company is exposed to commodity price risk as a result of its operations. The company manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The company is funded by its parent company INEOS Chemicals France Holdings Limited and therefore has no direct exposure to liquidity or debt market risk.

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

I T Hogan
G W Leask
D Smeeton

Health and safety

Our facilities and operations are subject to a wide range of health, safety, security and environmental ("HSSE") laws and regulations in all of the jurisdictions in which we operate. These requirements govern, among other things, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges, air emissions (including GHG emissions), noise emissions, human health and safety, process safety and risk management and the clean-up of contaminated sites. Many of our operations require permits and controls to monitor or prevent pollution. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future HSSE laws, regulations and permits or the more stringent enforcement of such requirements.

Our operations are currently in material compliance with all HSSE laws, regulations and permits. We actively address compliance issues in connection with our operations and properties and we believe that we have systems in place to ensure that environmental costs and liabilities will not have a material adverse impact on us.

Directors' report for the year ended 31 December 2015 (*continued*)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (i) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.
- (ii) each director has taken all the steps that he ought to have taken in his duty as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they will be re-appointed will be proposed at the annual general meeting.

By order of the Board



Y Ali
Company Secretary
27 July 2016
Registered number 6674365

Independent auditors' report to the members of INEOS Derivatives France Limited

Report on the company financial statements

Our opinion

In our opinion, INEOS Derivatives France Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual report"), comprise:

- the Balance Sheet as at 31 December 2015;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity for the year ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, 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.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of INEOS Derivatives France Limited (*continued*)

Other matters on which we are required to report by exception (*continued*)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

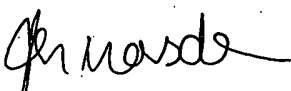
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
27 July 2016

Profit and Loss Account

For the year ended 31 December 2015

	Note	2015 €000	2014 €000
Turnover	3	750,041	427,560
Cost of sales		(696,469)	(433,352)
Gross profit/(loss)		53,572	(5,792)
Distribution costs		(33,934)	(17,742)
Administrative expenses		(2,247)	(314)
Operating profit/(loss)	4	17,391	(23,848)
Other interest receivable and similar income	6	16,529	6,130
Interest payable and similar charges	7	(3)	(124)
Profit/(loss) on ordinary activities before taxation		33,917	(17,842)
Tax on profit/(loss) on ordinary activities	8	(8,843)	3,568
Profit/(loss) for the financial year		25,074	(14,274)

The company has no recognised other comprehensive income and therefore no separate statement of comprehensive income has been presented.

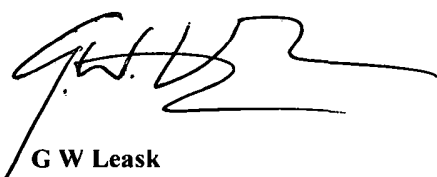
All activities of the company relate to continuing operations.

Balance Sheet

as at 31 December 2015

	Note	2015 €000	2014 €000
Fixed assets			
Tangible assets	9	1,095	1,490
		<u>1,095</u>	<u>1,490</u>
Current assets			
Stocks	10	82,492	74,252
Debtors (including €369,425,000 (2014: 23,568,000) due after 1 year)	11	440,327	380,878
Cash at bank and in hand		16,672	7,586
		<u>539,491</u>	<u>462,716</u>
Creditors: amounts falling due within one year	12	(363,719)	(312,413)
		<u>175,772</u>	<u>150,303</u>
Net current assets			
		<u>175,772</u>	<u>150,303</u>
Total assets less current liabilities		176,867	151,793
		<u>176,867</u>	<u>151,793</u>
Net assets		176,867	151,793
		<u>176,867</u>	<u>151,793</u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account		176,867	151,793
		<u>176,867</u>	<u>151,793</u>
Total equity		176,867	151,793
		<u>176,867</u>	<u>151,793</u>

These financial statements on pages 7 to 25 were approved by the board of directors on 27 July 2016 and were signed on its behalf by:



G W Leask
Director

Company registered number: 6674365

Statement of Changes in Equity

for the year ended 31 December 2015

	Called up Share capital €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2014	-	(46)	(46)
Loss for the financial year	-	(14,274)	(14,274)
Transactions with owners, recorded directly in equity			
Amount arising on common control transaction	-	166,113	166,113
Balance at 31 December 2014	-	151,793	151,793

	Called up Share capital €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2015	-	151,793	151,793
Profit for the financial year	-	25,074	25,074
Balance at 31 December 2015	-	176,867	176,867

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)

1 Accounting policies

INEOS Derivatives France Limited (the "Company") is a limited company incorporated and domiciled in the UK. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are expressed in euros as the company and the group primarily generate income, incur expenditure and have the majority of their assets and liabilities denominated in euros. The exchange rate as at 31 December 2015 was €1.35906/£1 (2014 : €1.27910/£1).

The Company's parent undertaking, INEOS Chemicals France Holdings Limited includes the Company in its consolidated financial statements. INEOS Chemicals France Holdings Limited is a company incorporated in the UK. The consolidated financial statements of INEOS Chemicals France Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of INEOS Chemicals France Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)(continued)

1 Accounting policies (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented on these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.2 Going concern

The Company meets its day-to-day working capital requirements through its inter company current account facility. The Company's forecasts and projections, taking into account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)(continued)

1 Accounting policies (continued)

1.5 Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1.6 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Depreciation commences from the date an asset is brought into service. Land and assets in the course of construction are not depreciated. The estimated useful lives are as follows:

- plant and equipment 6 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Business combinations

All unincorporated business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the company.

Acquisitions on or after 1 January 2013 (date of transfer to IFRSs)

For acquisitions on or after 1 January 2013, the company measures goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value of the identifiable assets acquired and liabilities assumed).

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of acquisition.

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)(continued)

1 Accounting policies (continued)

1.9 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered, whether through depreciation or sale. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Acquisitions under common control

Acquisitions under common control are accounted for at book value. The difference in the book value of the assets acquired and consideration paid is recognised in the retained earnings.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date.

1.10 Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

1.11 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.12 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)(continued)

1 Accounting policies (continued)

1.12 Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.14 Turnover

Turnover represents the invoiced value of products sold to third parties net of value added tax and sales taxes. Sales are recognised when significant risks and rewards of ownership have passed to the buyer and sales can be reliably measured. This is either when goods are dispatched or delivered depending on the relevant delivery terms, when the prices are determined or when collectability is considered probable.

1.15 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)(continued)

1 Accounting policies (continued)

1.15 Expenses (continued)

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and interest payable

Interest payable includes interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.16 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.17 Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent re-measurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to stocks, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies. Intangible assets and tangible fixed assets once classified as held for sale or distribution are not amortised or depreciated.

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)(continued)

1 Accounting policies (continued)

1.17 Non-current assets held for sale and discontinued operations (continued)

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation has been discontinued from the start of the comparative period.

2 Acquisitions of businesses

Acquisitions in the prior period

On 1 July 2014, the Company acquired the polyolefins business in Rosignano, Italy from INEOS Sales (UK) Limited for €1. On the same date, the Company acquired the polyolefins business in Sarralbe, France and Lavera, Italy from INEOS Europe AG for €1. In the six months to 31 December 2014, the combined businesses contributed revenue of €427,560,000 and a net profit of €130,349,000 to the revenue and net profit for the year.

Effect of acquisition

The acquisition had the following effect on the Company's assets and liabilities.

	Recognised values on acquisition €000
Acquiree's net assets at the acquisition date:	
Tangible fixed assets	1,642
Stocks	93,418
Trade and other debtors	139,056
Trade and other creditors	(68,003)
	<hr/>
Net identifiable assets and liabilities	166,113
Consideration paid:	<hr/>
Bargain purchase on acquisition	166,113

Notes to the financial statements for the year ended 31 December 2015

(forming part of the financial statements)(continued)

3 Turnover

	2015 €000	2014 €000
Sale of goods	750,041	427,560
Total turnover	750,041	427,560
	2015 €000	2014 €000
By activity:		
Polymers	750,041	427,560
By geographical market:		
UK	150,177	85,596
Rest of Europe	551,011	338,685
Rest of World	48,853	3,279
	750,041	427,560

All revenue is derived from operations in the Rest of Europe.

4 Operating profit/(loss)

Included in profit/(loss) are the following:

	2015 €000	2014 €000
Hire charges under operating leases – plant and machinery	97,808	51,976
Depreciation of owned tangible fixed assets (note 9)	395	152

Auditors' remuneration:

	2015 €000	2014 €000
Audit of these financial statements	82	92

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)(continued)

5 Directors and employees

The Company had no employees during the year (2014: none). No Directors received any fees or remuneration in respect of their services as a Director of the Company during the financial year (2014: none).

6 Other interest receivable and similar income

	2015 €000	2014 €000
Interest income on financial assets not at fair value through profit or loss	16,529	6,130

Interest receivable and similar income includes income from group undertakings of €16,529,000 (2014: €6,130,000).

7 Interest payable and similar charges

	2015 €000	2014 €000
Total interest expense on financial liabilities measured at amortised cost	3	124

Interest payable and similar charges includes interest payable to group undertakings of €3,000 (2014: €124,000).

8 Tax on profit/(loss) on ordinary on activities

Recognised in the profit and loss account

	2015 €000	€000	2014 €000	€000
<i>UK corporation tax</i>				
UK corporation tax on profits of the period	3,347		-	
Adjustments in respect of prior periods	-		-	
		3,347		-
Total current tax		3,347		-
<i>Deferred tax (see note 13)</i>				
Origination and reversal of temporary differences	3,520		(3,836)	
Adjustments in respect of prior periods	2,367		-	
Reduction in tax rate	(391)		268	
		5,496		(3,568)
Total deferred tax		5,496		(3,568)
Tax charge/(credit) on profit/(loss) on ordinary activities		8,843		(3,568)

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)(continued)

8 Tax on profit/(loss) on ordinary on activities (continued)

Reconciliation of effective tax rate

	2015 €000	2014 €000
Total tax charge/(credit)	8,843	(3,568)
Profit/(loss) on ordinary activities before taxation	33,917	(17,842)
Profit/(loss) multiplied by the standard rate of tax in the UK of 20.25% (2014: 21.50%)	6,868	(3,836)
Reduction in tax rate on deferred tax balances	(391)	268
Adjustments in respect of prior periods	2,366	-
Total tax charge/(credit) (including tax on discontinued operations)	8,843	(3,568)

In July 2015, the UK Corporation tax rate for periods commencing 1 April 2017 was changed from 20% to 19% and for periods from 1 April 2020 from 19% to 18%.

9 Tangible assets

	Plant and equipment €000
Cost	
Balance at 1 January 2015 and 31 December 2015	2,189
Accumulated depreciation and impairment	
Balance at 1 January 2015	699
Depreciation charge for the financial year	395
Balance at 31 December 2015	1,094
Net book value	
At 31 December 2014	1,490
At 31 December 2015	1,095

Notes to the financial statements for the year ended 31 December 2015

(forming part of the financial statements)(continued)

10 Stocks

	2015 €000	2014 €000
Raw materials and consumables	11,613	6,249
Finished goods	70,879	68,003
	<u>82,492</u>	<u>74,252</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €570,711,000 (2014: €362,110,000). The write-down of stocks to net realisable value amounted to €nil (2014: €3,206,000). The reversal of write-downs amounted to €3,213,000 as discussed below (2014:€nil). The write-down and reversal are included in the cost of sales. The reversal of the write down relates to the release of a provision which was made as a result of the sharp fall in stock prices at the end of 2014, during 2015 the price of the stock has recovered and the provision was no longer required.

11 Debtors

	2015 €000	2014 €000
Trade debtors	68,635	109,195
Amounts owed by group undertakings	351,642	242,919
Other debtors	1,211	1,211
Deferred tax assets (see note 13)	18,072	23,568
Taxation and social security	648	491
Prepayments and accrued income	119	3,494
	<u>440,327</u>	<u>380,878</u>
Due within one year	70,902	357,310
Due after more than one year	369,425	23,568

12 Creditors: amounts falling due within one year

	2015 €000	2014 €000
Trade creditors	74,164	66,700
Amounts owed to group undertakings	283,573	242,688
Taxation and social security	4,306	826
Accruals and deferred income	1,676	2,199
	<u>363,719</u>	<u>312,413</u>

Notes to the financial statements for the year ended 31 December 2015

(forming part of the financial statements)(continued)

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015 €000	2014 €000	2015 €000	2014 €000	2015 €000	2014 €000
Tax value of loss carry-forwards	18,027	23,538	-	-	18,027	23,538
Accelerated capital allowances	45	30	-	-	45	30
Net tax assets	18,072	23,568	-	-	18,072	23,568

Movement in deferred tax during the year

	1 January 2015 €000	Recognised in income €000	31 December 2015 €000
Tax value of loss carry-forwards utilised	23,538	(5,511)	18,027
Accelerated capital allowances	30	15	45
	23,568	(5,496)	18,072

Movement in deferred tax during the prior year

	1 January 2014 €000	Recognised in income €000	Acquired in business combination €000	31 December 2014 €000
Tax value of loss carry-forwards utilised	-	3,538	20,000	23,538
Other	-	30	-	30
	-	3,568	20,000	23,568

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)(continued)

14 Called up share capital

	Ordinary shares 2015	
Number of shares		
On issue at 1 January and 31 December 2015 - fully paid		1
		<hr/>
	2015 €000	2014 €000
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each (2014: 1)	-	-
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

As the reporting currency of the company is the Euro the share capital has been converted to Euros at the effective rate of exchange ruling at the date of issuance.

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2015 €000	2014 €000
Less than one year	108,418	103,883
	<hr/>	<hr/>
	108,418	103,883
	<hr/>	<hr/>

The Company leases items of plant and machinery under operating leases with the Toll manufacturers (the Tollco's). The Tollco's are INEOS Manufacturing Italia SpA, who owns the petrochemical site at Rosignano, Italy, INEOS Chemicals Laverà SAS who owns petrochemical plants at Laverà, France and INEOS Polymers Sarrelbourg SAS who owns the petrochemical site at Sarrelbourg, France. Toll processing agreements exist with the Company which specify that the Tollco will provide toll processing services to the Company. The agreements also specify that production schedules will be based on orders from the Company and that the Tollco will de facto be dedicated to this agreement.

In consideration for the Tollco's obligations under the tolling agreements, the Company pays processing fees. The processing fees are calculated based on the total fixed and variable actual costs incurred by the Tollco referable to the agreements, plus a fixed processing margin which is reviewed periodically. The monetary value of this tolling agreement over the next 12 months has been estimated to be €108,418,000. Total charges under the agreements for the year were €97,808,000 (2014: €51,976,000).

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)(continued)

16 Related parties

Other related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow subsidiaries under common ownership. Transactions entered into, and trading balances outstanding at 31 December with other related parties, are as follows:

	Receivables outstanding		Creditors outstanding	
	2015 €000	2014 €000	2015 €000	2014 €000
Other related parties	66,679	109,133	62,980	23,200
	<u>66,679</u>	<u>109,133</u>	<u>62,980</u>	<u>23,200</u>

17 Controlling parties

INEOS Chemicals France Holdings Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Copies of the financial statement of INEOS Chemicals France Holdings Limited can be obtained from the Company Secretary, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

The ultimate parent company at 31 December 2015 was INEOS AG, a company incorporated in Switzerland.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in the ultimate parent undertakings INEOS AG.

18 Subsequent event

Subsequent to the balance sheet date, in May 2016 due to the strikes in France in response to governmental labour reforms, the business was forced to close down the manufacturing assets in Lavera and Sarralbe, France, and declare Force Majeure. Production resumed from the middle of June 2016.

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)(continued)

19 Accounting estimates and judgements

Taxation

Management is required to estimate the tax payable and this involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the consolidated balance sheet of the Group. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Group's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

The Group has, from time to time, contingent tax liabilities arising from trading and corporate transactions. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

Details of amounts recognised with regard to taxation are disclosed in Notes 8 and 13.

Impairment reviews

IFRS require management to test for impairment of goodwill and other intangible assets with indefinite lives, on an annual basis, and of tangible and intangible assets with finite lives if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

In calculating the net present value of the future cash flows, certain assumptions and estimates are required to be made in respect of highly uncertain matters, including management's expectations of:

- Growth rates of various revenue streams;
- Long term growth rates;
- Future margins;
- The selection of an appropriately risk adjusted discount rate; and
- The determination of terminal values.

Changing the assumptions selected by management, in particular the discount rate used in the present value calculation, could significantly affect the Group's impairment evaluation and results.

For the purpose of impairment testing (when required), to assess whether any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary significantly from such estimates of discounted future cash flows.

Notes to the financial statements for the year ended 31 December 2015 (forming part of the financial statements)(continued)

19 Accounting estimates and judgements (continued)

Impairment reviews (continued)

Factors such as changes in the planned use of buildings, plant or equipment, or closure of facilities, the presence or absence of competition, lower than expected asset utilisation from events such as unplanned outages, strikes and hurricanes, technical obsolescence or lower than anticipated sales of products with capitalised intellectual property rights could result in shortened useful lives or impairment. Changes in the discount rates used could also lead to impairments.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 9 for the carrying amount of the plant and equipment, and Note 1 for the useful economic lives for each class of assets.

Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.