

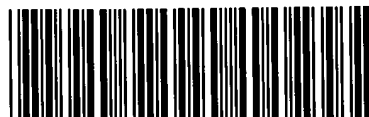
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# **INEOS Industries Limited**

**Annual report and financial statements**  
**Registered number 6959146**  
**Year ended – 31 December 2016**

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## **Section 1 - Strategic Report and Directors' Report**

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report on the Group and Company for the year ended 31 December 2016.

### Results for the year

The results of the Group are set out in the consolidated income statement on page 13 which shows a profit from continuing operations before taxation for the year of €395.1million (2015: profit of €60.5 million).

### Review of business and future developments

During 2016 the Group continued to focus on developing its portfolio of businesses, with a particular focus on Styrolution and oil and gas assets both in the North Sea and onshore in the United Kingdom.

INEOS Styrolution is the leading global styrenics supplier with a focus on styrene monomer, polystyrene, ABS and styrenics specialities. INEOS Styrolution had a record performance in 2016 with a significant increase in operating profits. The improved profitability was due to an increase in sales volumes and higher margins with robust demand in North America and Asia, together with tight supply conditions in Europe due to a number of unplanned competitor outages.

INEOS Upstream operates the Group's onshore and offshore oil and gas activities in the UK. The Group has a significant number of shale gas licences in North West England, North Yorkshire, the East Midlands and Scotland. The Group is looking to develop this business further over the next few years. The Group also has a portfolio of natural gas assets including parts of the Breagh and Clipper South fields in the North Sea. These offshore assets performed satisfactorily in 2016.

INEOS Bio uses advanced bioenergy technology to convert waste and non-food crop biomass in to biofuel and renewable power. The sustained collapse in crude oil prices since 2014 has made biofuel uncompetitive as an alternative fuel source in North American markets, and the Group therefore decided to either sell or exit the Bio business during 2016. The Group sold the intellectual property and pilot plants of the Bio business to Jupeng Investment Company, a Chinese company, in April 2017. The site at Vero Beach, Florida was fully closed in December 2016, resulting in a further impairment charge of €4.6 million and additional closure costs of €14.6 million. The US Department of Agriculture is currently seeking buyers for the site.

The Group's other smaller businesses of Melamines, Chlorotoluenes and Grangemouth CHP all performed satisfactorily in 2016.

In August 2016 the Group acquired Calabrian Holdings Corporation for a total consideration of €118.3 million. The business is a technology and market leader of sulphur dioxide and sodium based derivatives in North America with operations in Texas, USA and Ontario, Canada.

In August 2016 the Group disposed of its Styrenics business to Synthos SA, a Polish company, for a total consideration of €92.8 million.

In September 2016 Styrolution refinanced its capital structure and repaid the €200 million PIK Toggle Loan with INEOS Holdings Limited, a related party. As part of the refinancing, the maturity of the Senior Secured Term Loans was extended to September 2021 and the interest rates were reduced to EURIBOR / LIBOR (subject to a floor of 1.00%) plus a margin of 3.75%. INEOS Holdings Limited invested €250 million in the Senior Secured Term Loans as part of this refinancing.

In September 2016 the Group entered in to a five year €200 million revolving loan ('RBL facility'). The RBL facility is secured on the assets of the INEOS Upstream offshore business.

The Group's strategy is to develop its portfolio of businesses further with its main focus continuing to be on Styrolution and the Upstream businesses. The Group will also seek to improve its capital structure wherever possible.

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

### Subsequent events

On 1 March 2017 the Group completed the acquisition of the global K-Resin® styrene-butadiene copolymers (SBC) business from Chevron Phillips Chemical Company LLC (Chevron Phillips Chemical) and Daelim Industrial Co. Ltd., following receipt of all applicable regulatory and legal approvals. The transaction, which was agreed on 31 October 2016, includes the purchase of the equity interests of K R Copolymer Co. Ltd (KRCC), K-Resin SBC intellectual property and other assets related to the SBC business. This acquisition allows the Group to supply its customers from production sites in the Americas, EMEA and Asia Pacific.

In March 2017 the Group refinanced its outstanding institutional Senior Secured Term Loans in Euro and US Dollar. The Group extended the maturity of the Senior Secured Term Loans until March 2024 with improved pricing of EURIBOR plus 2.50% with a 0.75% floor for the Euro denominated term loans and USD LIBOR plus 2.75% for the US Dollar denominated term loans.

### Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are set out below:

- The petrochemical and gas extraction industries are cyclical — changing market demands and prices may negatively affect the Group's operating margins and impair its cash flow which, in turn, could affect its ability to make payments on its debt or to make further investments in the business.
- Raw materials and suppliers — if the Group is unable to pass on increases in raw material prices, or to retain or replace its key suppliers, its results of operations may be negatively affected.
- International operations and currency fluctuations — the Group is exposed to currency fluctuation risks as well as to economic downturns and local business risks in several different countries that could adversely affect its profitability.
- Competition — significant competition in the Group's industries, whether through efforts of new and current competitors or through consolidation of existing customers, may adversely affect its competitive position, sales and overall operations.
- Inability to maximize utilization of assets — the Group may be adversely affected if it is unable to implement its strategy to maximize utilization of assets.
- Synergies — the Group may not realize anticipated revenue and cost synergies, benefit from anticipated business opportunities or experience anticipated growth from any of its acquisitions.
- Substantial leverage — if interest rates rise or trading performance deteriorates the Group's substantial debt burden increases the risk for the Group's position and performance.

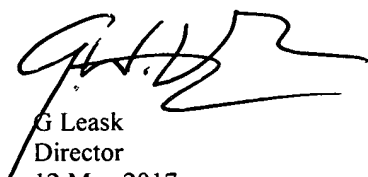
## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

### Key performance indicators ("KPIs")

The main KPI of the business is earnings before interest, taxation, depreciation, amortisation and exceptional items ("EBITDA"). Management closely monitors EBITDA compared to budget and prior year. Details of actual and comparative EBITDA results are provided below:

	2016	2015
	€m	
Operating profit .....	533.8	221.1
Depreciation for the year.....	305.7	173.9
Exceptional impairment charge.....	4.6	128.8
Amortisation charge for the year.....	93.5	113.8
Exceptional administrative expenses .....	29.2	173.1
<b>EBITDA .....</b>	<b>966.8</b>	<b>810.7</b>

On behalf of the Board:



G Leask  
Director  
12 May 2017

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report and audited consolidated and company financial statements of the Group and the Company for the year ended 31 December 2016.

### **Principal activities**

The principal activities of the Group are the manufacture and sale of a range of chemicals used in a variety of applications and the exploration, development and production of natural gas.

### **Future Developments**

Future developments are discussed in the Strategic Report.

### **Financial risk management**

The Group'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 Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group where appropriate. The Group is exposed to commodity price risk as a result of its operations and seeks to mitigate this risk through various purchasing strategies. The Group manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. See Note 24 of the financial statements for information on financial instruments, interest risk, liquidity risk and foreign currency risk.

### **Research and development**

The Group's research and development team develops new applications for its higher margin and less cyclical speciality chemicals, provides support to the Group's customers and seeks to improve the efficiency of the Group's manufacturing processes. The research and development team also leads the Group's efforts with respect to the development and capacity expansions of the plants and maintaining and improving safety and environmental standards. The Group spent approximately €12.7 million (2015: €18.3 million) on research and development during the year.

### **Dividends**

The directors of the Group have proposed and paid a dividend of €23.8 million (€120.51 per share) during the year (2015: €11.3 million).

### **Political and charitable contributions**

As part of its ongoing investment programme, INEOS Industries Limited and its subsidiaries actively support a variety of initiatives in communities in which it operates. Charitable donations made during the year amounted to €300,000 (2015: €28,500) for a variety of charitable purposes. Neither the Company nor its subsidiary undertakings made any donations or subscriptions for political purposes.

### **Directors**

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

Mr G Leask  
Mr J Ginns

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

### **Employees**

The Group has developed voluntary practices and procedures for employee involvement appropriate to their own circumstances and needs. The Group encourages this approach to provide information and consultation and believes that this promotes a better understanding of the issues facing the individual business in which the employee works. The Group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Group by issuing communications on the Group intranet and holding employee information meetings hosted by the board and operating a bonus scheme linked to the business performance. The Group consults employees or their representatives through the works council on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

### **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.

### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;



## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the group and 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 these financial statements 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 reappointed will be proposed at the annual general meeting.

By order of the Board:



Y S Ali  
Company Secretary  
12 May 2017  
Registered number 6959146

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## **Section 2 - Consolidated Financial Statements**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS INDUSTRIES  
LIMITED**

## **Report on the group financial statements**

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### **Our opinion**

In our opinion, INEOS Industries Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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### **What we have audited**

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

- the consolidated balance sheet as at 31 December 2016;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then 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 the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

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.

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## **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 addition, in light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of 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. We have no exceptions to report arising from this responsibility.

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### **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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS INDUSTRIES  
LIMITED**

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the statement of directors' responsibilities set out on page 8-9, 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 group'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.

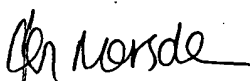
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

### **Other matter**

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We have reported separately on the company financial statements of INEOS Industries Limited for the year ended 31 December 2016.



Ian Marsden (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
12 May 2017

# **CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016	2015
		€m	
<b>Revenue</b> .....	2	<b>5,368.3</b>	5,900.8
Cost of sales before exceptional items.....		<b>(4,317.5)</b>	(4,868.4)
Exceptional impairment charge .....	4	<b>(4.6)</b>	(128.8)
Total cost of sales .....		<b>(4,322.1)</b>	(4,997.2)
<b>Gross profit</b> .....		<b>1,046.2</b>	903.6
Distribution costs .....		<b>(251.4)</b>	(246.9)
Administrative expenses .....		<b>(231.8)</b>	(262.5)
Exceptional administrative expenses .....	4	<b>(29.2)</b>	(173.1)
Total administrative expenses .....		<b>(261.0)</b>	(435.6)
Total expenses .....		<b>(512.4)</b>	(682.5)
<b>Operating profit</b> .....	5	<b>533.8</b>	221.1
Profit on disposal of business .....	8	<b>37.6</b>	-
(Loss) / profit on disposal of fixed assets .....		<b>(11.0)</b>	0.1
<b>Profit before net finance costs</b> .....		<b>560.4</b>	221.2
Finance income .....	9	<b>26.7</b>	9.8
Finance costs .....	9	<b>(192.0)</b>	(170.5)
Net finance cost .....		<b>(165.3)</b>	(160.7)
<b>Profit before taxation</b> .....		<b>395.1</b>	60.5
<b>Tax charge</b> .....	10	<b>(89.1)</b>	(106.4)
<b>Profit/(loss) for the year</b> .....		<b>306.0</b>	(45.9)
<b>Attributable to:</b>			
Owners of parent .....		<b>314.3</b>	(38.7)
Non-controlling interest .....		<b>(8.3)</b>	(7.2)
<b>Profit/(loss) for the year</b> .....		<b>306.0</b>	(45.9)

The notes on pages 19 to 75 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016	2015
		€m	
<b>Profit/(loss) for the year .....</b>		<b>306.0</b>	<b>(45.9)</b>
<b>Other comprehensive (expense)/income:</b>			
<b>Items that will not be recycled to profit or loss:</b>			
Remeasurements of post employment benefit obligations net of tax.....	10	(4.9)	3.8
Share of other comprehensive income of associates and joint ventures .		-	-
		<b>(4.9)</b>	<b>3.8</b>
<b>Items that may subsequently be recycled to profit or loss:</b>			
Foreign exchange translation differences, net of tax .....		(87.2)	108.7
<b>Other comprehensive (expenses)/income for the year, net of tax .....</b>		<b>(92.1)</b>	<b>112.5</b>
<b>Total comprehensive income for the year.....</b>		<b>213.9</b>	<b>66.6</b>
<b>Total comprehensive income/(expenses) for the year is attributable to:</b>			
Owners of the parent .....		223.2	74.1
Minority interest.....		(9.3)	(7.5)
		<b>213.9</b>	<b>66.6</b>

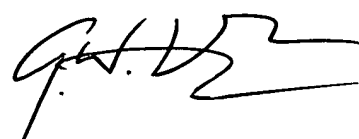
The notes on pages 19 to 75 are an integral part of these consolidated financial statements.

# **CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2016**

	Note	2016	2015
		<b>€m</b>	
<b>Non-current assets</b>			
Property, plant and equipment.....	11	1,619.7	1,861.9
Intangible assets .....	12	1,820.7	1,699.9
Investments in equity-accounted investees.....	13	7.6	7.5
Other financial assets.....	14	4.0	4.0
Trade and other receivables.....	15	3.9	3.8
Deferred tax assets .....	16	33.6	-
		<u>3,489.5</u>	<u>3,577.1</u>
<b>Current assets</b>			
Inventories.....	17	513.7	492.4
Trade and other receivables.....	15	737.2	688.1
Tax receivables.....		41.2	41.3
Cash and cash equivalents.....		435.6	567.2
		<u>1,727.7</u>	<u>1,789.0</u>
<b>Total assets .....</b>		<u><b>5,217.2</b></u>	<u><b>5,366.1</b></u>
<b>Equity attributable to owners of the parent</b>			
Share capital .....	22	-	-
Other reserves.....		37.3	128.4
Retained earnings .....		1,189.3	898.8
Total shareholders' funds .....		<u>1,226.6</u>	<u>1,027.2</u>
<b>Non-controlling interest.....</b>		<u>(20.5)</u>	<u>(11.2)</u>
<b>Total equity .....</b>		<u><b>1,206.1</b></u>	<u><b>1,016.0</b></u>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings.....	18	1,813.4	2,045.9
Trade and other payables.....	19	417.8	441.0
Deferred tax liabilities.....	16	492.6	421.9
Employee benefits .....	20	102.0	107.7
Provisions.....	21	213.3	274.4
		<u>3,039.1</u>	<u>3,290.9</u>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings.....	18	40.7	34.8
Trade and other payables.....	19	840.0	903.5
Tax payable .....		64.3	78.6
Provisions.....	21	27.0	42.3
		<u>972.0</u>	<u>1,059.2</u>
<b>Total liabilities .....</b>		<u><b>4,011.1</b></u>	<u><b>4,350.1</b></u>
<b>Total equity and liabilities .....</b>		<u><b>5,217.2</b></u>	<u><b>5,366.1</b></u>

The notes on pages 19 to 75 are an integral part of these consolidated financial statements.

The financial statements on pages 13 to 75 were approved by the Board of Directors on 12 May 2017 and signed on its behalf by:

  
 G Leask  
 Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital	Other reserves	Retained earnings	Total shareholders' funds	Non- controlling interest	Total equity
	€m					
<b>Balance at 1 January 2015</b>	-	15.6	948.8	964.4	(3.7)	960.7
Loss for the year .....	-	-	(38.7)	(38.7)	(7.2)	(45.9)
Foreign exchange translation differences .....	-	109.0	-	109.0	(0.3)	108.7
Remeasurements of post employment benefit plans .....	-	3.8	-	3.8	-	3.8
<b>Transactions recorded directly in equity:</b>						
Dividend .....	-	-	(11.3)	(11.3)	-	(11.3)
<b>Balance at 31 December 2015 .....</b>	<b>-</b>	<b>128.4</b>	<b>898.8</b>	<b>1,027.2</b>	<b>(11.2)</b>	<b>1,016.0</b>
Profit for the year .....	-	-	314.3	314.3	(8.3)	306.0
Foreign exchange translation differences .....	-	(86.2)	-	(86.2)	(1.0)	(87.2)
Remeasurements of post employment benefit plans .....	-	(4.9)	-	(4.9)	-	(4.9)
<b>Transactions recorded directly in equity:</b>						
Dividend .....	-	-	(23.8)	(23.8)	-	(23.8)
<b>Balance at 31 December 2016 .....</b>	<b>-</b>	<b>37.3</b>	<b>1,189.3</b>	<b>1,226.6</b>	<b>(20.5)</b>	<b>1,206.1</b>

The notes on pages 19 to 75 are an integral part of these consolidated financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)**

**Analysis of Other Reserves:**

	<b>Translation reserve</b>	<b>Remeasurement of post employment benefit plans</b>	<b>Total other reserves</b>
<b>Balance at 1 January 2015.....</b>	24.4	(8.8)	15.6
Foreign exchange translation differences.....	108.4	0.6	109.0
Remeasurements of post employment benefit obligations.....	-	3.8	3.8
<b>Balance at 31 December 2015.....</b>	<b>132.8</b>	<b>(4.4)</b>	<b>128.4</b>
Foreign exchange translation differences.....	(86.2)	-	(86.2)
Remeasurements of post employment benefit obligations.....	-	(4.9)	(4.9)
<b>Balance at 31 December 2016.....</b>	<b>46.6</b>	<b>(9.3)</b>	<b>37.3</b>

The notes on pages 19 to 75 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016	2015
		€m	
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year .....		306.0	(45.9)
<b>Adjustments for:</b>			
Depreciation and impairment .....	11	310.3	302.7
Amortisation .....	12	93.5	113.8
Net finance costs .....	9	165.3	160.7
Loss / (profit) on sale of property, plant and equipment .....		11.0	(0.1)
Profit on disposal of business .....	8	(37.6)	-
Tax charge .....	10	89.1	106.4
(Increase)/decrease in trade and other receivables .....		(49.4)	265.5
(Increase)/decrease in inventories .....		(28.1)	115.3
Increase/(decrease) in trade and other payables .....		18.3	(163.8)
Decrease in provisions and employee benefits .....		(43.0)	(76.4)
Tax paid .....		(146.9)	(43.7)
<b>Net cash generated from operating activities .....</b>		<b>688.5</b>	<b>734.5</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment .....		1.2	0.3
Proceeds from sale of intangible assets .....		-	4.0
Proceeds from sales of investments .....		0.2	1.2
Interest and other finance income received .....		2.0	12.6
Dividends received .....		0.2	-
Disposal of businesses, net of cash disposed of .....	8	67.2	0.4
Acquisition of subsidiaries, net of cash acquired .....	3	(198.0)	(763.5)
Acquisition of property, plant and equipment .....		(171.9)	(123.2)
Acquisition of intangible assets .....		(17.8)	(56.0)
Acquisition of other investments .....		(0.1)	-
<b>Net cash used in investing activities .....</b>		<b>(317.0)</b>	<b>(924.2)</b>
<b>Cash flows from financing activities</b>			
Proceeds from term loans .....		749.0	-
Repayment of term loans .....		(1,107.4)	(11.3)
Repayment of bond indenture .....		(1.1)	-
Proceeds from other loans .....		7.3	-
Proceeds from RBL facility .....		148.3	-
Securitisation facility .....		(37.1)	(172.1)
Repayment of other borrowings .....		-	(8.3)
Loans received from related parties .....		289.9	697.8
Loan repayments to related parties .....		(343.3)	-
Interest paid .....		(158.7)	(147.0)
Debt issue costs .....		(21.2)	(0.5)
Capital element of finance lease payments .....		(0.4)	-
Dividend paid .....	23	(23.8)	(11.3)
<b>Net cash used in financing activities .....</b>		<b>(498.5)</b>	<b>347.3</b>
Net (decrease) / increase in cash and cash equivalents .....		(127.0)	157.6
Cash and cash equivalents at 1 January .....		567.2	404.1
Effect of exchange rate fluctuations on cash held .....		(4.6)	5.5
<b>Cash and cash equivalents at 31 December .....</b>		<b>435.6</b>	<b>567.2</b>

The notes on pages 19 to 75 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 1. ACCOUNTING POLICIES

### Overview

INEOS Industries Limited (the “Company”) is a private company limited by shares incorporated and registered in England and Wales. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG. The principal activities of the Group are the manufacture and sale of a range of chemicals used in a variety of applications and the exploration, development and production of natural gas.

### Basis of accounting

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”) and equity account the Group’s interest in associates and jointly controlled entities.

The Group financial statements have been prepared on a going concern basis and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (“Adopted IFRSs”) effective as of 31 December 2016 and with the Companies Act 2006 as applicable to companies using Adopted IFRSs.

The preparation of financial statements in conformity with Adopted IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. 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 30.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

### Measurement convention

The financial statements are prepared on the historical cost basis except that the derivative financial instrument and financial instruments classified as fair value through profit and loss are stated at their fair value and 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.

### Functional and presentation currency

These Group financial statements are presented in euro, which is the functional currency of the majority of operations. The Group primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in euros. The exchange rate as at 31 December 2016 was \$1:€0.9533 and £1:€1.1656 (2015: \$1:€0.9163 and £1:€1.3591).

All amounts in the financial statements have been rounded to the nearest €0.1 million.

### Changes in accounting policies

There were no new standards applied during the year ended 31 December 2016 by the Group. The Group has applied the following amendments to accounting standards for the first time in 2016 with effect from 1 January 2016:

- *Amendments to IAS 27 – Equity Method in Separate Financial Statements* (mandatory for year commencing on or after 1 January 2016).

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity’s separate financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

- *Amendments to IAS 1 – Disclosure Initiative* (mandatory for year commencing on or after 1 January 2016).

This amendment has given certain clarifications regarding the use of concept of materiality, structure of notes and disclosures of accounting policies and information to be presented in the statement of financial position and in the statement of profit or loss and other comprehensive income.

- *Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation* (mandatory for year commencing on or after 1 January 2016).

The amendments provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.

- *Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations* (mandatory for year commencing on or after 1 January 2016).

This amendment clarifies that when acquiring interests in joint operations in which the activity constitutes a business pursuant to IFRS 3 all of the principles on business combinations accounting in IFRS 3 apply. This means that most identifiable assets and liabilities must be measured at fair value, deferred taxes and goodwill must be recognised and impairment tests must be performed. In addition the disclosure requirements in IFRS 3 also apply in these cases.

- *Annual Improvements to IFRSs – 2012-2014 Cycle* (mandatory for year commencing on or after 1 January 2016).

Annual Improvements to IFRSs 2012-2014 Cycle sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions.

The standards affected and the subjects of the amendments are:

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* – changes in methods of disposal;
- IFRS 7 *Financial Instruments: Disclosures* – servicing contracts and applicability of the amendments to IFRS 7 to condensed interim financial statements;
- IAS 19 *Employee Benefits* – regional market issue regarding discount rate;
- IAS 34 *Interim Financial Reporting* – disclosure of information ‘elsewhere in the interim financial report’.

- *Amendments to IAS 19: Defined Benefit Plans: Employee Contributions* (mandatory for year commencing on or after 1 February 2015)

The amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

- *Annual Improvements to IFRSs 2010–2012 Cycle* (mandatory for year commencing on or after 1 February 2015)

Annual Improvements to IFRSs 2010-2012 Cycle sets out a collection of amendments to IFRSs.

The standards affected and the subjects of the amendments are:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

- IFRS 2: Definition of 'vesting condition';
- IFRS 3: Accounting for contingent consideration in a business combination;
- IFRS 8: Aggregation of operating segments;
- IFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets;
- IFRS 13: Short-term receivables and payables;
- IAS 7: Interest paid that is capitalised;
- IAS 16/IAS 38: Revaluation method – proportionate restatement of accumulated depreciation;
- IAS 24: Key management personnel.

**Basis of consolidation**

*Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

*Special purpose entities ("SPE")*

An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. The Group has established two SPEs, INEOS Styrolution Receivable Finance Designated Activity Company and Deutsche Bank Mexico F/1787 Styrolution, for a debt securitisation programme. The Group does not have any direct or indirect shareholdings in these SPEs.

INEOS Styrolution Receivable Finance Designated Activity Company is a special-purpose entity formed by the Group to purchase receivables from Group entities for purposes of a securitization of such financial assets and is, in substance, controlled by the Group.

Deutsche Bank Mexico F/1787 Styrolution is a Mexican Trust established by the Group to purchase receivables from Styrolution Mexicana S.A. de C.V. for the purposes of securitization of such assets. INEOS Styrolution Receivable Finance Designated Activity Company is the first beneficiary of this Trust. It is therefore also, in substance, controlled by the Group.

*Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

*Joint arrangements*

The group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

### **1. ACCOUNTING POLICIES (continued)**

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### **Foreign exchange**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income. 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.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, euros, at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at exchange rates prevailing at the dates of the transactions. The Group applies an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are taken directly to the translation reserve. They are recycled into the consolidated income statement upon disposal.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign exchange differences arising on the retranslation of a borrowing designated as a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

#### **Classification of financial instruments issued by the Group**

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- a. they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- b. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

***Non-derivative financial instruments***

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

***Trade and other receivables***

Trade and other receivables are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

***Trade and other payables***

Trade and other payables are recognised initially at fair value less transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

***Investments in debt and equity securities***

Investments in loans and receivables are stated at amortised cost less impairment.

Other investments in debt and equity securities held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised in other comprehensive income (in a fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. Where no reliable measurement of fair value is available, available-for-sale investments are stated at historic acquisition cost.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

***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.

***Derivative financial instruments and hedging***

***Derivative financial instruments***

Derivative financial instruments are initially recognised at fair value. The gain or loss on subsequent re-measurement to fair value is recognised immediately in the consolidated income statement as finance income or expense. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

***Cash flow hedges***

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or

loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the consolidated income statement as finance income or expense.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, e.g. when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and included in the consolidated income statement as an adjustment to revenue and cost of sales in the same period or periods during which the hedged forecast transaction affects revenue and cost of sales in the consolidated income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the consolidated income statement immediately.

*Hedge of net investment in foreign operation*

The Group applies hedge accounting to foreign exchange differences arising on the retranslation of a foreign currency loan where the loan is designated as a hedge of a net investment in a foreign operation in accordance with IAS 21 and IAS 39.

Exchange differences arising on retranslation of foreign currency loans designated as a net investment hedge are taken directly to equity via the consolidated statement of comprehensive income. Gains and losses accumulated in the translation reserve will be recycled to the statement of comprehensive income when the foreign operation is sold.

**Property, plant and equipment**

Property, plant and equipment is stated at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may include the cost of materials, labour and other costs directly attributable to bringing the assets to a working condition for their intended use. Cost may also include the cost of dismantling and removing items and restoring the site on which they are located.

Capital work in progress is held as assets under construction until fully commissioned and transferred into active use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

For oil and gas assets the Group uses the successful efforts method of accounting whereby acquisition and development costs are capitalised. Exploration costs are charged to the income statement as incurred. Capitalised development costs for property for which the existence of commercial oil and gas reserves has not been proved are subject to periodic review for impairment.

Leases in which the Group 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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

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. The assets are depreciated over the shorter of their useful life or asset lease term. Accounting for lease payments is described ahead.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. 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:

- Buildings: 10 – 40 years
- Plant and machinery, fixtures and fittings and motor vehicles: 3 – 40 years

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

Depletion and depreciation of the capitalised costs for producing oil and gas properties is provided by the unit-of-production method based upon estimated recoverable oil and gas reserves. The unit-of-production method used by the Group takes the current year's production as a proportion of the sum of the estimated recoverable reserves at the end of the prior year and current year production, and applies this proportion to the undepleted cost to arrive at a charge for the year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, the Group makes an estimate of the recoverable amount, which is the higher of the asset's fair value less cost to sell and value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For oil and gas assets the Group performs a ceiling test annually to determine whether the net book value of costs capitalised at the year end is covered by the anticipated future net revenue from oil and gas reserves attributable to the Group's interest in the field. Future net revenues are the estimated reserves from production of commercial oil and gas reserves less operating costs, royalties and future development costs. Any deficiency arising is charged as additional depreciation in the year.

Assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

**Business combinations, goodwill and intangible assets**

***Business combinations***

All business combinations are accounted for by applying the acquisition method except acquisitions under common control which are outside the scope of IFRS 3. 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 Group.

***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.

***Goodwill***

Goodwill represents amounts arising on acquisition of subsidiaries. All transaction costs are expensed as incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 1. ACCOUNTING POLICIES (continued)

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to groups of cash-generating units and is not amortised but is tested annually for impairment. At INEOS, cash generating units are predominately business units. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

#### *Intangible assets*

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. These intangible assets principally comprise the following assets

- intellectual property rights;
- customer relationships;
- non-compete agreements;
- license fees and
- evaluation and exploration expenditures.

Intangible assets acquired separately from a business are carried initially at cost. The initial cost is the aggregate amount paid and the fair value of other consideration given to acquire the assets. An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured.

Intangible assets within the oil and gas business represents the cost of acquiring and further costs incurred on exploration licences on sites where no decision has yet been made as to the ultimate commercial viability of the properties.

#### *Amortisation*

Amortisation is charged to the consolidated income statement 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 reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- |                                |                       |
|--------------------------------|-----------------------|
| • License fees                 | up to 15 years        |
| • Customer lists               | up to 12 years        |
| • Intellectual property rights | 10 – 15 years         |
| • Non-compete agreements       | life of the agreement |

Amortisation of the capitalised costs for producing oil and gas properties is provided by the unit-of-production method based upon estimated recoverable oil and gas reserves. The unit-of-production method used by the Group takes the current year's production as a proportion of the sum of the estimated recoverable reserves at the end of the prior year and current year production, and applies this proportion to the undepleted cost to arrive at a charge for the year.

These intangible assets are tested for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying value may not be recoverable. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

The amortisation is recognised in administrative expenses in the consolidated income statement.

#### *Research and development*

Expenditure on research activities is recognised in the consolidated income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Where regulatory and other uncertainties are such that the criteria are not met, the expenditure is recognised in the income statement. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

**Exploration and evaluation activities**

***Exploration and evaluation expenditures***

Shale Gas Exploration costs are accounted for under the successful efforts method by geographical area with an assessment of commercial viability of those areas performed on a periodic basis.

Costs directly associated with an exploration site are initially capitalised as an intangible asset until the evaluation of the site is complete and the results have been evaluated. These costs include topographical, geological, geophysical and geochemical studies, civil costs, exploratory drilling and testing, sampling, trenching, contractor charges, materials and fuels used, manpower and associated overheads. In the case that the expenditure will not be immediately allocated to a site, it will be capitalised against the wider licensed region and then subsequently allocated to the site using an appropriate method of apportionment. Other costs are initially capitalised as property, plant and equipment and these include drillings rigs, seismic equipment and other plant and machinery used in the exploration activity.

Pre-license costs incurred prior to acquiring the legal rights (or a share of the legal rights) to explore an area are expensed to the income statement as they are incurred and are not subsequently capitalised.

***Impairment of exploration and evaluation expenditure***

Exploration and Evaluation expenditure is tested for impairment whenever circumstances suggest that it may be impaired, which includes licences to be relinquished, no substantive plans for further exploration of an area or where there is indication that exploration costs are unlikely to be fully recovered through future development or sale.

**Impairment excluding inventories and deferred tax assets**

The carrying amounts of the Group's assets are assessed at the end of the reporting period to determine whether there is any indication of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and other intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at the end of the reporting period.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of the Group's receivables is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables are not discounted where their duration is less than one year or where the effect of discounting is not material.

The recoverable amount of other assets is the greater of their fair values less costs to sell and value in use. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and 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.

**Inventories**

Inventories are stated at the lower of average cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing the inventory to its present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for obsolete, slow-moving or defective items where appropriate.

Items owned by the Group that are held on consignment at another entity's premises are included as part of the Group's inventory.

**Commodities**

Contracts that are entered into and continue to be held for the purpose of receipt or delivery of non-financial items in accordance with the Group's expected purchase, sale or usage requirements (own-use contracts) are not accounted for as derivative financial instruments, but rather as executory contracts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

**Employee benefits**

The Group operates a number of defined contribution plans and funded and unfunded defined benefit pension schemes. The Group also provides unfunded early retirement benefits, long service awards and an incentive plan for certain employees.

The Group provides health care insurance to eligible retired employees and their dependants, primarily in the United States.

***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement as incurred.

***Defined benefit plans***

A defined benefit plan is a post-employment benefit plan that is not a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the reporting date on AA credit rated bonds denominated in the currency of, and that have maturity dates approximating to the terms of, the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are amended or curtailed, the portion of the increased or decreased benefit relating to past service by employees is recognised as an expense immediately in the consolidated income statement.

All actuarial gains and losses as at 1 January 2014, the date of transition to IFRSs, were recognised. In respect of actuarial gains and losses that arise subsequent to 1 January 2014, the Group recognises them in the year they occur directly in equity through the statement of comprehensive income.

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full.

The movement in the scheme surplus/deficit is split between:

- cost of sales and administrative expenses;
- net finance costs; and
- in net expense recognised directly in equity, the re-measurements of post-employment benefit obligations.

***Short-term benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Provisions**

A provision is recognised in the balance sheet where the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. Provisions are

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

***Restructuring provisions***

Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.

The Group can be exposed to environmental liabilities relating to its past operations, principally in respect of soil and groundwater remediation costs. Provision for these costs are made when expenditure on remedial work is probable and the cost can be estimated within a reasonable range of possible outcomes.

***Decommissioning and restoration provisions***

The Group makes full provision for the future costs of the decommissioning and restoration of exploration and evaluation facilities on a discounted basis. The decommissioning and restoration provision relates to the total cost of cementing and plugging the existing wells and any costs associated with returning the sites to their original use.

In respect of the oil and gas business the Group makes full provision for the net present value of the cost of decommissioning and restoration with the resultant liability being recorded on the balance sheet. An offsetting tangible fixed asset is also recognised. The asset is depleted under the same basis as other fixed assets whereby the asset is then amortised through the income statement on the unit-of-production method. The unwinding of the discount in the net present value of the total expected cost is treated as an interest expense. Changes in estimates are reflected prospectively over the remaining reserves of the field.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**Revenue**

Revenue represents the invoiced value of products sold or services provided to third parties net of sales discounts, value added taxes and duties. Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and it can be reliably measured.

The pricing for products sold is determined by market prices (market contracts and arrangements) or is linked by a formula to published raw material prices plus an agreed additional amount (formula contracts). Revenue arising from the sale of goods is recognised when the goods are either dispatched or delivered depending on the relevant delivery terms and the point at which risks and rewards have been transferred to the buyer when the prices are determinable and when collectability is considered probable. In the oil and gas business revenue is recognised at the time of lifting and represents oil and gas stocks sold to third parties.

Services provided to third parties include administrative and operational services provided to other chemical companies with units on our sites and services under tolling arrangements. Under tolling arrangements, customers pay for or provide raw materials to be converted into a certain specified product, for which the Group charges a toll fee. The Group only recognises the toll fee as turnover earned under such arrangements upon shipment of the converted product to the customer. For all other services, revenue is recognised upon completion of the service provided. Other income arises from tariffs for third party use of owned pipelines. Tariffs are recognised at the end of the month for pipeline movements during the month and are based on quantity transported through the pipeline.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

**Government grants**

Government grants are shown in the consolidated balance sheet as deferred income. This income is amortised on a straight line basis over the same period as the tangible fixed asset to which it relates or the life of the related project.

**Expenses**

***Operating lease payments***

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense.

***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.

**Finance income and expenses**

Interest income and interest payable is recognised in the consolidated income statement as it accrues, using the effective interest method. Dividend income is recognised in the consolidated income statement on the date the entity's right to receive payments is established.

Finance costs comprise interest payable, finance charges on finance leases, unwinding of the discount on provisions, net fair value losses derivatives, net interest on employee benefit liabilities and net foreign exchange losses that are recognised in the consolidated income statement (see foreign exchange accounting policy). Finance income comprise interest receivable on funds invested and from related party loans, net fair value gain on derivatives and net foreign exchange gains.

**Taxation**

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, 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 end of the reporting period. 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 1. ACCOUNTING POLICIES (continued)

#### Emission trading scheme

The Group participates in the EU Emissions Trading Scheme. The Scheme encourages companies to reduce carbon emissions by offering financial incentives if they achieve their annual reduction targets. If a company reduces emissions beyond their target then the surplus may be traded in the form of emissions permits.

The incentive money due from the EU Emissions Trading Scheme is recognised in the consolidated income statement once the reduction targets have been met. The emissions permits allocated under the Scheme are at nil cost. The Group recognises the revenue from such permits upon their sale to third parties.

The Group recognises a provision for emissions produced. The provision is measured at the carrying amount of the emission rights held (nil if granted, otherwise at cost) or, in the case of a shortfall, at the current fair value of the emission rights needed.

#### Exceptional items

The presentation of the Group's results separately identifies the effect of profits and losses on the disposal of businesses, the impairment and the reversal of impairment of non-current assets, the cost of restructuring acquired businesses and the impact of one off events such as legal settlements as exceptional items. Results excluding disposals, impairments, restructuring costs and one off items are used by management and are presented in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group's ongoing business.

#### Accounting standards not applied

The following IFRSs relevant to the Group have been endorsed by the EU were available for early application but have not been applied by the Group in these financial statements. The impact of their adoption is currently being assessed and is not expected to have a material effect on the financial statements unless otherwise indicated:

- *IFRS 15 Revenue from Contracts with Customers* (mandatory for year commencing on or after 1 January 2018 with early adoption permitted).  
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised and replaces the existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 introduces a five-step model to determine when to recognise revenue and at what amount, based on transfer of control over goods or services to the customer. New qualitative and quantitative disclosures will also be required.  
The Group is in the process of carrying out a detailed assessment of the potential impact of the adoption of IFRS 15 on its consolidated financial statements and expects to disclose additional quantitative information before it adopts IFRS 15. Based on the work to date, the Group does not expect there to be a material impact on the consolidated financial statements, except for the requirement for additional and extensive disclosures.
- *IFRS 9 Financial Instruments* (mandatory for year commencing on or after 1 January 2018 with early adoption permitted).  
The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that the Group holds and economic conditions at that time as well as accounting elections and judgements that it will make in the future. The new standard will require the Group to revise its accounting processes and internal controls related to reporting financial instruments and these changes are not yet complete. However, the Group is carrying out a preliminary assessment of the potential impact of adoption of IFRS 9 based on its position at 31 December 2016 and hedging relationships designated during 2016 under IAS 39.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

Based on progress of the assessment made to date, the Group does not believe that the new classification requirements, if applied at 31 December 2016, would have had a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities.

The Group will record allowances for expected credit losses on in its financial assets comprising largely of trade receivables, which, except for immaterial amounts, have credit terms of less than 12 months. Accordingly, the Group has evaluated that its receivables do not have a significant financial component, and therefore it has decided to adopt the simplified method to calculate the provision. Under the new requirements, an allowance will be recognised equal to the credit losses the Group expects to incur over the lifetime of the trade receivables. This may result in earlier recognition of loss allowances, because under the current guidance credit losses are not recognised until they are incurred.

The Group's preliminary assessment indicates that the types of hedge accounting relationships that the Group currently designates should be capable of meeting the requirements of IFRS 9 if the Group completes certain planned changes to its internal documentation and monitoring processes. The Group's preliminary assessment also indicates that the expected changes in accounting policies for costs of hedging and hedges of inventory purchases would have had an immaterial impact if applied to the Group's hedge accounting during 2016.

- *IFRS 16 Leases* (mandatory for year commencing on or after 1 January 2019 with early adoption permitted only for companies that also apply *IFRS 15 Revenue from Contracts with Customers*).

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the substance of Transactions Involving the Legal Form of a Lease. The new standard introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group has started an initial assessment of the potential impact on its consolidated financial statements. So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of plant and equipment. In addition, the nature of expenses related to these leases will now change of IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Group, as a lessee, will have to apply transition elections consistently to all of its leases. The Group currently plans to apply IFRS 16 initially on 1 January 2019. However, it has not yet determined which transition approach to apply. As a lessor, the Group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease. The Group has not yet quantified the impact on its reported assets and liabilities on adoption of IFRS 16. The quantitative effect will depend on inter alia, the transition method chosen, the extent of which the Group uses the practical expedients and recognition exemptions, and any additional leases that the Group enters into. The Group expects to disclose its transition approach and quantitative information before adoption. Information on operating lease commitments outstanding at 31 December 2016 is presented in Note 25 to these financial statements.

The following new or amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- *Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses* (mandatory for year commencing on or after 1 January 2017).  
The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 1. ACCOUNTING POLICIES (continued)

- *Amendments to IAS 7: Disclosure Initiative* (mandatory for year commencing on or after 1 January 2017).  
The amendments require disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- *Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions* (mandatory for year commencing on or after 1 January 2018).  
Amendments to IFRS 2 clarify the accounting for certain types of arrangements.
- *Annual Improvement to IFRSs 2014-2016 Cycle (Amendments to IFRS 12 Disclosure of Interests in Other Entities)* (mandatory for year commencing on or after 1 January 2017).  
The disclosure requirements for interests in other entities have been extended to also apply to interests that are classified as held for sale or distribution.
- *IFRIC 22 Foreign Currency Transactions and Advance Consideration* (mandatory for years commencing on or after 1 January 2018).  
IFRIC22 clarifies the transaction date used to determine exchange rate.

## 2. REVENUE

All revenue is derived from the sale of goods and services.

### *Class of business and geographic segments*

	Revenues	
	2016	2015
<b>Class of business:</b>	<b>€m</b>	
Petrochemicals .....	5,168.6	5,873.2
Oil and Gas .....	199.7	27.6
<b>Total .....</b>	<b>5,368.3</b>	<b>5,900.8</b>
<b>Geographical information by location of customers:</b>		
Europe .....	2,218.8	2,380.4
Americas .....	2,088.8	2,377.7
Rest of World .....	1,060.7	1,142.7
<b>Total .....</b>	<b>5,368.3</b>	<b>5,900.8</b>

In presenting information on the basis of geographic analysis, revenue is based on the geographical location of customers from which the Group derives revenues.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**3. ACQUISITIONS OF SUBSIDIARIES**

**Acquisitions in the current year**

**Calabrian Holdings Corporation**

On 1 August 2016, the Group acquired all of the ordinary shares of Calabrian Holdings Corporation and its subsidiaries for €118.3 million, satisfied in cash. The primary business of Calabrian Holdings Corporation is a technology and market leader of sulphur dioxide and sodium based derivatives in North America. The company has production located in Texas, USA and a facility in Ontario, Canada. The Calabrian plant in Texas is the largest producer in North America of sulphur dioxide and sodium based derivatives and the recently opened operation in Ontario added an additional 35,000 tonnes of capacity.

From the acquisition date to 31 December 2016 the subsidiaries contributed a net loss of €5.5 million to the consolidated net profit for the year.

*Effect of acquisition*

**Acquiree's net assets at acquisition date:**

	<b>Provisional values recognised on acquisition</b>
	<b>€m</b>
Property, plant and equipment .....	22.0
Intangible assets .....	88.3
Inventories .....	1.3
Trade and other receivables .....	8.7
Cash and cash equivalents .....	1.9
Trade and other payables .....	(5.8)
Interest bearing loans and borrowings .....	(32.8)
Provisions .....	(0.2)
Deferred tax liabilities .....	(39.4)
<b>Net identifiable assets and liabilities .....</b>	<b>44.0</b>
<b>Consideration paid:</b>	
Cash .....	118.3
<b>Differences between consideration and net assets acquired .....</b>	<b>74.3</b>

The difference between consideration and net assets acquired has been recognised as goodwill within intangible assets in Note 12.

*Acquisition related costs*

The Group incurred acquisition related costs of €3.4 million related to legal fees and professional fees. These costs have been included in exceptional administrative expenses in the Group's consolidated income statement.

*Acquired receivables*

The fair value of acquired receivables was €8.7 million. The gross contractual amounts receivable are €8.7 million and, at the acquisition date, €nil of contractual cash flows were not expected to be received.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**3. ACQUISITIONS OF SUBSIDIARIES (continued)**

**Updates to acquisitions in the prior year**

On 27 October 2015, the Group acquired a 25% interest in the Clipper South Gas Field in the UK North Sea from Fairfield Energy Holdings Limited.

On 30 November 2015, the Group acquired all of the UK North Sea gas fields owned by DEA Deutsche Erodol AG, the German based subsidiary of the LetterOne Group. This acquisition included a 50% interest in the Breagh Gas Field and a 50% interest in the Clipper South Gas Field and brings with it development interest in 3 other licenses.

From the acquisition dates to 31 December 2015 the subsidiaries contributed a net loss of €21.6 million to the consolidated net loss for the year.

The deferred consideration for the acquisition of €80.4 million was paid with a discount for early redemption in November 2016. As at 31 December 2016 no deferred consideration remained outstanding.

The consolidated financial statements for the year ended 31 December 2015 included management's allocation of the purchase price which included certain provisional fair values assigned to the book value of the identifiable assets and liabilities. In 2016 these provisional fair values were reviewed and the allocation of the purchase price was finalised, as set out below:

*Effect of acquisitions*

The acquisition had the following effect on the Group's assets and liabilities:

<b>Acquiree's net assets at acquisition:</b>	<b>Provisional values recognised on acquisition</b>	<b>2016 revaluation updates</b>	<b>Final values recognised on acquisition</b>
	<b>€m</b>	<b>€m</b>	<b>€m</b>
Property, plant and equipment .....	869.7	-	869.7
Intangible assets .....	31.2	-	31.2
Inventories .....	2.7	-	2.7
Trade and other receivables .....	41.5	-	41.5
Deferred tax assets .....	27.4	(27.4)	-
Cash and cash equivalents .....	25.2	-	25.2
Provisions .....	(272.2)	-	(272.2)
Trade and other payables .....	(45.2)	-	(45.2)
<b>Net identifiable assets and liabilities .....</b>	<b>680.3</b>	<b>(27.4)</b>	<b>652.9</b>
<b>Consideration paid:</b>			
Cash .....	587.6	-	587.6
Deferred consideration .....	94.4	(6.3)	88.1
<b>Total consideration paid .....</b>	<b>682.0</b>	<b>(6.3)</b>	<b>675.7</b>
<b>Differences between consideration and provisional net assets acquired .....</b>	<b>1.7</b>	<b>21.1</b>	<b>22.8</b>

The difference between consideration and net assets acquired has been recognised as goodwill within intangible assets in Note 12.

*Acquisition related costs*

In 2015 the Group incurred acquisition related costs of €7.0 million mainly related to legal and professional fees. These costs have been included in exceptional administrative expenses in the Group's consolidated income statement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**3. ACQUISITIONS OF SUBSIDIARIES (continued)**

During 2016 a further €1.2 million was paid for other acquisitions.

*Prior year acquisitions*

During 2015 €200.0 million was paid in deferred consideration in relation to the 2014 acquisition of Styrolution Holdings GmbH and a further €1.1 million for other acquisitions.

**4. EXCEPTIONAL ITEMS**

**Exceptional expenses**

	2016	2015
	€m	
<b>Exceptional cost of sales:</b>		
Property, plant and equipment impairment charge.....	4.6	128.8
<b>Exceptional administrative expenses:</b>		
Impairment of loans to related parties .....	-	138.9
Closure of the Bio business.....	14.6	-
Restructuring of Styrenics operations .....	-	2.0
Restructuring of Styrolution operations .....	7.4	12.7
Restructuring of Breagh operations.....	1.7	-
Onerous contract .....	-	7.3
Acquisition related costs .....	3.4	7.0
Other exceptional items.....	2.1	5.2
	<b>29.2</b>	<b>173.1</b>

**Exceptional cost of sales**

In 2015 the Group recognised an exceptional impairment charge of €128.8 million in relation to property, plant and equipment of the INEOS Bio business located at the Vero Beach, USA site. INEOS Bio uses advanced bioenergy technology to convert waste and non food crop biomass in to biofuel and renewable power. The sustained collapse in crude oil prices since 2014 has made biofuel uncompetitive as an alternative fuel source in North American markets. The operations of the Vero Beach plant have improved during 2015, but have not reached a stage of reliable, long term production. The Group now considers this is unlikely to be successful without further significant capital investment. As a result of this, the Group fully impaired the property, plant and equipment of the Vero Beach plant during 2015. In 2016 a further charge of €4.6 million was made in respect of remaining land and property balances as recoverability of these amounts was no longer considered likely. The Group is currently in the process of either selling or closing parts of the Bio business which is expected to be completed by the end of 2017.

**Exceptional administrative expenses**

In 2016 exceptional administrative expenses of €14.6 million were charged in respect of exit costs associated with the closure or disposal of the Bio business. During the year ended 31 December 2015 there was an allowance made of €138.9 million against outstanding loans due from INEOS Bio SA, a related party, following adverse changes in market conditions and production issues at the Vero Beach plant as mentioned above.

In 2016 further costs were provided for in relation to the continued restructuring of the Styrolution operations of €7.4 million (2015: €12.7 million). Connected to the Styrolution business was a charge of €7.3 million in 2015 in relation to expected losses on an onerous contract.

Acquisition related costs of €3.4 million related to the acquisition of Calabrian Holdings Corporation. In 2015, acquisition costs included €7.0 million related to the acquisition of Fairfield Energy Holdings Limited and DEA Deutsche Erodol AG.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**5. OPERATING PROFIT**

Included in operating profit are the following:

	2016	2015
	€m	
Research expenses as incurred .....	12.7	18.3
Amortisation of other intangible assets .....	93.5	113.8
(Profit)/loss on disposal of property, plant and equipment.....	(11.0)	0.1
Amortisation of government grants.....	(0.1)	0.1
Depreciation and impairment of property, plant and equipment: Owned assets.....	310.3	302.7
<b>Operating lease rental charges:</b>		
Plant, machinery and equipment .....	18.8	1.6
Other .....	6.5	79.4

**Auditors' remuneration**

	2016	2015
	€m	
Audit of these financial statements .....	0.1	0.1
<b>Amounts receivable by auditors and their associates in respect of:</b>		
Audit of financial statements of subsidiaries pursuant to legislation.....	2.0	1.9
Other services relating to taxation.....	1.0	0.7
Services relating to corporate finance transactions .....	0.4	0.4
All other services .....	0.1	-
	3.6	3.1

**6. STAFF NUMBERS AND COSTS**

The average monthly number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2016	2015
	Number	
Operations.....	2,531	3,952
Administration .....	1,163	100
Research and development.....	89	34
	3,783	4,086

The aggregate payroll costs of these persons were as follows:

	2016	2015
	€m	
Wages and salaries .....	324.5	347.3
Social security costs .....	33.2	35.5
Other pension costs - defined contribution plans .....	12.8	21.7
Other pension costs - defined benefit plans.....	8.6	10.6
	379.1	415.1

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**7. DIRECTORS' REMUNERATION**

The directors did not receive any emoluments for their services to the Group during the year (2015: €nil).

**8. DISPOSALS**

On 31 August 2016 the Group disposed of its INEOS Styrenics business to Synthos S.A, a Polish company for a total consideration of €92.8 million. INEOS Styrenics produces Expandable Polystyrene ('EPS').

*Effect of the aggregated disposals on individual assets and liabilities*

	<b>2016</b>
	<i>(€ in millions)</i>
Property, plant and equipment .....	10.5
Inventories .....	21.2
Trade and other receivables .....	35.1
Cash .....	25.6
Employee benefits .....	(10.8)
Trade and other payables .....	(32.0)
Deferred tax liabilities .....	(1.2)
Net assets disposed of .....	48.4
Proceeds .....	92.8
Cost of disposal .....	(6.8)
<b>Profit on disposal of business .....</b>	<b>37.6</b>

**9. FINANCE INCOME AND COSTS**

**Recognised in profit or loss**

	<b>2016</b>	<b>2015</b>
	<b>€m</b>	
<b>Finance income</b>		
Interest receivable on bank balances .....	2.1	0.9
Interest receivable on related party balances .....	-	4.5
Exchange movements .....	23.1	-
Dividend income .....	0.2	-
Other interest receivable .....	1.3	4.4
<b>Total finance income .....</b>	<b>26.7</b>	<b>9.8</b>
<b>Finance costs</b>		
Interest payable on bank loans and overdrafts .....	73.6	78.0
Interest payable on related party balances .....	77.4	46.2
Interest on employee benefit liabilities .....	2.6	2.8
Other finance charges .....	38.4	20.1
Exchange movements .....	-	23.4
<b>Total finance costs .....</b>	<b>192.0</b>	<b>170.5</b>
<b>Net finance costs .....</b>	<b>165.3</b>	<b>160.7</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**10. TAX CHARGE**

**Taxation recognised in the consolidated income statement**

	2016	2015
	€m	
<b>Current tax expense</b>		
Current year .....	-	-
Adjustments in respect of prior years .....	-	(0.6)
<b>Total current tax expense .....</b>	<b>-</b>	<b>(0.6)</b>
<b>Foreign tax expense</b>		
Current year .....	132.2	90.2
Adjustments in respect of prior years .....	(0.4)	(0.3)
<b>Total foreign tax expense .....</b>	<b>131.8</b>	<b>89.9</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences .....	(26.7)	14.2
Adjustments in respect of prior years .....	(16.0)	2.9
<b>Deferred tax expense (see Note 16) .....</b>	<b>(42.7)</b>	<b>17.1</b>
<b>Total tax charge .....</b>	<b>89.1</b>	<b>106.4</b>

**Reconciliation of effective tax rate**

	2016	2015
	€m	
<b>Profit before taxation .....</b>	<b>395.1</b>	<b>60.5</b>
Tax using the UK corporation tax rates of 20% (2015: 20.25%) .....	79.0	12.3
Non-deductible expenses/tax exempt revenues .....	(34.0)	32.3
Effect of tax rates in foreign jurisdictions .....	17.5	(1.5)
Deferred tax not recognised .....	43.0	61.3
Adjustments in respect of prior years .....	(16.4)	2.0
<b>Total tax charge .....</b>	<b>89.1</b>	<b>106.4</b>

In the 2016 Budget, the government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%. Any deferred tax expected to reverse after 1 April 2020 has been remeasured using the rates substantively enacted at 31 December 2016.

**Taxation recognised in other comprehensive income**

	2016			2015		
	Gross	Tax	Net	Gross	Tax	Net
Remeasurements of post employment benefit obligations	(7.2)	2.3	(4.9)	5.8	(2.0)	3.8
<b>Total</b>	<b>(7.2)</b>	<b>2.3</b>	<b>(4.9)</b>	<b>5.8</b>	<b>(2.0)</b>	<b>3.8</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**11. PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings	Plant & machinery, fixtures and fittings, and motor vehicles	Oil and gas	Assets under constructi- on	Total
	€m				
<b>Cost</b>					
Balance at 1 January 2015.....	184.6	896.7	-	143.5	1,224.8
Acquisition through business combinations	0.6	0.5	799.0	69.6	869.7
Additions.....	0.6	41.4	1.7	80.5	124.2
Disposal .....	-	(72.3)	-	0.2	(72.1)
Reclassification .....	5.6	105.0	-	(110.6)	-
Effect of movements in foreign exchange.....	9.9	66.1	(34.3)	6.0	47.7
Balance at 31 December 2015.....	201.3	1,037.4	766.4	189.2	2,194.3
Acquisitions through business combinations .	1.9	12.8	-	7.3	22.0
Additions.....	0.6	28.2	1.8	143.8	174.4
Disposals.....	-	(9.3)	-	(0.6)	(9.9)
Reclassification .....	3.0	105.6	6.7	(140.5)	(25.2)
Business disposals.....	(1.6)	-	-	(8.9)	(10.5)
Effect of movements in foreign exchange.....	3.6	19.9	(109.4)	(5.1)	(91.0)
<b>Balance at 31 December 2016.....</b>	<b>208.8</b>	<b>1,194.6</b>	<b>665.5</b>	<b>185.2</b>	<b>2,254.1</b>
<b>Accumulated depreciation and impairment</b>					
Balance at 1 January 2015.....	8.1	72.9	-	-	81.0
Depreciation charge for the year .....	10.0	147.9	16.0	-	173.9
Exceptional impairment charge for the year ..	1.8	127.0	-	-	128.8
Disposals.....	(0.1)	(71.8)	-	-	(71.9)
Reclassification .....	0.8	(0.8)	-	-	-
Effect of movements in foreign exchange.....	(0.4)	21.6	(0.6)	-	20.6
Balance at 31 December 2015.....	20.2	296.8	15.4	-	332.4
Depreciation charge for the year .....	10.1	143.9	151.7	-	305.7
Exceptional impairment charge for the year ..	3.3	1.3	-	-	4.6
Disposals.....	-	(9.2)	-	-	(9.2)
Reclassification .....	(0.2)	0.2	1.4	-	1.4
Effect of movements in foreign exchange.....	0.4	10.3	(11.2)	-	(0.5)
<b>Balance at 31 December 2016.....</b>	<b>33.8</b>	<b>443.3</b>	<b>157.3</b>	<b>-</b>	<b>634.4</b>
<b>Net book value</b>					
At 31 December 2015 .....	181.1	740.6	751.0	189.2	1,861.9
<b>At 31 December 2016 .....</b>	<b>175.0</b>	<b>751.3</b>	<b>508.2</b>	<b>185.2</b>	<b>1,619.7</b>

Included within land and buildings are buildings held under finance leases with a net book value of €8.0 million (2015: €8.3 million). Included in plant & machinery are assets held under hire purchase and finance leases with a net book value of €2.9 million (2015: €0.2 million).

Included in 2016 is an exceptional impairment charge of €4.6 million (2015: €128.8 million), which relates to land and buildings and plant and machinery assets within the INEOS Bio business at the Vero Beach plant, USA (see Note 4).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**12. INTANGIBLE ASSETS**

	Licence fees	Customer lists	Intellectual property rights	Non competes agreements	Evaluation and exploration cost	Good- will	Total
	€m						
<b>Cost</b>							
Balance at 1 January 2015 .....	24.2	757.5	175.0	39.3	1.8	662.9	1,660.7
Additions .....	-	4.0	2.0	0.5	56.1	-	62.6
Disposals.....	-	(4.0)	-	-	-	-	(4.0)
Acquisition through business combinations.....	31.2	-	-	-	-	1.7	32.9
Effect of movements in foreign exchange .....	(0.4)	27.5	7.3	0.3	(1.8)	48.1	81.0
Balance at 31 December 2015 .....	55.0	785.0	184.3	40.1	56.1	712.7	1,833.2
Additions .....	-	-	1.8	2.1	-	-	3.9
Disposals.....	-	-	(0.6)	(0.8)	(10.9)	-	(12.3)
Acquisition through business combinations.....	-	21.1	67.2	-	-	95.4	183.7
Reclassifications .....	(25.4)	1.4	(1.4)	0.5	35.2	-	10.3
Effect of movements in foreign exchange .....	(3.5)	11.0	5.7	-	0.8	14.0	28.0
<b>Balance at 31 December 2016 .....</b>	<b>26.1</b>	<b>818.5</b>	<b>257.0</b>	<b>41.9</b>	<b>81.2</b>	<b>822.1</b>	<b>2,046.8</b>
<b>Accumulated amortisation and impairment</b>							
Balance at 1 January 2015 .....	0.2	16.3	1.1	1.1	-	-	18.7
Amortisation for the year .....	3.0	89.8	10.1	10.9	-	-	113.8
Effect of movements in foreign exchange .....	(0.1)	0.6	0.1	0.2	-	-	0.8
Balance at 31 December 2015 .....	3.1	106.7	11.3	12.2	-	-	133.3
Amortisation for the year .....	1.8	70.9	9.9	10.9	-	-	93.5
Reclassifications .....	(1.4)	(0.2)	-	0.2	-	-	(1.4)
Disposals.....	-	-	-	(0.8)	-	-	(0.8)
Effect of movements in foreign exchange .....	(0.5)	1.7	0.2	0.1	-	-	1.5
<b>Balance at 31 December 2016 .....</b>	<b>3.0</b>	<b>179.1</b>	<b>21.4</b>	<b>22.6</b>	<b>-</b>	<b>-</b>	<b>226.1</b>
<b>Net book value</b>							
At 31 December 2015 .....	51.9	678.3	173.0	27.9	56.1	712.7	1,699.9
<b>At 31 December 2016.....</b>	<b>23.1</b>	<b>639.4</b>	<b>235.6</b>	<b>19.3</b>	<b>81.2</b>	<b>822.1</b>	<b>1,820.7</b>

**Amortisation and impairment charge**

The amortisation charge for 2016 and 2015 is recognised in administrative expenses in the consolidated income statement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**12. INTANGIBLE ASSETS (continued)**

***Impairment***

Goodwill has been allocated to cash generating units (CGU) or groups of cash generating units as follows:

	2016	2015
	€m	
Polymers EMEA .....	252.0	252.0
Polymers Asia .....	86.4	84.6
Polymers America .....	198.8	191.1
Styrene Monomer .....	188.1	183.3
Offshore .....	18.0	1.7
Calabrian .....	78.8	-
<b>Total .....</b>	<b>822.1</b>	<b>712.7</b>

The Group determined the recoverable amount based on value in use. The recoverable amount is calculated on a long-term business plan for the cash generating units with a detailed planning period of between three to five years and a consistent terminal growth rate of 0.5 percent for each unit for the period thereafter. Key assumption on which the management based its cash flow projection is the EBITDA over the detailed planning period which is seen as the most important performance indicator and the basis for cash flow estimates used to determine the value in use. The assumption is based on detailed project plans to increase revenues and profitability.

The main assumptions for the preparation of the business plan are economic development in its main customer regions and the resulting demand and supply balance for its product group. These assumptions are based on external market data as well as internal assessments. For Styrene Monomer and Polystyrene sales volumes are assessed to stay on comparable level to last year while volumes for Standard-ABS and specialties are expected to grow notably. Specific margin levels are expected to stay on the current level for Styrene Monomer and Polystyrene, as well as Standard-ABS, and are expected to increase slightly for specialties. For the main foreign currencies a stable exchange rate on the current level is expected so that profitability and cash flows are not materially affected by exchange rate changes.

No impairment charge has been recorded in these financial statements as a result of the annual impairment test.

The following discount rates were applied per cash generating unit to determine the cash flow projection after taxes:

	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer	Offshore	Calabrian
Discount rate .....	7.11%	8.00%	9.63%	7.55%	12.47%	10.00%

***Sensitivity of recoverable amounts***

The following table presents, for each CGU the change in the discount rate and terminal growth rate for the tests as of 31 December 2016 that would be required in order for the recoverable amount to equal carrying value.

	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer	Offshore	Calabrian
Discount rate .....	17.98%	27.01%	13.69%	26.20%	12.47%	13.55%
Terminal growth rate .....	n/a*	n/a*	n/a*	n/a*	n/a*	n/a*

\* Even a terminal growth rate of 0% would not lead to any impairment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**13. INVESTMENTS**

**13a. Investments in Equity-Accounted Investees**

Details of the associated undertakings are set out below:

	Country of incorporation	Class of shares held	Ownership	
			2016	2015
Fluxel SAS.....	France	Ordinary	20%	20%

	Joint ventures	Associated undertakings	Total
		€m	
At 1 January 2015 .....	2.2	5.8	8.0
Transfers .....	(2.2)	2.2	-
Business disposal .....	-	(0.5)	(0.5)
At 31 December 2015 .....	-	7.5	7.5
Additions.....	-	0.1	0.1
Transfers .....	-	-	-
<b>At 31 December 2016 .....</b>	<b>-</b>	<b>7.6</b>	<b>7.6</b>

All of the associated undertakings have December year ends.

Summary aggregated financial information on associates:

	2016	2015
	€m	
Assets .....	75.2	67.8
Liabilities .....	36.5	26.5
Revenues .....	39.1	38.3
Profit for the year .....	0.1	3.7

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**13. INVESTMENTS (continued)**

**13b. Investments in subsidiaries**

	Registered Office	Country of Incorporation	Class of shares held	Ownership	
				2016	2015
INEOS Industries Holdings Limited*	1	UK	Ordinary	100%	100%
INEOS Industries Property Limited*	1	UK	Ordinary	100%	100%
FLUXEL SAS	2	France	Ordinary	20%	20%
Grangemouth CHP Limited	3	UK	Ordinary	100%	100%
INEOS 120 Energy Limited	1	UK	Ordinary	100%	100%
INEOS 120 Exploration Limited	1	UK	Ordinary	100%	100%
INEOS 120 Power Limited	1	UK	Ordinary	100%	100%
INEOS ABS (UK) Limited	1	UK	Ordinary	100%	100%
INEOS ABS (USA) LLC	4	United States	Ordinary	100%	100%
INEOS Bio Holdings Limited	1	UK	Ordinary	80%	80%
INEOS Bio Limited	1	UK	Ordinary	80%	80%
INEOS Bio Resources Limited	1	UK	Ordinary	80%	80%
INEOS Bio USA LLC	5	United States	Ordinary	100%	100%
INEOS Calabrian Corporation	4	United States	Ordinary	100%	100%
INEOS Calabrian Corporation Canada Inc	6	Canada	Ordinary	100%	100%
INEOS Calabrian Holdings Corporation	4	United States	Ordinary	100%	100%
INEOS ChloroToluenes Belgium NV	7	Belgium	Ordinary	100%	100%
INEOS ChloroToluenes Limited	8	UK	Ordinary	100%	100%
INEOS Clipper South B Limited	1	UK	Ordinary	100%	100%
INEOS Clipper South C Limited	9	UK	Ordinary	100%	100%
INEOS Enterprises US Newco LLC	4	United States	Ordinary	100%	100%
INEOS Films Italia S.r.l.	10	Italy	Ordinary	100%	100%
INEOS Healthcare Holdings Limited	1	UK	Ordinary	80%	80%
INEOS Healthcare Limited	1	UK	Ordinary	80%	80%
INEOS Industries America I LLC	4	United States	Ordinary	100%	100%
INEOS Industries America II LLC	4	United States	Ordinary	100%	100%
INEOS Maastricht BV	11	Netherlands	Ordinary	100%	100%
INEOS Melamines GmbH	12	Germany	Ordinary	100%	100%
INEOS Melamines LLC	13	United States	Ordinary	100%	100%
INEOS Melamines Pte Ltd.	14	Singapore	Ordinary	100%	100%
INEOS Mexico S de RL de CV	15	Mexico	Ordinary	100%	100%
INEOS New Planet BioEnergy LLC	16	United States	Ordinary	80%	80%
INEOS Offshore BCS Limited	9	UK	Ordinary	100%	100%
INEOS Styrenics Germany GmbH	17	Germany	Ordinary	100%	100%
INEOS Styrenics GmbH	17	Germany	Ordinary	100%	100%
INEOS Styrenics International S.A.	18	Switzerland	Ordinary	100%	100%
INEOS Styrenics Manufacturing GmbH	17	Germany	Ordinary	100%	100%
INEOS Styrenics UK Limited	8	UK	Ordinary	100%	100%
INEOS Styrenics US LLC	5	United States	Ordinary	100%	100%
INEOS Styrolution (Thailand) Co., Ltd.	19	Thailand	Ordinary	100%	100%
INEOS Styrolution America LLC	4	United States	Ordinary	100%	100%
INEOS Styrolution APAC Pte. Ltd, Japan Branch	20	Japan	Ordinary	100%	100%
INEOS Styrolution APAC Pte. Ltd.	21	Singapore	Ordinary	100%	100%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**13. INVESTMENTS (continued)**

**13b. Investments in subsidiaries (continued)**

	Registered Office	Country of Incorporation	Class of shares held	Ownership	
				2016	2015
INEOS Styrolution Belgium N.V. ....	22	Belgium	Ordinary	100%	100%
INEOS Styrolution Belgium Services bvba.....	23	Belgium	Ordinary	100%	100%
INEOS Styrolution Beteiligungs GmbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Brazil Holding B.V. ....	25	Netherlands	Ordinary	100%	100%
INEOS Styrolution Canada Limited.....	26	Canada	Ordinary	100%	100%
INEOS Styrolution do Brasil Polímeros Ltda.....	27	Brazil	Ordinary	100%	100%
INEOS Styrolution Europe GmbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Financing Limited.....	1	UK	Ordinary	100%	100%
INEOS Styrolution France SAS.....	28	France	Ordinary	100%	100%
INEOS Styrolution France Services SAS.....	29	France	Ordinary	100%	100%
INEOS Styrolution Group GmbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Holding GmbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Holding Limited.....	1	UK	Ordinary	100%	100%
INEOS Styrolution Hong Kong Company Limited.....	30	China	Ordinary	100%	100%
INEOS Styrolution Iberia S.L.....	31	Spain	Ordinary	100%	100%
INEOS Styrolution India Limited.....	32	India	Ordinary	75%	75%
INEOS Styrolution Investment GmbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Italia S.r.L. ....	33	Italy	Ordinary	100%	100%
INEOS Styrolution Kimyasal Ürünler Ticaret Limited Şirketi.....	34	Turkey	Ordinary	100%	100%
INEOS Styrolution Köln GmbH.....	35	Germany	Ordinary	100%	100%
INEOS Styrolution Korea Ltd. ....	36	Korea	Ordinary	100%	100%
INEOS Styrolution Ludwigshafen GmbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Mexicana, S.A. de C.V.....	37	Mexico	Ordinary	100%	100%
INEOS Styrolution Netherlands B.V.....	25	Netherlands	Ordinary	100%	100%
INEOS Styrolution OOO.....	38	Russian Federation	Ordinary	100%	100%
INEOS Styrolution Poland Sp. z o.o.....	39	Poland	Ordinary	100%	100%
INEOS Styrolution Polymers (Shanghai) Company Limited.....	40	China	Ordinary	100%	100%
INEOS Styrolution Polymers (Shanghai) Company Limited - Guangzhou Branch.....	41	China	Ordinary	100%	100%
INEOS Styrolution Schwarzeide GmbH.....	42	Germany	Ordinary	100%	100%
INEOS Styrolution Servicios, S.A. de C. V.....	37	Mexico	Ordinary	100%	100%
INEOS Styrolution Switzerland S.A.....	18	Switzerland	Ordinary	100%	100%
INEOS Styrolution UK Limited.....	43	UK	Ordinary	100%	100%
INEOS Styrolution US Holding LLC.....	4	United States	Ordinary	100%	100%
INEOS Styrolution Verwaltungsgesellschaft mbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Vietnam Co., Ltd.....	44	Vietnam	Ordinary	100%	100%
INEOS UK E&P Holdings Limited.....	45	UK	Ordinary	100%	100%
INEOS UK SNS Limited.....	9	UK	Ordinary	100%	100%
INEOS Upstream Limited.....	1	UK	Ordinary	100%	100%
INEOS Upstream Services Limited.....	1	UK	Ordinary	100%	100%
INEOS Vinyls Holdings Italia S.r.l.....	10	Italy	Ordinary	100%	100%
Styrolution do Brasil ABS S.A. ....	27	Brazil	Ordinary	100%	100%
Styrolution India Private Limited.....	46	India	Ordinary	75%	75%

\*Held directly by the Company as at 31 December 2016.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**13. INVESTMENTS (continued)**

**13b. Investments in subsidiaries (continued)**

<b>Ref</b>	<b>Registered Office Address</b>
1	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom
2	Route Gay Lussac, BP 43, 13117, Laver, France
3	Utilities Control Bulding, East Office, PO Box 30, Bo'Ness Road, Grangemouth, Scotland, FK3 9XQ, United Kingdom
4	Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States
5	2600 South Shore Boulevard, League City TX 77573, United States
6	Suite 6000, 100 King Street West, Toronto ON M5X 1E2, Canada
7	Heilig Hartlaan 21 3980 Tessenderlo, Belgium
8	Runcorn Site HQ, South Parade, P.O. Box 9, Runcorn, Cheshire, England and Wales, WA7 4JE, United Kingdom
9	4th Floor, 90 High Holborn, London, WC1V 6LJ
10	Via XXIV Maggio, 1, 21043, Castiglione Olona, Varese, Italy
11	Ankerkade 111, 6222 NI Maastricht, Netherlands
12	Alt Fechenheim 34, 60386, Frankfurt am Main, Germany
13	730 B Worcester Street, Springfield MD MA 01151, United States
14	Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore, 048623, Singapore
15	Camino del Lago #4740, Colonia Cortijo del Rio, Monterrey Nuevo, Leon, Mexico
16	3030 Warrenville Road Suite 650, Lisle IL 60532, United States
17	Paul-Baumann-Strasse 1, D-45764 MARL, Germany
18	Avenue des Uttins, 3, CH-1180, Rolle, Vaud, Switzerland
19	No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, Rayong, 21150, Thailand
20	Nishishinjuku 1-25-1, Shinjuku-ku, Tokyo-to, Japan
21	111 Somerset Road, #08-01/02 TripleOne Somerset, Singapore, 238164, Singapore
22	Haven 725, Scheldelaan 600, 2040 Antwerpen 4, Belgium
23	2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Belgium
24	Mainzer Landstrasse 50, 60325, Frankfurt, Germany
25	Strawinskylaan 411, NL-1077XX, Amsterdam, Netherlands
26	872 Tashmoo Avenue, Samia ON N7T 8A3, Canada
27	Rua Arandu, 57, anterior 1544, conjuntos 111 and 112, Room A-1, Brooklin Paulista, São Paulo, 04562-910, Brazil
28	rue Albert Duplat, F-62410, Wingles, France
29	95 rue la Boétie, F-75008, Paris, France
30	Room 816, 8/F, Miramar Tower, 132 Nathan Road, Tsimshatsui Hong Kong, China
31	Ronda General Mitre 28-30, 08017, Barcelona, Spain
32	6th Floor, ABS Towers, Old Padra Road, Vadodara, 390007, India
33	Via Caldera 21, 20153, Milano, Italy
34	Büyükdere Cad. Meydan Sok., Spring Giz Plaza K. 13 N.11, Maslak Sariyer, Istanbul, Turkey
35	Alte Straße 201, 50769, Cologne, Germany
36	Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan, Korea, Republic of
37	Avenida Insurgentes Sur No. 863, Piso 6, Colonia Nápoles, Delegación Benito Juárez, C.P., Distrito Federal, 03810, Mexico
38	Bldg. 3, 18 Pyatnitskaya St., 115035, Moscow, Russian Federation
39	ul. Wołoska 9, 02-583, Warszawa, Poland
40	Suite 2304, Central Towers, 567 Langao Road, Putuo District, Shanghai 200333, China
41	Suite 3406, Teem Tower, No. 208, Tianhe Road, Tianhe District, Guangzhou 510620 Shanghai, China
42	Schipkauer Straße 1, 01987, Schwarzheide, Germany
43	c/o DWF LLP, 1 Scott Place, 2 Hardman Street, Manchester, England, M3 3AA, United Kingdom
44	11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street, Cong Vi Ward, Ba Dinh District, Hanoi City, Vietnam
45	Brodies House, 31-33 Union Grove, Aberdeen, Scotland, AB10 6SD
46	Mumbai, India



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**14. OTHER FINANCIAL ASSETS**

	2016	2015
	€m	
<b>Non-current</b>		
Available for sale financial assets .....	4.0	4.0
	<u>4.0</u>	<u>4.0</u>
<b>Available for sale financial assets</b>		

Available for sale financial assets relate to a 5.43% investment in Accsys Technologies plc, a company registered in the UK whose principal activity is the development, commercialization and licensing of technology for the manufacture of Accoya wood, Tricoya wood elements and related acetylation technologies.

**15. TRADE AND OTHER RECEIVABLES**

	2016	2015
	€m	
<b>Current</b>		
Trade receivables .....	578.8	555.2
Amounts due from related parties .....	31.1	23.0
Other receivables .....	107.9	98.7
Prepayments.....	19.4	11.2
	<u>737.2</u>	<u>688.1</u>
<b>Non-current</b>		
Amounts due from related parties .....	-	-
Prepayments and accrued income .....	0.4	0.4
Other receivables .....	3.5	3.4
	<u>3.9</u>	<u>3.8</u>

**Credit quality of financial assets and impairment losses**

The ageing of trade and other receivables at the end of the reporting period was:

	Amounts due from related					
	Trade receivables		parties		Other receivables	
	Gross	Impairment	Gross	Impairment	Gross	Impairment
	2016	2016	2016	2016	2016	2016
	€m					
Not past due .....	534.4	(0.2)	170.0	(138.9)	111.4	-
Past due 0-30 days .....	41.9	-	-	-	-	-
Past due 31-90 days.....	2.2	(1.6)	-	-	-	-
More than 90 days.....	5.3	(3.2)	-	-	-	-
	<u>583.8</u>	<u>(5.0)</u>	<u>170.0</u>	<u>(138.9)</u>	<u>111.4</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**15. TRADE AND OTHER RECEIVABLES (continued)**

	Trade receivables		Amounts due from related parties		Other receivables	
	Gross	Impairment	Gross	Impairment	Gross	Impairment
	2015	2015	2015	2015	2015	2015
	€m					
Not past due .....	519.9	(0.1)	161.9	(138.9)	102.1	-
Past due 0-30 days .....	30.6	-	-	-	-	-
Past due 31-90 days.....	5.4	(2.6)	-	-	-	-
More than 90 days.....	4.9	(2.9)	-	-	-	-
	<u>560.8</u>	<u>(5.6)</u>	<u>161.9</u>	<u>(138.9)</u>	<u>102.1</u>	<u>-</u>

The accounts receivable not yet due after impairment losses as of the end of the reporting period are deemed to be collectible on the basis of established credit management processes such as regular analyses of the credit worthiness of our customers and external credit checks where appropriate for new customers (see Note 24.c). At 31 December 2015 and 2016 there were no significant trade, related party or other receivable balances not past due that were subsequently impaired.

Movement in the allowance for impairment:

	2016	2015
	€m	
Balance as at 1 January .....	144.5	5.0
Impairment loss released.....	(0.6)	(0.6)
Allowances made in the period .....	-	140.1
<b>Balance at 31 December.....</b>	<u><b>143.9</b></u>	<u><b>144.5</b></u>

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

There were no allowances made against amounts due from other receivables during the years ended 31 December 2016 and 2015.

During the year ended 31 December 2015 there was an allowance made of €138.9 million against outstanding loans due from INEOS Bio SA, a related party, following adverse changes in market conditions and production issues at the Vero Beach plant, USA (see Note 4).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**16. DEFERRED TAX ASSETS AND LIABILITIES**

**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	2016		
	Assets	Liabilities	Total
	€m		
Property, plant and equipment .....	-	(227.0)	(227.0)
Intangible assets .....	-	(316.4)	(316.4)
Employee benefits .....	35.6	-	35.6
Tax value of loss carry-forwards .....	48.8	-	48.8
Tax assets/(liabilities) .....	84.4	(543.4)	(459.0)
Set off of tax .....	(50.8)	50.8	-
<b>Net tax assets/(liabilities) .....</b>	<b>33.6</b>	<b>(492.6)</b>	<b>(459.0)</b>

	2015		
	Assets	Liabilities	Total
	€m		
Property, plant and equipment .....	-	(201.2)	(201.2)
Intangible assets .....	-	(319.0)	(319.0)
Employee benefits .....	36.3	-	36.3
Tax value of loss carry-forwards .....	67.9	-	67.9
Other .....	-	(5.9)	(5.9)
Tax assets/(liabilities) .....	104.2	(526.1)	(421.9)
Set off of tax .....	(104.2)	104.2	-
<b>Net tax assets/(liabilities) .....</b>	<b>-</b>	<b>(421.9)</b>	<b>(421.9)</b>

**Movement in deferred tax during the year**

	Property, plant and equipment	Intangible assets	Employee benefits	Tax value of loss carry- forward utilised	Other	Total
	€m					
At 1 January 2015 .....	(184.7)	(280.9)	37.1	22.9	(5.9)	(411.5)
Recognised in profit or loss .....	(6.3)	(29.3)	1.2	17.3	-	(17.1)
Recognised in other comprehensive income .....	-	-	(2.0)	-	-	(2.0)
Acquisition through business combination .....	0.2	-	-	27.2	-	27.4
Exchange adjustments .....	(10.4)	(8.8)	-	0.5	-	(18.7)
<b>At 31 December 2015 .....</b>	<b>(201.2)</b>	<b>(319.0)</b>	<b>36.3</b>	<b>67.9</b>	<b>(5.9)</b>	<b>(421.9)</b>
Recognised in profit or loss .....	16.6	9.7	(3.0)	13.5	5.9	42.7
Recognised in other comprehensive income .....	-	-	2.3	-	-	2.3
Acquisition through business combination .....	(39.4)	-	-	(27.4)	-	(66.8)
Business disposal .....	1.0	-	-	0.2	-	1.2
Exchange adjustments .....	(4.0)	(7.1)	-	(5.4)	-	(16.5)
<b>At 31 December 2016 .....</b>	<b>(227.0)</b>	<b>(316.4)</b>	<b>35.6</b>	<b>48.8</b>	<b>-</b>	<b>(459.0)</b>

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable based on an assessment of expected future profits modelled against the

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**16. DEFERRED TAX ASSETS AND LIABILITIES (continued)**

gross tax losses available. The Group did not recognise gross deductible temporary differences of €328.1 million (2015: €250.3 million).

The Group has not provided deferred tax in relation to temporary differences on its overseas subsidiaries or joint ventures as the Group can control the timing and realisation of these temporary differences, and it is probable that no material unprovided tax liability would arise.

**17. INVENTORIES**

	2016	2015
	€m	
Raw materials.....	129.8	145.8
Work in progress.....	108.4	94.3
Finished goods.....	275.5	252.3
	513.7	492.4

Raw materials, work in progress and finished goods recognised as cost of sales in the year amounted to €2,505.6 million (2015: €3,131.6 million). The net write-down of inventories to net realisable value amounted to €0.5 million (2015: €23.9 million) after the reversal of previous write downs of €nil million (2015: €16.0 million).

**18. INTEREST-BEARING LOANS AND BORROWINGS**

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 24.

	2016	2015
	€m	
<b>Non-current liabilities</b>		
Securitisation Facilities.....	100.0	135.7
Bond indenture.....	48.0	48.5
Senior Secured Term Loan.....	999.0	1,082.4
Reserve Based Lending facility.....	140.1	-
Second lien PIK Toggle Loan.....	-	200.0
Other loans.....	36.1	-
INEOS Upstream loan.....	482.5	571.5
Finance lease liability.....	7.7	7.8
	1,813.4	2,045.9
	2016	2015
	€m	
<b>Current liabilities</b>		
Securitisation Facilities.....	-	-
Bond indenture.....	2.6	2.5
Senior Secured Term Loan.....	10.3	11.3
Other loans.....	27.7	20.9
Finance lease liability.....	0.1	0.1
	40.7	34.8

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**18. INTEREST-BEARING LOANS AND BORROWINGS (continued)**

	Gross loans and borrowings	Issue costs	Net loans and borrowings
	2016	2016	2016
<b>Gross debt and issue costs</b>		€m	
Securitisation Facilities.....	100.0	-	100.0
Bond indenture.....	53.8	(3.2)	50.6
Senior Secured Term Loan.....	1,021.7	(12.4)	1,009.3
INEOS Upstream Loan.....	482.5	-	482.5
Reserve Based Lending facility.....	147.2	(7.1)	140.1
Other loans.....	63.8	-	63.8
Finance lease liability.....	7.8	-	7.8
	<b>1,876.8</b>	<b>(22.7)</b>	<b>1,854.1</b>

	Gross loans and borrowings	Issue costs	Net loans and borrowings
	2015	2015	2015
<b>Gross debt and issue costs</b>		€m	
Securitisation Facilities.....	135.7	-	135.7
Bond indenture.....	54.3	(3.3)	51.0
Senior Secured Term Loan.....	1,120.8	(27.1)	1,093.7
Second lien PIK Toggle Loan.....	200.0	-	200.0
INEOS Upstream loan.....	571.5	-	571.5
Other loans.....	20.9	-	20.9
Finance lease liability.....	7.9	-	7.9
	<b>2,111.1</b>	<b>(30.4)</b>	<b>2,080.7</b>

**Terms and debt repayment schedule**

<b>Terms and debt repayment schedule</b>	<b>Currency</b>	<b>Nominal interest rate</b>	<b>Year of maturity</b>
Securitisation Facilities.....	USD/Euro	1.17%-2.25%	2019
Bond indenture.....	USD	LIBOR+4%	2031
		EURIBOR/USD LIBOR	
Senior Secured Term Loan.....	USD/Euro	(floor 1%) +375 bps	2021
INEOS Upstream loan.....	USD	7.0%	2020
Reserve Based Lending facility.....	GBP	LIBOR+2.50%-3.00%	2021

**Receivables Securitisation Facilities**

The Group has two (2015: three) receivables securitisation facilities (which are secured on certain trade receivables of the Group). The Styrolution securitisation facility is a €500.0 million facility which matures in March 2019. The total amount outstanding at 31 December 2016 was €100.0 million (2015: €100.0 million). The INEOS ABS securitisation facility is a \$45.0 million facility which matures in August 2019. The total amount outstanding at 31 December 2016 was €nil million (2015: €6.9 million). Before its disposal in 2016 the INEOS Styrenics securitisation facility was a €50.0 million facility which matured in June 2018. The total amount outstanding at 31 December 2015 was €28.8 million.

**Bond Indenture**

INEOS Bio US LLC, an 80% owned subsidiary has outstanding borrowings of €50.6 million (2015: €51.0 million) under a bond indenture, of which €2.6 million (2015: €2.5 million), is due within one year. The bonds are guaranteed by the US Department of Agriculture. The bonds bear interest at LIBOR plus 4.0% per annum and mature in 2031. The bond is stated net of debt issue costs of €3.2 million (2015: €3.3 million). These costs are allocated to the income statement over the term of the bond.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**18. INTEREST-BEARING LOANS AND BORROWINGS (continued)**

**Senior Secured Term Loan**

As at 31 December 2015 the Group had borrowings under a First Lien Term Loan of €1,120.8 million with institutional investors. The borrowings consisted of Euro and US Dollar tranches of €525.0 million and \$662.5 million, respectively and variable interest at EURIBOR/LIBOR (with a floor of 1.0 percent) plus a margin of 5.50%. On 30 September 2016, the Group confirmed the placement of three new First Lien Term Loan tranches consisting of Euro and US Dollar tranches of €375 million and \$420 million with institutional investors and €250 million with INEOS Holdings Limited, a related party. The borrowings mature in September 2021 and are priced at EURIBOR/USD LIBOR (with a floor of 1.0 percent) plus a margin of 3.75%. INEOS Styrolution Group GmbH and INEOS Styrolution US Holding LLC are the borrowers and the loans are secured by first liens over the assets of INEOS Styrolution Holding Limited and its subsidiaries. The Senior Secured Term Loans outstanding as at 31 December 2016 before issue costs were €1,021.7 million (2015: €1,120.8 million) of which €10.3 million (2015: €11.3 million) is due within one year.

**PIK Toggle Loan**

On 30 September 2016 as part of the refinancing of the Senior Secured Term Loans the Group fully redeemed a second lien PIK Toggle Loan from INEOS Holdings Limited, a related party, to INEOS Styrolution Holding GmbH of €200 million. The PIK Toggle Loan had a fixed interest rate of 9.5 percent when paid in cash (or, in case the Total Net Debt Leverage of Styrolution Holding GmbH exceeds 3.25 times LTM EBITDA, 10.25 percent when accumulated or paid-in-kind).

**INEOS Upstream Loan**

In 2015 INEOS Holdings Limited, a related party provided a loan of \$623.7 million to INEOS Upstream Limited in connection with its acquisition of natural gas assets in the North Sea. The loan is unsecured and matures on 26 October 2020 and bears interest at 7.0 percent per annum. The total amount outstanding under the facility was \$506.1 million (€482.5 million) as at 31 December 2016 (2015: \$623.7 million (€571.5 million)).

**Reserve Based Lending (RBL) facility**

On 5 September 2016 the Group entered into a 5 year £200 million revolving loan and £20 million letter of credit facility (the "RBL Facility"). The RBL Facility is secured on customary terms and bears interest at a margin above LIBOR. INEOS UK E&P Holdings Limited, INEOS UK SNS Limited, INEOS Clipper South B Limited and INEOS Clipper South C are the guarantors to the RBL Facility. The total amount outstanding under the facility before issue costs was €147.2 million as at 31 December 2016.

**Finance lease liabilities**

Finance lease liabilities are payable as follows:

	Minimum lease payments	Interest	Principal
	<b>2016</b>		
	€m		
Less than one year.....	0.4	(0.3)	0.1
Between one and five years.....	13.2	(5.5)	7.7
More than five years .....	-	-	-
	<b>13.6</b>	<b>(5.8)</b>	<b>7.8</b>
	<b>2015</b>		
	€m		
Less than one year.....	0.5	(0.4)	0.1
Between one and five years.....	1.8	(1.2)	0.6
More than five years .....	11.8	(4.6)	7.2
	<b>14.1</b>	<b>(6.2)</b>	<b>7.9</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**19. TRADE AND OTHER PAYABLES**

	2016	2015
	<b>€m</b>	
<b>Current</b>		
Trade payables .....	392.1	382.0
Amounts due to related parties .....	190.2	270.1
Other payables .....	115.3	114.5
Accruals and deferred income .....	142.4	136.9
	<b>840.0</b>	<b>903.5</b>
<b>Non-current</b>		
Amounts due to related parties .....	351.6	277.4
Other payables .....	23.1	20.8
Accruals and deferred income .....	43.1	142.8
	<b>417.8</b>	<b>441.0</b>

**20. EMPLOYEE BENEFITS**

**Pension plans**

The Group operates a number of pension and post-retirement medical plans throughout the world, devised in accordance with local conditions and practices. The plans are generally of the defined benefit type and those that are funded are done so by payments to separately administered funds or insurance companies. The principal funded plans are in Canada, the United States and Germany.

The Group also operates a number of unfunded defined benefit pension schemes in Thailand and Germany and unfunded post-retirement medical plans in Canada and the United States.

Plan	Country	Valuation date
All Plans .....	Belgium	31 December 2016
All Plans .....	Canada	31 December 2014
All Plans .....	France	31 December 2016
All Plans .....	Germany	31 December 2016
All Plans .....	Korea	31 December 2016
All Plans .....	Mexico	31 December 2016
All Plans .....	Switzerland	31 December 2016
All Plans .....	Thailand	31 December 2014
All Plans .....	United States	01 January 2016

The Group's pension schemes have been disclosed on a geographical basis as those schemes in Europe, North America and the Rest of the World.

The European pension arrangements are a mix of final salary, career average, unit benefit and cash balance plans in nature, and the majority are closed to new entrants. The majority of the plans are funded via insurance policies and there are also a number of unfunded German plans with associated provisions held on the Group's balance sheet.

The North American pension arrangements consist of three funded plans in the United States, (all of which are closed to future accrual) and two funded plans in Canada (one of which is closed to new entrants and the other to future accrual). All pension plans, except one, are final salary defined benefit in nature, and the plans' liabilities are valued regularly in line with statutory funding requirements. Across all five plans, between 80% and 90% of the plans' assets are invested in bond instruments, to closely match the profile of each plans' liabilities.

The Rest of the World pension arrangements are comprised of the Group's pension plans in South Korea, Mexico and Thailand.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**20. EMPLOYEE BENEFITS (continued)**

**Pension plan assumptions**

The principal actuarial assumptions (expressed as weighted averages or ranges) at the year-end were as follows:

	<b>European</b>		<b>North America</b>		<b>Rest of the world</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Major assumptions</b>						
Rate of general increase in salaries .....	<b>2.00%-</b>	2.25% -				
	<b>2.71%</b>	3.00%	<b>3.20%</b>	3.31%	<b>5.19%</b>	5.04%
Rate of increase to pensions in payment.....	<b>0.00%</b>	0.00% -				
	<b>0.75%-</b>	1.00%	<b>0.50%</b>	0.50%	<b>1.75%</b>	1.75%
Discount rate for scheme liabilities.....	<b>2.00%</b>	2.50%	<b>3.74%</b>	4.01%	<b>3.87%</b>	3.89%
	<b>1.00%-</b>	1.25% -				
Inflation.....	<b>2.00%</b>	2.00%	<b>2.16%</b>	2.19%	<b>3.19%</b>	3.29%

The assumptions relating to longevity underlying the pension liabilities at the reporting date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	<b>European</b>		<b>North America</b>		<b>Rest of the world</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Longevity at age 65 for current pensioners .....	<b>18.0-24.3</b>	18.0-28.0	<b>21.7-23.7</b>	21.9-23.8	16.5-19.9	16.5-19.9

The following table presents the sensitivity of the defined benefit obligation to each significant actuarial assumption:

	<b>European</b>		<b>North America</b>		<b>Rest of the world</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>%</b>		<b>%</b>		<b>%</b>	
Discount rate 1.0% decrease ....	<b>23.10</b>	23.80	15.46	15.02	7.29	7.17
Rate of inflation 0.5% increase	<b>7.93</b>	8.88	1.88	1.79	0.18	0.67
1 year increase in longevity for a member aged 65 .....	<b>2.64</b>	2.45	1.76	1.68	0.15	0.20

The sensitivity to the inflation assumption change includes corresponding changes to the future salary increase and future pension increase assumptions where these assumptions are set to be linked to the inflation assumption.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**20. EMPLOYEE BENEFITS (continued)**

**Post-retirement health care plans**

The Group also operates a number of post-retirement healthcare plans in the North America, which provide employees with other post-employment benefits in respect of health care. The plans are unfunded and the liability in respect of these benefits is included in provisions. The liability is assessed by qualified independent actuaries under the projected unit method, assuming the following rates:

	2016	2015
	%	
Liability discount rate .....	3.88	4.14
Long-term medical trend rate .....	4.88	4.89

**History of plans**

The history of the plans for the current and prior years is as follows:

***Consolidated balance sheet***

	2016	2015
	€m	
Present value of the defined benefit obligation in respect of pension plans .....	241.4	251.6
Present value of obligations in respect of post-retirement health care plan .....	23.1	23.1
Fair value of plan assets .....	(162.5)	(167.0)
<b>Deficit .....</b>	<b>102.0</b>	<b>107.7</b>

The Group's net liability in respect of defined benefit obligations is as follows:

	2016	2015
	€m	
<b>Obligations in respect of pension plans:</b>		
European .....	76.1	85.0
North America .....	(1.9)	(3.3)
Rest of world .....	4.7	2.9
<b>Total obligations in respect of pension plans .....</b>	<b>78.9</b>	<b>84.6</b>
<b>Obligations in respect of post-retirement care plans .....</b>	<b>23.1</b>	<b>23.1</b>
<b>Recognised liability for defined benefit obligations .....</b>	<b>102.0</b>	<b>107.7</b>

The Group expects to contribute approximately €6.5 million (2015: €8.2 million) to its funded defined benefit plans in the next financial year. This excludes direct company benefit payments and payments in relation to unfunded defined benefit plan schemes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**20. EMPLOYEE BENEFITS (continued)**

*Consolidated income statement*

	European	North America	Rest of the world	Post-retirement health care plans	Total
	€m				
<b>Year ended 31 December 2016</b>					
Current service cost.....	7.3	0.8	0.7	0.4	9.2
Past service cost.....	(0.3)	-	-	-	(0.3)
Settlement gains.....	-	(0.3)	-	-	(0.3)
Interest cost on defined benefit obligation .....	3.4	3.1	0.3	0.9	7.7
Interest income on assets.....	(1.7)	(3.2)	(0.2)	-	(5.1)
	<b>8.7</b>	<b>0.4</b>	<b>0.8</b>	<b>1.3</b>	<b>11.2</b>

	European	North America	Rest of the world	Post-retirement health care plans	Total
	€m				
<b>Year ended 31 December 2015</b>					
Current service cost.....	8.9	0.6	0.8	0.5	10.8
Past service cost.....	-	-	-	-	-
Settlement gains.....	(0.2)	-	-	-	(0.2)
Interest cost on defined benefit obligation .....	3.4	3.1	0.3	0.9	7.7
Interest income on assets.....	(1.5)	(3.2)	(0.2)	-	(4.9)
	<b>10.6</b>	<b>0.5</b>	<b>0.9</b>	<b>1.4</b>	<b>13.4</b>

The expense is recognised in the following line items in the consolidated income statement:

	2016	2015
	€m	
Cost of sales, distribution and administrative expenses .....	8.6	10.6
Net finance cost.....	2.6	2.8
	<b>11.2</b>	<b>13.4</b>

**Pension plans**

	European	North America	Rest of the world	Total
	€m			
<b>Year ended 31 December 2016</b>				
Present value of funded obligations .....	108.3	78.5	8.9	195.7
Present value of unfunded obligations .....	42.7	-	3.0	45.7
	<b>151.0</b>	<b>78.5</b>	<b>11.9</b>	<b>241.4</b>
Fair value of plan assets .....	(74.9)	(80.4)	(7.2)	(162.5)
	<b>76.1</b>	<b>(1.9)</b>	<b>4.7</b>	<b>78.9</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**20. EMPLOYEE BENEFITS (continued)**

**Pension plans (continued)**

	European	North America	Rest of the world	Total
	€m			
<b>Year ended 31 December 2015</b>				
Present value of funded obligations .....	119.1	79.5	8.0	206.6
Present value of unfunded obligations .....	43.8	-	1.2	45.0
	162.9	79.5	9.2	251.6
Fair value of plan assets .....	(77.9)	(82.8)	(6.3)	(167.0)
	85.0	(3.3)	2.9	84.6

Movements in present value of defined benefit obligation:

	European	North America	Rest of the world	Total
	€m			
<b>At 1 January 2015</b> .....	145.8	77.3	8.2	231.3
Current service cost .....	8.9	0.6	0.8	10.3
Past service cost.....	-	-	-	-
Settlement gains.....	(0.2)	-	-	(0.2)
Interest cost on defined benefit obligations .....	3.4	3.1	0.3	6.8
Member contributions.....	0.5	0.1	-	0.6
Actuarial gain – experience .....	(0.7)	(1.0)	-	(1.7)
Actuarial loss – demographic assumptions .....	-	1.4	-	1.4
Actuarial loss/(gain) – financial assumptions .....	2.3	(3.1)	-	(0.8)
Disbursements from plan assets.....	(0.8)	(4.2)	(0.3)	(5.3)
Disbursements paid directly by the employer.....	(3.0)	(0.2)	-	(3.2)
Reclassifications .....	6.4	4.0	0.2	10.6
Exchange .....	0.3	1.5	-	1.8
<b>At 31 December 2015</b> .....	<b>162.9</b>	<b>79.5</b>	<b>9.2</b>	<b>251.6</b>
Current service cost .....	7.3	0.8	0.7	8.8
Past service cost.....	(0.3)	-	-	(0.3)
Settlement gains.....	-	(3.2)	-	(3.2)
Interest cost on defined benefit obligations .....	3.4	3.1	0.3	6.8
Member contributions.....	0.4	0.1	-	0.5
Actuarial (gain)/loss – experience .....	(0.2)	0.4	2.3	2.5
Actuarial gain – demographic assumptions .....	(0.1)	(0.4)	-	(0.5)
Actuarial loss/(gain) – financial assumptions .....	7.5	2.9	(0.3)	10.1
Disbursements from plan assets.....	(1.7)	(4.6)	-	(6.3)
Disbursements paid directly by the employer.....	(3.8)	(0.4)	(0.2)	(4.4)
Disposals .....	(24.4)	-	-	(24.4)
Reclassifications .....	-	(3.7)	-	(3.7)
Exchange .....	-	4.0	(0.1)	3.9
<b>At 31 December 2016</b> .....	<b>151.0</b>	<b>78.5</b>	<b>11.9</b>	<b>241.4</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**20. EMPLOYEE BENEFITS (continued)**

Movements in fair value of plan assets:

	European	North America	Rest of the world	Total
	€m			
<b>At 1 January 2015</b> .....	64.6	79.3	6.0	149.9
Interest income on plan assets .....	1.5	3.2	0.2	4.9
Return on plan assets greater/(less) than discount rate.....	4.2	(1.8)	(0.3)	2.1
Employer contributions .....	10.5	1.8	0.4	12.7
Member contributions.....	0.5	0.1	-	0.6
Disbursements .....	(3.9)	(4.4)	(0.3)	(8.6)
Reclassifications .....	-	4.0	-	4.0
Exchange .....	0.5	0.6	0.3	1.4
<b>At 31 December 2015</b> .....	<b>77.9</b>	<b>82.8</b>	<b>6.3</b>	<b>167.0</b>
Interest income on plan assets .....	1.7	3.2	0.2	5.1
Return on plan assets greater than discount rate .....	3.1	0.6	-	3.7
Employer contributions .....	10.9	1.3	1.1	13.3
Member contributions.....	0.4	0.1	-	0.5
Disbursements .....	(5.5)	(5.0)	(0.2)	(10.7)
Settlements .....	-	(2.9)	-	(2.9)
Disposals .....	(13.6)	-	-	(13.6)
Reclassifications .....	-	(4.1)	-	(4.1)
Exchange .....	-	4.4	(0.2)	4.2
<b>At 31 December 2016</b> .....	<b>74.9</b>	<b>80.4</b>	<b>7.2</b>	<b>162.5</b>

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The fair value of the plan assets were as follows:

	European	North America	Rest of the world	Total
	€m			
<b>Year ended 31 December 2016</b>				
Equities .....	31.1	9.6	0.4	41.1
Government bonds .....	13.3	53.7	0.6	67.6
Corporate bonds .....	14.3	15.4	-	29.7
Other .....	16.2	1.7	6.2	24.1
<b>Total plan assets</b> .....	<b>74.9</b>	<b>80.4</b>	<b>7.2</b>	<b>162.5</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**20. EMPLOYEE BENEFITS (continued)**

The fair value of the plan assets were as follows:

	European	North America	Rest of the world	Total
	€m			
Year ended 31 December 2015				
Equities .....	29.4	9.8	0.5	39.7
Government bonds .....	20.1	54.7	0.8	75.6
Corporate bonds .....	11.1	17.6	-	28.7
Other .....	17.3	0.7	5.0	23.0
Total plan assets .....	<u>77.9</u>	<u>82.8</u>	<u>6.3</u>	<u>167.0</u>

There are no plans which hold investments in the Group's own financial instruments, or hold assets or property which are used by the Group.

**Post-retirement health care plans**

Reconciliation of present value of scheme liabilities:

	2016	2015
	€m	
At 1 January .....	23.1	22.9
Current service cost .....	0.4	0.5
Interest cost on defined benefit obligations .....	0.9	0.9
Actuarial gain – experience .....	(0.4)	(1.3)
Actuarial gain – demographic assumptions .....	(1.4)	(0.3)
Actuarial gain/(loss) – financial assumptions .....	0.6	(1.0)
Disbursements directly paid by the employer .....	(0.9)	(0.7)
Reclassifications .....	(0.3)	0.3
Exchange adjustments .....	1.1	1.8
At 31 December .....	<u>23.1</u>	<u>23.1</u>

The post-retirement healthcare plans do not hold any assets.

The following table presents the sensitivity of the defined benefit obligation to each significant actuarial assumption:

	2016	2015
	%	
Discount rate 1.0% decrease .....	12.36	12.37
Rate of inflation 0.5% increase .....	0.00	0.00
1 year increase in longevity for a member currently aged 65 .....	<u>1.64</u>	<u>1.52</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**21. PROVISIONS**

	<b>Severance and restructuring</b>			
	<b>Retirement</b>	<b>costs</b>	<b>Other</b>	<b>Total</b>
	<b>€m</b>			
At 1 January 2015 .....	1.1	38.8	90.4	130.3
Utilised during the period.....	(1.1)	(44.9)	(23.6)	(69.6)
Reclassifications .....	(1.0)	25.9	(34.3)	(9.4)
Amounts arising from acquisitions.....	-	-	272.2	272.2
Provision made during period.....	1.0	8.0	-	9.0
Provision released during the period.....	-	-	(13.6)	(13.6)
Discount unwinding .....	-	-	1.1	1.1
Exchange adjustments.....	-	1.9	(5.2)	(3.3)
<b>At 31 December 2015 .....</b>	<b>-</b>	<b>29.7</b>	<b>287.0</b>	<b>316.7</b>
Utilised during the period.....	-	(11.5)	(19.2)	(30.7)
Reclassifications .....	-	4.6	6.2	10.8
Amounts arising from acquisitions.....	-	-	-	-
Business disposals.....	-	-	-	-
Provision made during period .....	-	15.4	-	15.4
Provision released during the period.....	-	-	(22.1)	(22.1)
Decrease in decommissioning provision.....	-	-	(18.1)	(18.1)
Discount unwinding .....	-	-	4.7	4.7
Exchange adjustments.....	-	0.1	(36.5)	(36.4)
<b>At 31 December 2016 .....</b>	<b>-</b>	<b>38.3</b>	<b>202.0</b>	<b>240.3</b>
Non – current .....	-	18.2	256.2	274.4
Current .....	-	11.5	30.8	42.3
Balance at 31 December 2015.....	-	29.7	287.0	316.7
Non – current .....	-	17.7	195.6	213.3
Current.....	-	20.6	6.4	27.0
<b>Balance at 31 December 2016.....</b>	<b>-</b>	<b>38.3</b>	<b>202.0</b>	<b>240.3</b>

**Severance and restructuring costs**

The Group has provided €22.4 million (2015: €25.2 million) of severance and restructuring costs in relation to the closure of the Marl site in Germany and €nil million (€4.5 million) of severance and restructuring costs for other Styrolution restructuring.

The Group has provided €14.3 million of severance and restructuring costs in respect of exit costs associated with the closure or disposal of the Bio business which is expected to be utilised within the next year.

**Other provisions**

Included in other provisions in 2014 was €22.1 million related to two legal proceedings against the Group which originated from the termination of a partnership and alleged non-performance as a contractual partner for certain feedstock processing contracts. During 2015 an agreement was reached and these disputes have been settled.

During 2016 the Group has utilised €11.9 million of other provisions relating to two onerous contracts for a styrene supply mainly in Asia. The provision has been estimated by management using expectations of future market conditions until the end of the contract.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**21. PROVISIONS (continued)**

The Group has €183.8 million (2015: €259.8 million) of other provisions for estimated decommissioning and restoration costs of the Group's facilities in the North Sea, which includes the removal of platforms, subsequent dismantlement and disposal on shore, as well as restoration of the sea bed. The Group uses a risk free rate of 1.62% (2015: 2.07%) and an inflation rate of 2.0% (2015: 2.0%) over the lives of the assets to calculate the present value of the decommissioning and restoration costs. Decommissioning is expected at the end of their economic lives, which is expected to be up to 2040.

**22. SHARE CAPITAL**

	2016	2015
	€m	
<b>Fully paid</b>		
197,500 (2015: 197,500) ordinary shares of £0.00001 each .....	-	-

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.

**23. DIVIDENDS**

The following dividends were recognised during the year:

	2016	2015
	€m	
Dividend paid (2016: €120.51 per share, 2015: €57.22 per share) .....	23.8	11.3

**24. FINANCIAL INSTRUMENTS**

**24.a Fair values of financial instruments**

*Investments in debt and equity securities*

The fair value of other investments shown as loans and receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Available for sale financial assets are accounted for at fair value based on the present value of future cash flows where such information is readily available based on the present value of future cash flows estimated from financial information made available during the year as a result of a recent transaction in the investment.

*Trade and other receivables*

The carrying amount of trade and other receivables generally approximates to fair value due to their short maturities. Where settlement is not due in the short term and where the effect is material, fair value is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

*Trade and other payables*

The carrying amount of trade and other payables generally approximates to fair value due to their short maturities. Where settlement is not due in the short term and where the effect is material, fair value is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**24. FINANCIAL INSTRUMENTS (continued)**

**24.a Fair values of financial instruments (continued)**

***Cash and cash equivalents***

The fair value of cash and cash equivalents is estimated at its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

***Interest-bearing borrowings***

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. The fair value of finance leases is determined by reference to market rates for similar lease agreements. The fair value of the related party loans is the same as the carrying value. The fair value of securitisation facilities is the same as the carrying value.

***Fair values***

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the consolidated balance sheet are as follows:

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m			
<b>Loans and receivables carried at amortised cost:..</b>				
Trade receivables .....	578.8	578.8	555.2	555.2
Amounts due from related parties .....	31.1	31.1	23.0	23.0
Other receivables .....	111.4	111.4	102.1	102.1
<b>Loans and receivables .....</b>	<b>721.3</b>	<b>721.3</b>	<b>680.3</b>	<b>680.3</b>
Cash and cash equivalents.....	435.6	435.6	567.2	567.2
<b>Total financial assets .....</b>	<b>1,156.9</b>	<b>1,156.9</b>	<b>1,247.5</b>	<b>1,247.5</b>
<b>Financial liabilities carried at amortised cost:</b>				
Trade payables .....	392.1	392.1	382.0	382.0
Other payables .....	138.4	138.4	135.3	135.3
Securitisation facilities .....	100.0	100.0	135.7	135.7
Bond indenture.....	50.6	50.6	51.0	51.0
Amount due to related parties .....	541.8	541.8	547.5	547.5
Senior Secured Term Loan.....	1,009.3	1,009.3	1,093.7	1,093.7
Reserves Based Lending facility .....	140.1	140.1	-	-
Finance lease liabilities .....	7.8	7.8	7.9	7.9
Second lien PIK Toggle Loan .....	-	-	200.0	200.0
INEOS Upstream loan .....	482.5	482.5	571.5	571.5
Other loans.....	63.8	63.8	20.9	20.9
<b>Total financial liabilities .....</b>	<b>2,926.4</b>	<b>2,926.4</b>	<b>3,145.5</b>	<b>3,145.5</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**24. FINANCIAL INSTRUMENTS (continued)**

**24.b Net gains and losses from financial instruments**

Net gains and losses from financial instruments comprise the results of valuations, the amortisation of discounts, the recognition and derecognition of impairment losses, results from the translation of foreign currencies, interest, dividends and all effects on profit or loss of financial instruments.

Net gains from receivables and loans relate primarily to recognition and derecognition of impairment losses, results from the translation of foreign currencies and interest income.

Net losses from financial liabilities measured at amortised cost relate primarily to amortisation of discounts, results from the translation of foreign currencies, interest expense and other financing related expenses.

The item 'financial instruments at fair value through profit or loss' comprise valuation gains and losses, and only includes gains and losses from instruments which are not designated as hedging instruments as defined by IAS 39.

The following table shows the gross gains and losses during the period and on which financial instruments they arose:

	<b>Loans and receivables</b>	
	<b>2016</b>	<b>2015</b>
	<b>€m</b>	
Finance income .....	<b>1.6</b>	<b>9.0</b>
Foreign exchange gains.....	<b>114.9</b>	<b>11.4</b>
Net result.....	<b>116.5</b>	<b>20.4</b>
<b>Carrying value at 31 December .....</b>	<b>721.3</b>	<b>680.3</b>

	<b>Financial liabilities carried at amortised cost</b>	
	<b>2016</b>	<b>2015</b>
	<b>€m</b>	
Finance cost .....	<b>(85.7)</b>	<b>(134.7)</b>
Other finance cost .....	<b>(28.5)</b>	<b>(8.3)</b>
Foreign exchange losses.....	<b>(92.2)</b>	<b>(34.8)</b>
<b>Net result.....</b>	<b>(206.4)</b>	<b>(177.8)</b>
<b>Carrying value at 31 December .....</b>	<b>2,926.4</b>	<b>3,145.5</b>

**24.c Credit risk**

***Financial risk management***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and deposits with financial institutions.

Group Treasury policy and objectives in relation to credit risk is to minimize the likelihood that the Group will experience financial loss due to counterparty failure and to ensure that in the event of a single loss, the failure of any single counterparty would not materially impact the financial wellbeing of the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**24. FINANCIAL INSTRUMENTS (continued)**

**24.c Credit risk (continued)**

***Trade and other receivables***

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Management considers that there is no geographical concentration of credit risk. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered or are adjusted accordingly. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

***Investments, cash and cash equivalents***

Surplus cash investments are only made with banks with which the Group has a relationship. Occasionally deposits are made with banking counterparties that provide financing arrangements, reducing the credit exposure of the Group.

***Exposure to credit risk***

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the reporting date was the carrying amount of financial assets.

**24.d Liquidity risk**

***Financial risk management***

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group. The Group's exposure to liquidity risk is limited by the fact that it operates with significant cash resources, and it maintains the most appropriate mix of short, medium and long-term borrowings from the Group's lenders.

The Group is reliant on committed funding from a variety of sources at Group and subsidiary company level to meet the anticipated needs of the Group for the period covered by the Group's budget.

The Group forecasts on a regular basis the expected cash flows that will occur on a weekly and monthly basis. This information is used in conjunction with the weekly reporting of actual cash balances at bank in order to calculate the level of funding that will be required in the short and medium term. On a monthly basis the level of headroom on existing facilities is reported and forecast forward until the end of the financial year/period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**24. FINANCIAL INSTRUMENTS (continued)**

**24.d Liquidity risk (continued)**

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

2016						
	Carrying amount	Contractual cash flows	1 year or less	1 to<2 years	2 to<5 years	5 years and over
	€m					
<b>Non-derivative financial liabilities</b>						
Trade payables .....	392.1	392.1	392.1	-	-	-
Other payables .....	138.4	138.4	115.3	23.1	-	-
Senior Secured Term Loan.....	1,009.3	1,250.9	59.2	58.7	1,133.0	-
Amount due to related parties .....	541.8	541.8	190.2	351.6	-	-
Securitisation facilities.....	100.0	100.0	-	-	100.0	-
Bond indenture.....	50.6	62.8	3.0	3.1	10.3	46.4
Finance lease liabilities .....	7.8	13.7	0.5	0.5	1.4	11.3
Reserves Based Lending facility .....	140.1	166.4	4.0	4.2	158.2	-
INEOS Upstream loan .....	482.5	482.5	-	-	482.5	-
Other loans.....	63.8	63.8	23.6	6.4	33.8	-
	2,926.4	3,212.4	787.9	447.6	1,919.2	57.7

	2015					
	Carrying amount	Contractual cash flows	1 year or less	1 to<2 years	2 to<5 years	5 years and over
	€m					
<b>Non-derivative financial liabilities</b>						
Trade payables .....	382.0	382.0	382.0	-	-	-
Other payables .....	135.3	135.3	114.5	20.8	-	-
Senior Secured Term Loan.....	1,093.7	1,400.6	85.1	84.2	1,231.3	-
Amount due to related parties .....	547.5	547.5	270.1	277.4	-	-
Securitisations facilities .....	135.7	135.7	-	-	135.7	-
Bond indenture.....	51.0	63.1	2.7	2.8	9.4	48.2
Finance lease liabilities .....	7.9	14.1	0.5	0.5	1.3	11.8
Second lien PIK Toggle Loan .....	200.0	297.0	19.0	19.0	259.0	-
INEOS Upstream loan .....	571.5	571.5	-	-	571.5	-
Other loans.....	20.9	20.9	20.9	-	-	-
	<b>3,145.5</b>	<b>3,567.7</b>	<b>894.8</b>	<b>404.7</b>	<b>2,208.2</b>	<b>60.0</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**24. FINANCIAL INSTRUMENTS (continued)**

**24.e Market risk**

***Financial risk management***

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will adversely affect the value of the Group's assets, liabilities or expected future cash flows.

***Market risk - Foreign currency risk***

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and Sterling.

Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

A substantial portion of the Group's revenue is generated in, or linked to, Sterling and the Euro. Product prices, certain feedstock costs and most other costs are denominated in US Dollar, Sterling and Euro. In the US petrochemical and specialty chemicals businesses, product prices, raw materials costs and most other costs are primarily denominated in US Dollars.

The Group applies hedge accounting to foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item is considered to form part of a net investment in a foreign operation and changes in the fair value are recognised directly within equity.

The Group generally does not enter into foreign currency exchange instruments to hedge foreign currency transaction exposure, although the Group may do so in the future.

The Group benefits from natural hedging, to the extent that currencies in which net cash flows are generated from the Group's operations, are matched against long-term indebtedness.

The foreign currency exposure where the Group's financial assets/(liabilities) are not denominated in the functional currency of the operating unit involved is shown below. Foreign exchange differences on retranslation of these assets and liabilities are taken to the income statement/other comprehensive income of the Group.

	2016	2015
	€m	
Euro.....	-	-
US dollars .....	(478.1)	(661.7)
Sterling.....	6.8	20.2
Other .....	1.0	1.4
	<b>(470.3)</b>	<b>(640.1)</b>

***Sensitivity analysis***

A 10% percent weakening of the following currencies at 31 December would have increased/ (decreased) equity and profit/(loss) by the amounts shown below. This calculation assumes that the change occurred at the reporting date and had been applied to risk exposures existing at that date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**24. FINANCIAL INSTRUMENTS (continued)**

**24.e Market risk (continued)**

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for the comparative period.

	Equity		Profit or loss	
	2016	2015	2016	2015
	€m	€m	€m	€m
Euro.....	-	-	-	-
US dollars .....	(48.3)	(57.2)	0.5	(9.0)
Sterling.....	-	-	0.7	2.0
Other .....	-	-	0.1	0.1
	<b>(48.3)</b>	<b>(57.2)</b>	<b>1.3</b>	<b>(6.9)</b>

A 10% percent strengthening of the above currencies against the Euro at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**Market risk – Interest rate risk**

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2016	2015
	€m	
<b>Carrying amount of liability</b>		
<b>Fixed rate instruments</b>		
Financial assets .....	16.1	-
Financial liabilities.....	(640.9)	(415.5)
	<b>(624.8)</b>	<b>(415.5)</b>
	2016	2015
	€m	
<b>Variable rate instruments</b>		
Financial assets .....	435.6	567.2
Financial liabilities.....	(1,213.2)	(1,093.7)
	<b>(777.6)</b>	<b>(526.5)</b>

**Sensitivity analysis**

A change of 1 % in interest rates at the balance sheet date would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for comparative period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**24. FINANCIAL INSTRUMENTS (continued)**

**24.e Market risk (continued)**

	2016	2015
	€m	
<b>Profit or loss</b>		
Loss on increase in interest rate by 1% .....	(14.0)	(9.4)

***Market risk – Commodity price risk***

The Group is exposed to commodity price risk through fluctuations in raw material prices and sales of products. The raw material exposures result primarily from the price of feedstocks and base chemicals linked to the price of crude. The sales price exposures are primarily related to petrochemicals where prices are in general linked to the market price of crude oil.

The Group enters into contracts to supply or acquire physical volumes of commodities at future dates during the normal course of business that may be considered derivative contracts. Where such contracts exist and are in respect of the normal purchase or sale of products to fulfil the Group's requirements, the own use exemption from derivative accounting is applied.

The Group manages commodity price exposures through trading refined products and chemical feedstock and using commodity swaps, options and futures as a means of managing price and timing risks. In 2016 there were no significant instruments entered by the Group to manage such risk.

The Group operates within procedures and policies designed to ensure that risks, including those relating to the default of counterparties, are minimised.

**24.f Capital management**

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines its capital employed of €2,645.1 million (2015: €2,540.7 million) at 31 December 2016 as shareholders' funds of €1,226.6 million (2015: €1,027.2 million) and net debt (net of debt issue costs) of €1,418.5 million (2015: €1,513.5 million).

The principal sources of debt available to the group at 31 December 2016 include loans from related parties are described in Note 18 along with the key operating and financial covenants that apply to these facilities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt or sell assets to reduce debt. The ability of the Group to pay dividends and provide appropriate facilities to the Group is restricted by the terms of principal financing agreements to which members of the Group are party.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 25. OPERATING LEASES

Future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016	2015
	€m	
Less than one year.....	31.5	26.3
Between one and five years.....	86.9	76.8
More than five years .....	47.5	28.4
	<u>165.9</u>	<u>131.5</u>

The Group leases a number of warehouse factory facilities and rail cars under operating leases. The leases typically run for a period of 5 years, with an option to renew the lease after that date. Lease payments are increased every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in a local price index.

### 26. CAPITAL COMMITMENTS

Outstanding capital expenditure authorised by the Board and for which contracts had been placed as at 31 December 2016 by the Group amounted to approximately €86.8 million (2015: €79.1 million).

### 27. RELATED PARTIES

#### Related party transactions

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Industries Limited group;
- Entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Industries Limited;
- Key management personnel; and
- Joint ventures.

Mr J A Ratcliffe, Mr A C Currie and Mr J Reece are the shareholders of INEOS Limited.

The Group has a management services agreement with INEOS AG, a subsidiary of INEOS Limited. Management fees of €13.7 million (2015: €10.9 million) were charged in the year. During the year the Group was charged a deal fee of €1.5 million in relation to the Calabrian acquisition (2015: €7.0 million in relation to the North Sea gas field acquisitions). At 31 December 2016 amounts owed to INEOS AG were €21.2 million (2015: €19.0 million).

There were a number of transactions with related parties, all of which arose in the normal course of business. The Group has made sales to related parties of €93.4 million (2015: €104.7 million), recovered costs of €19.7 million (2015: €17.0 million) and made purchases of €5.0 million (2015: €7.8 million). At 31 December 2016 €1,272.6 million (2015: €1,319.0 million) was owed to related parties and €31.1 million (2015: €23.0 million) was owed by related parties.

#### Compensation to key management personnel (including directors)

The Group defines key management as the directors of the Company. Details of Directors' remuneration are given in Note 7.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

### **28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent undertaking at 31 December 2016 was INEOS Limited, a company registered in the Isle of Man. The immediate parent undertaking at 31 December 2016 was INEOS AG, a company registered in Switzerland.

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

### **29. SUBSEQUENT EVENTS**

On 1 March 2017 the Group completed the acquisition of the global K-Resin® styrene-butadiene copolymers (SBC) business from Chevron Phillips Chemical Company LLC (Chevron Phillips Chemical) and Daelim Industrial Co. Ltd., following receipt of all applicable regulatory and legal approvals. The transaction, which was agreed on 31 October 2016, includes the purchase of the equity interests of K R Copolymer Co. Ltd (KRCC), K-Resin SBC intellectual property and other assets related to the SBC business. This acquisition allows the Group to supply its customers from production sites in the Americas, EMEA and Asia Pacific.

In March 2017 the Group refinanced its outstanding institutional Senior Secured Term Loans in Euro and US Dollar. The Group extended the maturity of the Senior Secured Term Loans until March 2024 with improved pricing of EURIBOR plus 2.50% with a 0.75% floor for the Euro denominated term loans and USD LIBOR plus 2.75% for the US Dollar denominated term loans.

### **30. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Group prepares its consolidated financial statements in accordance with IFRSs, which require management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods.

The following areas are considered to involve a significant degree of judgement or estimation:

#### **Fair value measurement on business combination**

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets and liabilities acquired. The determination of the fair value of the acquired assets and liabilities is to a considerable extent based upon management's judgement, and estimates and assumptions made.

Allocation of the purchase price affects the results of the Group as intangible assets are amortised over their estimated useful lives, whereas goodwill, is not amortised. This could lead to differing amortisation charges based on the allocation to indefinite and finite lived intangible assets.

On acquisition of a business, the identifiable intangible assets may include customer contracts, customer relationships and preferential supply contracts. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. The use of different estimates and assumptions for the expectations of future cash flows and the discount rate would change the valuation of these intangible assets.

The carrying amount of intangibles is disclosed in Note 12.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**30. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

**Taxation**

Management is required to estimate the tax payable in each of the jurisdictions in which the Group operates. 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 in the countries in which it operates. 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.

The breadth of the Group's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Group and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Group operates, and as a result, issues can, and often do take many years to resolve.

Details of amounts recognised with regard to taxation are disclosed in Notes 10 and 16.

**Post-retirement benefits**

The Group operates a number of defined benefit post-employment schemes. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each of the defined benefit schemes. The costs and year end obligations under defined benefit schemes are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- Future rate of increase in salaries;
- Inflation rate projections; and
- Discount rate for scheme liabilities.
- Expected rates of return on the scheme assets.

Details of post-retirement benefits are set out in Note 20.

**Provisions**

Provisions are recognised for the cost of remediation works where there is a legal or constructive obligation for such work to be carried out. Where the estimated obligation arises upon initial recognition of the related asset, the corresponding debit is treated as part of the cost of the related asset and depreciated over its estimated useful life.

Other provisions are recognised in the year when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**30. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

**Provisions (continued)**

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

The nature and amount of provisions included within the financial statements are detailed in Note 21.

**Impairment reviews**

IFRSs 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.

An impairment test requires an assessment as to whether the carrying value of assets can be supported by its recoverable amount. Management calculates the recoverable amount based on the net present value of the future cash flows derived from the relevant assets, using cash flow projections which have been discounted at an appropriate discount rate.

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. 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 11 for the carrying amount of the property plant and equipment, and Note 1 for the useful economic lives for each class of assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**30. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

**Impairment of receivables**

The Group makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the current credit rating of the debtor, the ageing profile of receivables and historical experience. See Note 15 for the net carrying amount of the debtors and associated impairment provision.

**Investments**

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint ventures are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Details of Investments are set out in Note 13.

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## **Section 3 - Company Financial Statements**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS INDUSTRIES  
LIMITED**

## **Report on the company financial statements**

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### **Our opinion**

In our opinion, INEOS Industries Limited's company financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016;
  - 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 company balance sheet as at 31 December 2016;
- the company statement of changes in equity for the year then 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 the 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.

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

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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 addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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## **Other matters on which we are required to report by exception**

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### **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.

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### **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.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS INDUSTRIES LIMITED

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## Responsibilities for the financial statements and the audit

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### Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 8-9, 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.

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### 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:

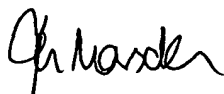
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

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## Other matter

We have reported separately on the group financial statements of INEOS Industries Limited for the year ended 31 December 2016.



Ian Marsden (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
12 May 2017


# COMPANY BALANCE SHEET AS AT 31 DECEMBER 2016

	Note	2016	2015
		€m	
<b>Fixed assets</b>			
Investments .....	4	9.4	9.4
<b>Total fixed assets .....</b>		<u>9.4</u>	<u>9.4</u>
<b>Current assets</b>			
Debtors .....	5	1.2	2.3
Cash .....		0.1	0.4
<b>Creditors: amounts falling due within one year .....</b>	6	<u>(1.6)</u>	<u>(1.7)</u>
<b>Net current (liabilities)/assets .....</b>		<u>(0.3)</u>	<u>1.0</u>
<b>Total assets less current liabilities .....</b>		<u>9.1</u>	<u>10.4</u>
<b>Creditors: amounts falling due after more than one year .....</b>	7	<u>(8.6)</u>	<u>(10.3)</u>
<b>Net assets .....</b>		<u>0.5</u>	<u>0.1</u>
<b>Capital and reserves</b>			
Called up share capital .....	8	-	-
Profit and loss account* .....		0.5	0.1
<b>Total shareholders' funds .....</b>		<u>0.5</u>	<u>0.1</u>

\* The parent company recorded a profit after tax for the year of €23.4 million (2015: €10.8 million).

The notes on pages 81 to 87 are an integral part of these Company financial statements.

The financial statements on pages 79 to 87 were approved by the Board of Directors on 12 May 2017 and signed on its behalf by:

  
G Leask  
Director

**COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
31 DECEMBER 2016**

	<b>Note</b>	<b>Called up Share Capital</b>	<b>Profit and loss account</b>	<b>Total shareholders' funds</b>
		<b>€m</b>		
<b>Balance at 1 January 2015</b> .....		-	0.1	0.1
Profit for the year .....		-	10.8	10.8
<b>Transactions with owners, recorded directly in equity:</b>				
Dividend.....	9	-	(10.8)	(10.8)
<b>Balance at 31 December 2015</b> .....		-	0.1	0.1

	<b>Note</b>	<b>Called up Share Capital</b>	<b>Profit and loss account</b>	<b>Total shareholders' funds</b>
		<b>€m</b>		
<b>Balance at 1 January 2016</b> .....		-	0.1	0.1
Profit for the year .....		-	23.4	23.4
<b>Transactions with owners, recorded directly in equity:</b>				
Dividend.....	9	-	(23.0)	(23.0)
<b>Balance at 31 December 2016</b> .....		-	0.5	0.5

The notes on pages 81 to 87 are an integral part of these Company financial statements.



## **NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

### **1. ACCOUNTING POLICIES**

#### **Overview**

INEOS Industries Limited (the “Company”) is a private company limited by shares incorporated and registered in England and Wales. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

#### **Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards, on a going concern basis and under the historical cost accounting rules.

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

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

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 year reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- financial instrument disclosures as required by IFRS 7.
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently in these Company financial statements.

#### **Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **Functional and presentation currency**

These Company financial statements are presented in Euro, which is the functional currency of the majority of operations. The Group primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in euros. All amounts in the financial statements have been rounded to the nearest €100,000.

#### ***Non-derivative financial instruments***

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

#### ***Trade and other debtors***

Trade and other debtors are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

***Trade and other creditors***

Trade and other creditors are recognised initially at fair value less transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

***Cash at bank and in hand***

Cash at bank and in hand comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

***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.

**2. STAFF NUMBERS AND COSTS**

There were no (2015: no) employees with contracts of employment in the name of the Company.

**3. DIRECTORS' REMUNERATION**

None (2015: none) of the directors received any fees or remuneration for services as a director of the Company during the financial year.

**4. INVESTMENTS**

	Subsidiaries	Joint ventures	Associated undertakings	Total
	€m			
At 31 December 2016 and 2015.....	9.4	-	-	9.4

The subsidiary and undertakings of the Company at 31 December and the percentage of equity share capital held are set out below.

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**4. INVESTMENTS (continued)**

	Registered Office	Country of Incorporation	Class of shares held	Ownership	
				2016	2015
INEOS Industries Holdings Limited*	1	UK	Ordinary	100%	100%
INEOS Industries Property Limited*	1	UK	Ordinary	100%	100%
FLUXEL SAS	2	France	Ordinary	20%	20%
Grangemouth CHP Limited	3	UK	Ordinary	100%	100%
INEOS 120 Energy Limited	1	UK	Ordinary	100%	100%
INEOS 120 Exploration Limited	1	UK	Ordinary	100%	100%
INEOS 120 Power Limited	1	UK	Ordinary	100%	100%
INEOS ABS (UK) Limited	1	UK	Ordinary	100%	100%
INEOS ABS (USA) LLC	4	United States	Ordinary	100%	100%
INEOS Bio Holdings Limited	1	UK	Ordinary	80%	80%
INEOS Bio Limited	1	UK	Ordinary	80%	80%
INEOS Bio Resources Limited	1	UK	Ordinary	80%	80%
INEOS Bio USA LLC	5	United States	Ordinary	100%	100%
INEOS Calabrian Corporation	4	United States	Ordinary	100%	100%
INEOS Calabrian Corporation Canada Inc	6	Canada	Ordinary	100%	100%
INEOS Calabrian Holdings Corporation	4	United States	Ordinary	100%	100%
INEOS ChloroToluenes Belgium NV	7	Belgium	Ordinary	100%	100%
INEOS ChloroToluenes Limited	8	UK	Ordinary	100%	100%
INEOS Clipper South B Limited	1	UK	Ordinary	100%	100%
INEOS Clipper South C Limited	9	UK	Ordinary	100%	100%
INEOS Enterprises US Newco LLC	4	United States	Ordinary	100%	100%
INEOS Films Italia S.r.l.	10	Italy	Ordinary	100%	100%
INEOS Healthcare Holdings Limited	1	UK	Ordinary	80%	80%
INEOS Healthcare Limited	1	UK	Ordinary	80%	80%
INEOS Industries America I LLC	4	United States	Ordinary	100%	100%
INEOS Industries America II LLC	4	United States	Ordinary	100%	100%
INEOS Maastricht BV	11	Netherlands	Ordinary	100%	100%
INEOS Melamines GmbH	12	Germany	Ordinary	100%	100%
INEOS Melamines LLC	13	United States	Ordinary	100%	100%
INEOS Melamines Pte Ltd	14	Singapore	Ordinary	100%	100%
INEOS Mexico S de RL de CV	15	Mexico	Ordinary	100%	100%
INEOS New Planet BioEnergy LLC	16	United States	Ordinary	80%	80%
INEOS Offshore BCS Limited	9	UK	Ordinary	100%	100%
INEOS Styrenics Germany GmbH	17	Germany	Ordinary	100%	100%
INEOS Styrenics GmbH	17	Germany	Ordinary	100%	100%
INEOS Styrenics International S.A.	18	Switzerland	Ordinary	100%	100%
INEOS Styrenics Manufacturing GmbH	17	Germany	Ordinary	100%	100%
INEOS Styrenics UK Limited	8	UK	Ordinary	100%	100%
INEOS Styrenics US LLC	5	United States	Ordinary	100%	100%
INEOS Styrolution (Thailand) Co., Ltd.	19	Thailand	Ordinary	100%	100%
INEOS Styrolution America LLC	4	United States	Ordinary	100%	100%
INEOS Styrolution APAC Pte. Ltd, Japan Branch	20	Japan	Ordinary	100%	100%
INEOS Styrolution APAC Pte. Ltd.	21	Singapore	Ordinary	100%	100%

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. INVESTMENTS (continued)	Registered	Country of	Class of	Ownership	
	Office	Incorporation	shares held	2016	2015
INEOS Styrolution Belgium N.V.....	22	Belgium	Ordinary	100%	100%
INEOS Styrolution Belgium Services bvba.....	23	Belgium	Ordinary	100%	100%
INEOS Styrolution Beteiligungs GmbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Brazil Holding B.V. ....	25	Netherlands	Ordinary	100%	100%
INEOS Styrolution Canada Limited.....	26	Canada	Ordinary	100%	100%
INEOS Styrolution do Brasil Polimeros Ltda.....	27	Brazil	Ordinary	100%	100%
INEOS Styrolution Europe GmbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Financing Limited.....	1	UK	Ordinary	100%	100%
INEOS Styrolution France SAS.....	28	France	Ordinary	100%	100%
INEOS Styrolution France Services SAS.....	29	France	Ordinary	100%	100%
INEOS Styrolution Group GmbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Holding GmbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Holding Limited.....	1	UK	Ordinary	100%	100%
INEOS Styrolution Hong Kong Company Limited.....	30	China	Ordinary	100%	100%
INEOS Styrolution Iberia S.L.....	31	Spain	Ordinary	100%	100%
INEOS Styrolution India Limited.....	32	India	Ordinary	75%	75%
INEOS Styrolution Investment GmbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Italia S.r.L.....	33	Italy	Ordinary	100%	100%
INEOS Styrolution Kimyasal Ürünler Ticaret Limited Şirketi.....	34	Turkey	Ordinary	100%	100%
INEOS Styrolution Köln GmbH.....	35	Germany	Ordinary	100%	100%
INEOS Styrolution Korea Ltd.....	36	Korea	Ordinary	100%	100%
INEOS Styrolution Ludwigshafen GmbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Mexicana, S.A. de C.V.....	37	Mexico	Ordinary	100%	100%
INEOS Styrolution Netherlands B.V.....	25	Netherlands	Ordinary	100%	100%
INEOS Styrolution OOO.....	38	Russian	Ordinary	100%	100%
INEOS Styrolution Poland Sp. z o.o.....	39	Poland	Ordinary	100%	100%
INEOS Styrolution Polymers (Shanghai) Company Limited.....	40	China	Ordinary	100%	100%
INEOS Styrolution Polymers (Shanghai) Company Limited - Guangzhou Branch.....	41	China	Ordinary	100%	100%
INEOS Styrolution Schwarzeheide GmbH.....	42	Germany	Ordinary	100%	100%
INEOS Styrolution Servicios, S.A. de C. V.....	37	Mexico	Ordinary	100%	100%
INEOS Styrolution Switzerland S.A.....	18	Switzerland	Ordinary	100%	100%
INEOS Styrolution UK Limited.....	43	UK	Ordinary	100%	100%
INEOS Styrolution US Holding LLC.....	4	United States	Ordinary	100%	100%
INEOS Styrolution Verwaltungsgesellschaft mbH.....	24	Germany	Ordinary	100%	100%
INEOS Styrolution Vietnam Co., Ltd.....	44	Vietnam	Ordinary	100%	100%
INEOS UK E&P Holdings Limited.....	45	UK	Ordinary	100%	100%
INEOS UK SNS Limited.....	9	UK	Ordinary	100%	100%
INEOS Upstream Limited.....	1	UK	Ordinary	100%	100%
INEOS Upstream Services Limited.....	1	UK	Ordinary	100%	100%
INEOS Vinyls Holdings Italia S.r.l.....	10	Italy	Ordinary	100%	100%
Styrolution do Brasil ABS S.A.....	27	Brazil	Ordinary	100%	100%
Styrolution India Private Limited.....	46	India	Ordinary	75%	75%

\*Held directly by the Company as at 31 December 2016.

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**4. INVESTMENTS (continued)**

	Registered Office Address
1	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom
2	Route Gay Lussac, BP 43, 13117, Lavera, France
3	Utilities Control Bulding, East Office, PO Box 30, Bo'Ness Road, Grangemouth, Scotland, FK3 9XQ, United Kingdom
4	Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States
5	2600 South Shore Boulevard, League City TX 77573, United States
6	Suite 6000, 100 King Street West, Toronto ON M5X 1E2, Canada
7	Heilig Hartlaan 21 3980 Tessenderlo, Belgium
8	Runcorn Site HQ, South Parade, P.O. Box 9, Runcorn, Cheshire, England and Wales, WA7 4JE, United Kingdom
9	4th Floor, 90 High Holborn, London, WC1V 6LJ
10	Via XXIV Maggio, 1, 21043, Castiglione Olona, Varese, Italy
11	Ankerkade 111, 6222 NI Maastricht, Netherlands
12	Alt Fechenheim 34, 60386, Frankfurt am Main, Germany
13	730 B Worcester Street, Springfield MD MA 01151, United States
14	Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore, 048623, Singapore
15	Camino del Lago #4740, Colonia Cortijo del Rio, Monterrey Nuevo, Leon, Mexico
16	3030 Warrenville Road Suite 650, Lisle IL 60532, United States
17	Paul-Baumann-Strasse 1, D-45764 MARL, Germany
18	Avenue des Uttins, 3, CH-1180, Rolle, Vaud, Switzerland
19	No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, Rayong, 21150, Thailand
20	Nishishinjuku 1-25-1, Shinjuku-ku, Tokyo-to, Japan
21	111 Somerset Road, #08-01/02 TripleOne Somerset, Singapore, 238164, Singapore
22	Haven 725, Scheldelaan 600, 2040 Antwerpen 4, Belgium
23	2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Belgium
24	Mainzer Landstrasse 50, 60325, Frankfurt, Germany
25	Strawinskylaan 411, NL-1077XX, Amsterdam, Netherlands
26	872 Tashmoo Avenue, Samia ON N7T 8A3, Canada
27	Rua Arandu, 57, anterior 1544, conjuntos 111 and 112, Room A-1, Brooklin Paulista, São Paulo, 04562-910, Brazil
28	rue Albert Duplat, F-62410, Wingles, France
29	95 rue la Boétie, F-75008, Paris, France
30	Room 816, 8/F, Miramar Tower, 132 Nathan Road, Tsimshatsui Hong Kong, China
31	Ronda General Mitre 28-30, 08017, Barcelona, Spain
32	6th Floor, ABS Towers, Old Padra Road, Vadodara, 390007, India
33	Via Caldera 21, 20153, Milano, Italy
34	Büyükdere Cad. Meydan Sok., Spring Giz Plaza K. 13 N.11, Maslak Sariyer, Istanbul, Turkey
35	Alte Straße 201, 50769, Cologne, Germany
36	Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan, Korea, Republic of
37	Avenida Insurgentes Sur No. 863, Piso 6, Colonia Nápoles, Delegación Benito Juárez, C.P., Distrito Federal, 03810, Mexico
38	Bldg. 3, 18 Pyatnitskaya St., 115035, Moscow, Russian Federation
39	ul. Wołoska 9, 02-583, Warszawa, Poland
40	Suite 2304, Central Towers, 567 Langao Road, Putuo District, Shanghai 200333, China
41	Suite 3406, Teem Tower, No. 208, Tianhe Road, Tianhe District, Guangzhou 510620 Shanghai, China
42	Schipkauer Straße 1, 01987, Schwarzheide, Germany
43	c/o DWF LLP, 1 Scott Place, 2 Hardman Street, Manchester, England, M3 3AA, United Kingdom
44	11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street, Cong Vi Ward, Ba Dinh District, Hanoi City, Vietnam
45	Brodies House, 31-33 Union Grove, Aberdeen, Scotland, AB10 6SD
46	Mumbai, India

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**5. DEBTORS**

	2016	2015
	€m	
<b>Current</b>		
Amounts due from group undertakings.....	-	1.4
Other receivables .....	1.2	0.9
	<u>1.2</u>	<u>2.3</u>

**6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	€m	
Other payables .....	1.6	1.7
	<u>1.6</u>	<u>1.7</u>

**7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016	2015
	€m	
Amounts owed to group undertakings.....	4.4	4.1
Other payables .....	4.2	6.2
	<u>8.6</u>	<u>10.3</u>

**8. CALLED UP SHARE CAPITAL**

	2016	2015
	€m	
<b>Fully paid</b>		
197,500 (2015: 197,500) ordinary shares of £0.00001 each .....	-	-
	<u>-</u>	<u>-</u>

**9. DIVIDENDS**

The following dividends were recognised during the year:

	2016	2015
	€m	
Dividend paid (2016: €116.46 per share, 2015: €54.68 per share).....	23.0	10.8

**10. CAPITAL AND CONTRACTUAL COMMITMENTS**

The company is committed to the rental of the property at 38 Hans Crescent, London until September 2019. This commitment at year end represented a liability of £7,242,000 (period ended 31 December 2015: £9,876,000).

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent undertaking at 31 December 2016 was INEOS Limited, a company registered in the Isle of Man.

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

The only group in which the results of the Company are consolidated is that headed by INEOS Industries Limited.

**12. ACCOUNTING ESTIMATES AND JUDGEMENTS**

**Impairment of debtors**

The Company 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.