INEOS TECHNOLOGIES (VINYLS) LIMITED

Annual report and financial statements

Registered number 07085219

31 December 2017

Contents

Strategic report for the year ended 31 December 2017

The directors present their strategic report on the Company for the year ended 31 December 2017.

Principal activities
The Company markets and sells licenses for PVC and VCM technology and also provides specialist R&D expertise.

Review of the business
The Company is a leading licensor of PVC and VCM technology. During 2017 difficult trading conditions have continued from previous years with the licencing market remaining very challenging. The Company continues to focus on what it can control notably health and safety performance and fixed costs, enabling it to remain well placed to compete in the market place.

Turnover for the year was €6.3m (2016: €3.7m) and the profit before taxation was €1.3m (2016: €1.4m). No dividend payment was made during the year (2016: €nil).

Non-financial risks
The key business risks affecting the company are set out below:

- Economic conditions - licensing of VCM & PVC technology requires heavy capital investment. The ability for customers to secure financing is a key factor that will influence future volumes.
- Industries are cyclical – changing market demands and prices may negatively affect the Company's ability to attract new licensees.
- Competition – significant competition in the Company's industries may adversely affect its competitive position.

Financial risk management
The financial risks to the Company are minimised through its distribution and licensing agreement with INEOS Europe AG.

Future developments
The directors expect the Company to continue to trade as now into the future. The Company will continue to focus on those areas which can be controlled including performance on health and safety and continued reductions to the fixed cost base. Additionally the Company seeks to keep a keen focus on controlling working capital.

Key performance indicators ("KPIs")
In conjunction with the management of costs and working capital to improve profit the Company uses a number of key performance indicators ("KPIs") to monitor performance against budget:

- EBITDA, Earnings before interest, tax, depreciation and amortisation is considered the most appropriate proxy for underlying business performance
- Sales, variable costs and gross margin.
- Average working capital as a percentage of sales.
- Safety, Health and Environment controls.

The company's strategy is one of growth with improved profitability. The directors monitor progress against this strategy by reference to a number of KPIs.

By order of the board

M J Maher
Director
27 September 2018

Directors' report for the year ended 31 December 2017

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

Future developments
An indication of the likely future developments of the business is included in the Strategic Report on page 1.

Dividends
The directors do not recommend the payment of a dividend (2016: €nil).

Financial risk management
Financial risk management is described in the Strategic Report on page 1.

Directors
The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Andre Scheelen	- appointed 16 March 2016 and resigned 16 February 2017
Stuart Michael Collings	- appointed 16 February 2017 and resigned 16 February 2017
Graham Wallace Leask	- resigned 16 February 2017
Debra Smeeton	- resigned 16 February 2017
Keith James Breaux	- resigned 16 February 2017
Hiong Leong Tan	- appointed 16 February 2017 and resigned 24 July 2018
Christopher Edward Tane	- appointed 16 February 2017
Michael John Maher	- appointed 16 February 2017
Julie Dawn Taylorson	- appointed 16 February 2017
Anthony Moorcroft	- appointed 16 February 2017
Luc Marie Georges Castin	- appointed 16 February 2017
Francis Rourke	- appointed 24 July 2018

Directors' indemnities
The Company maintained throughout the year, and at the date of approval of the financial statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

Research and development
Research and development activity is carried out by the Company as part of the strategic development programme.

Statement of directors' responsibilities in respect of the financial statements
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 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 company and of the profit or loss of the 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 United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' report for the year ended 31 December 2017 (continued)

Statement of disclosure of information to auditors
In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a 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.

Independent auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board

M J Maher
Director
27 September 2018

Registered Office
INEOS Technologies (Vinyls) Limited
Runcorn Site HQ
South Parade
PO Box 9
Runcorn
Cheshire
England and Wales,
United Kingdom
WA7 4JE

Registered number: 07085219

Independent auditors' report to the members of INEOS Technologies (Vinyls) Limited

Report on the audit of the financial statements

Opinion

In our opinion, INEOS Technologies (Vinyls) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on

Independent auditors' report to the members of INEOS Technologies (Vinyls) Limited (continued)

the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

Independent auditors' report to the members of INEOS Technologies (Vinyls) Limited (continued)

- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Edward Moss

Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
27 September 2018

Income statement
For the year ended 31 December 2017

	Note	2017 €000	2016 €000
Revenue	2	**6,281**	3,710
Cost of sales		**(5,036)**	(2,577)
Gross profit		**1,245**	1,133
Distribution costs		**(1,121)**	(1,228)
Administrative expenses		**(2,379)**	(1,906)
Other operating income	3	**3,872**	3,458
Operating profit	4	**1,617**	1,457
Interest payable and similar expenses	7	**(278)**	(74)
Profit before taxation		**1,339**	1,383
Tax on profit	8	**(119)**	(346)
Profit for the financial year		**1,220**	1,037

All activities of the company relate to continuing operations.

Statement of comprehensive income
for the year ended 31 December 2017

	Note	**2017**	2016
		€000	€000
Profit for the financial year		**1,220**	1,037
Other comprehensive income / (expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit liability	*13*	**2,537**	(1,903)
Movement in deferred tax relating to pension liability	*11*	**(431)**	323
Other comprehensive income / (expense) for the year		**2,106**	(1,580)
Total comprehensive income / (expense) for the year		**3,326**	(543)

Balance sheet as at 31 December 2017

	Note	2017 €000	2016 €000
Fixed assets			
Intangible assets	9	-	2,157
Property, plant and equipment	10	**1,221**	1,369
		1,221	3,526
Current assets			
Debtors	11	**6,997**	5,295
Cash at bank and in hand		**2,497**	1,572
		9,494	6,867
Creditors: amounts falling due within one year	12	**(5,954)**	(6,189)
Net current assets		**3,540**	678
Total assets less current liabilities		**4,761**	4,204
Pension liability	13	**(1,032)**	(3,801)
Net assets		**3,729**	403
Capital and reserves			
Called up share capital	14	-	-
Retained earnings		**3,729**	403
Total equity		**3,729**	403

The financial statements on pages 7 to 23 were approved by the Board of Directors on 27 September 2018 and are signed on its behalf by:

M J Maher
Director

Company registered number: 07085219

Statement of changes in equity

for the year ended 31 December 2017

	Retained earnings	Total equity
	€000	**€000**
Balance at 1 January 2016	946	946
Profit for the financial year	1,037	1,037
Other comprehensive expense	(1,580)	(1,580)
Total comprehensive expense for the year	(543)	(543)
Balance at 31 December 2016	**403**	**403**
Profit for the financial year	1,220	1,220
Other comprehensive income	2,106	2,106
Total comprehensive income for the year	3,326	3,326
Balance at 31 December 2017	**3,729**	**3,729**

Notes to the financial statements

1 Accounting policies

INEOS Technologies (Vinyls) Limited (the "Company") is a private company limited by shares and is incorporated in England. The Companies registered address is Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, England and Wales, United Kingdom WA7 4JE.

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

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

INEOS Group Holdings SA, is the head of the smallest and largest group to consolidate the Company's results and includes the Company's results in its consolidated financial statements. The consolidated financial statements of INEOS Group Holdings SA are prepared in accordance with International Financial Reporting Standards, are available to the public and may be obtained from the Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

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

- Cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets;
- Disclosures of related party transactions between two or more wholly owned members of the same group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

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

- Certain disclosures required by IAS 36 Impairment of Assets in respect of principal estimates used in the impairment review for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The Company's critical accounting estimates and judgements are disclosed in note 17.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors have considered the Company's projected future cash flows, working capital requirements and are confident that the company has sufficient cash flows to meet its working capital requirements for the next 12 months from the date of signing the financial statements. Accordingly the financial statements have been prepared on the going concern basis.

1.3 Foreign currency

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

Notes to the financial statements (continued)

1 Accounting policies (continued)

1.4 Property, plant and equipment

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

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

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Plant and machinery 5 to 20 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Assets under construction are not depreciated, but are transferred to an appropriate asset category when they are available for use.

1.5 Intangible assets, goodwill and negative goodwill

Goodwill

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

Research and development

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

1.6 Government grants

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

1.7 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Non-financial assets

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

Notes to the financial statements (continued)

1 Accounting policies (continued)

1.8 Employee benefits

Pension costs
The Company participates in a pension scheme providing benefits based on final pensionable pay and the assets of this scheme are held separately from those of the Company. The pension scheme is a multi-employer pension scheme for employees of the Company (Technologies), INEOS Compounds UK Limited (Compounds) and INOVYN ChlorVinyls Limited (Vinyls). INOVYN ChlorVinyls Limited is the principal employer.

The current service cost of pension provision and any costs of benefits relating to past service are charged against operating profit for the year. A charge equal to the increase in present value of the pension scheme liabilities and a credit equal to the long-term expected return on pension scheme assets at the start of the year are included in 'net finance costs' in the income statement. Actuarial gains and losses are recognised in the statement of comprehensive income.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus, to the extent that it is considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax, if appropriate.

The pension liabilities and assets of the Company, INEOS Compounds UK Limited and INOVYN ChlorVinyls Limited form one pension plan. In general, a full actuarial valuation of this plan is conducted every three years and as a result in the interim years the IAS 19 pension scheme results need to be split on an approximate basis between the Company, INEOS Compounds UK Limited and INOVYN ChlorVinyls Limited.

The method used to allocate the IAS 19 liabilities, assets and service cost between entities is as follows:

- The 31 December 2017 liabilities have been based on the Section 75 debt liabilities for each entity versus these liabilities for the plan as a whole at 5 April 2016 (the date of the last signed full valuation).
- Approximate allowance has been made for the changes due to special events (that the local actuary is aware of) since 5 April 2016.
- The split of the assets was based on the liability split at 31 December 2017.
- The expected 2018 service costs were based on the ratio of the Vinyls Technologies active payroll versus the total active payroll for the EVC Fund, as a whole.
- The approach outlined above is in line with that applied at the end of 2016.

In summary the 31 December 2017 disclosures for Technologies are based on roll-forward calculations based on the latest full valuations, allowing for the approximate impact of the special events and updating for changes in assumptions as at 31 December 2017. Although no further membership changes have been allowed for in the calculations, for the purposes of estimating the liabilities for these disclosures, updated total payroll and membership numbers were provided.

The Directors believe that this approach represents a reasonable basis of accounting for the scheme.

The most recent signed valuation for the Company was 5 April 2016. The data from the full actuarial valuation, adjusted for material membership movements since this date, have been used in these financial statements.

The Company also participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

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 Company 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.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Notes to the financial statements (continued)

1 Accounting policies (continued)

1.9 Provisions

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

1.10 Revenue

Revenue represents the sales value of goods and services to customers during the year. It excludes VAT and similar based taxes.

Revenue is recognised when the risks and rewards of ownership are transferred to the customer or the service has been provided, and it can be reliably measured.

1.11 Expenses

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.12 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 financial statements (continued)

2 Revenue

The directors consider there to be only one operating segment in the business.

By geographical market	**2017** **€000**	2016 €000
Europe	**1**	-
Rest of World	**6,280**	3,710
	6,281	3,710

3 Other operating income

	2017 **€000**	2016 €000
IP heritage charge	**3,872**	3,458
	3,872	3,458

4 Operating profit

The following charges / (income) are included with operating profit:

	2017 **€000**	2016 €000
Depreciation	**214**	200
Impairment of intangible assets	**2,157**	2,157
Research & development cost	**1,460**	1,395
Operating lease rentals (note 18)	**126**	136
Release of Italian VAT provision	**-**	(223)

Auditors' remuneration for the statutory audit of the Company for the year was €22,632 (2016: €20,159).

No non-audit services have been provided to the Company in the year (2016: Nil)

Notes to the financial statements (continued)

5 Staff numbers and costs

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

	Number of employees 2017	2016
Sales and technical service	**5**	5
Administration	**1**	1
Research & development	**13**	13
	19	19

The overall costs of these persons charged in arriving at operating profit in the year were as follows:

	2017 €000	2016 €000
Wages and salaries	**1,194**	1,372
Social security costs	**139**	156
Contributions to defined contribution plans (note 13)	**154**	195
Expenses related to defined benefit plans (note 13)	**133**	100
	1,620	1,823

6 Directors' remuneration

The directors did not receive any emoluments for their services to the company (2016: €Nil).

7 Interest payable and similar expenses

	2017 €000	2016 €000
Net interest on net defined benefit pension plan liability (note 13)	**(89)**	(72)
Interest payable on amounts owed to group undertakings	**(11)**	(21)
Foreign exchange (losses) / gains related to bank revaluation	**(178)**	19
	(278)	(74)

Notes to the financial statements (continued)

8 Tax on profit

Recognised in the income statement

	2017 €000	2016 €000
Current tax:		
UK corporation tax on profits in the year	**603**	593
Adjustments in respect of prior year	**(422)**	(457)
Total current tax charge	**181**	136
Deferred tax:		
Origination & reversal of timing differences	**70**	112
Effect of rate change	**(8)**	(15)
Adjustments in respect of prior year	**(124)**	113
Total deferred tax charge	**(62)**	210
Tax on profit	**119**	346

Reconciliation of effective tax rate

	2017 €000	2016 €000
Profit before taxation	**1,339**	1,383
Profit before taxation at the UK tax rate of 19.25% (2016: 20.0%)	**258**	277
Expenses not deductible for tax purposes	**416**	428
Effect of rate change	**(8)**	(15)
Adjustments in respect of prior year	**(547)**	(344)
Tax on profit on ordinary activities	**119**	346

Factors which may affect future tax charges

The UK Corporation tax rate was reduced from 20% to 19% with effect from 1 April 2017.

The rate will reduce further to 17% from 1 April 2020.

Notes to the financial statements (continued)

9 Intangible assets

	Goodwill
	€000
Cost	
Balance at 1 January 2017 and 31 December 2017	**16,934**
Accumulated impairment	
Balance at 1 January 2016	(12,620)
Impairment charge for the year	(2,157)
At 31 December 2016	**(14,777)**
Impairment charge for the year	(2,157)
At 31 December 2017	**(16,934)**
Net book value	
At 31 December 2017	**-**
At 31 December 2016	2,157

The impairment charge for the year reflects the Company's view that the carrying value of its intangible assets was greater than their recoverable amount.

10 Property, plant and equipment

	Plant and Machinery €000	Assets under construction €000	Total €000
Cost			
Balance at 1 January 2016	1,597	40	1,637
Transferred to plant and machinery	40	(40)	-
Additions	55	50	105
Balance at 31 December 2016	**1,692**	**50**	**1,742**
Transferred to plant and machinery	-	-	-
Additions	59	7	66
Balance at 31 December 2017	**1,751**	**57**	**1,808**
Accumulated depreciation			
Balance at 1 January 2016	173	-	173
Depreciation charge for the year	200	-	200
Balance at 31 December 2016	**373**	**-**	**373**
Depreciation charge for the year	214	-	214
Balance at 31 December 2017	**587**	**-**	**587**
Net book value			
At 31 December 2017	**1,164**	**57**	**1,221**
At 31 December 2016	1,319	50	1,369

Notes to the financial statements (continued)

11 Debtors

	2017 €000	2016 €000
Trade receivables	**633**	2,032
Amounts owed by group undertakings	**4,062**	2,377
Other receivables	**2,067**	282
Deferred tax asset	**235**	604
	6,997	5,295

Amounts owed by group undertakings are unsecured, attract interest at a monthly rate issued by Group, have no fixed date of repayment and are repayable on demand.

Deferred tax

	Pension asset / (liability) €000	Accelerated capital allowances €000	Total €000
At 1 January 2017	645	(41)	604
Charged to the income statement	(40)	102	62
Credited to the statement of comprehensive income	(431)	-	(431)
At 31 December 2017	**174**	**61**	**235**

12 Creditors: amounts falling due within one year

	2017 €000	2016 €000
Trade payables	**5**	9
Amounts owed to group undertakings	**5,135**	5,324
Other payables	**33**	42
Accruals and deferred income	**781**	814
	5,954	6,189

Amounts owed to group undertakings are unsecured, generate interest payable at a monthly rate issued by Group, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements (continued)

13 Employee benefits

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the years shown.

	2017	2016
	€000	€000
Total defined benefit asset	**12,354**	10,733
Total defined benefit liability	**(13,386)**	(14,534)
Net defined benefit liability	**(1,032)**	(3,801)

Movements in net defined benefit liability

	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit liability**	
	2017	2016	**2017**	2016	**2017**	2016
	€000	€000	**€000**	€000	**€000**	€000
Balance at 1 January	**14,534**	12,751	**(10,733)**	(10,328)	**3,801**	2,423
Included in profit and loss						
Current service cost	**133**	100	**-**	-	**133**	100
Interest cost	**369**	436	**(280)**	(364)	**89**	72
	502	536	**(280)**	(364)	**222**	172
Included in other comprehensive income / (expense)						
Remeasurements:						
Change in demographic assumptions	**(675)**	-	**-**	-	**(675)**	-
Change in financial assumptions	**(316)**	3,512	**-**	-	**(316)**	3,512
Experience adjustment	**68**	15	**-**	-	**68**	15
Return on plan assets excluding interest income	**-**	-	**(1,531)**	(1,180)	**(1,531)**	(1,180)
Effective movement of exchange rate	**(486)**	(2,020)	**405**	1,576	**(83)**	(444)
	(1,411)	1,507	**(1,126)**	396	**(2,537)**	1,903
Other						
Contributions paid by the employer	**-**	-	**(454)**	(697)	**(454)**	(697)
Benefits paid	**(239)**	(260)	**239**	260	**-**	-
Balance at 31 December	**13,386**	14,534	**(12,354)**	(10,733)	**1,032**	3,801

Plan assets

	2017	2016
	€000	€000
Cash and cash equivalents	**220**	403
Equity instruments	**3,251**	6,230
Debt instruments e.g. Government bonds	**6,951**	3,313
Real estate	**121**	146
Investment funds	**1,811**	641
Total	**12,354**	10,733

Notes to the financial statements (continued)

13 Employee benefits (continued)

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2017	2016
Discount rate at 31 December	**2.7%**	2.6%
Future salary increases	**N/A**	3.3%
Future pension increases	**3.8%**	3.8%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet 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:

- Current pensioner aged 65: 21.8 years (male), 24.1 years (female).
- Future retiree upon reaching 65: 23.1 years (male), 25.5 years (female).

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting year would have increased as a result of a change in the respective assumptions.

	2017	2016
	€000	€000
Discount rate – 1%	**2,711**	3,233
1 year increase in mortality rates	**552**	575
Inflation (RPI, CPI) – 0.5%	**886**	1,305

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2017 and are applied to adjust the defined benefit obligation at the end of the reporting year for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Funding

The Company expects to pay €325,000 in contributions to its defined benefit plans in 2018. The weighted average duration of the defined benefit obligation at the end of the financial year is 19 years (2016: 20 years).

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was €153,894 (2016: € 194,794).

Notes to the financial statements (continued)

14 Called up share capital

	2017 €	2016 €
Allotted, called up and fully paid		
100 (2016:100) Ordinary shares of £1 each	**110**	110
	110	110

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.

15 Controlling parties

Until 1 December 2016 the Company was a subsidiary undertaking of INEOS AG which was the ultimate parent company, incorporated in Switzerland. On 1 December 2016 the ultimate parent company became INEOS Limited, a company incorporated in the Isle of Man. The directors regard Mr J A Ratcliffe as the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The largest group in which the results of the Company are consolidated is that headed by INEOS Group Holdings SA, incorporated in Luxembourg. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

16 Subsequent events

No subsequent events were identified prior to signature of the financial statements.

17 Critical accounting estimates and judgements

Taxation
All the company's operations are in the UK. Management is required to estimate the tax payable and this involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the balance sheet of the company. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred tax asset to be recovered. The calculation of the company'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.

Details of amounts recognised with regard to taxation are disclosed in Note 8.

Post employment benefits
The Group operates a defined benefit post employment scheme. The plan is now closed to new entrants and frozen to future accrual. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each defined benefit scheme. The costs and year end obligations under the defined benefit scheme are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- inflation rate projections; and
- discount rate for scheme liabilities.

Details of post employment benefits are set out in Note 13.

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.

Notes to the financial statements (continued)

17 Critical accounting estimates and judgements (continued)

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 company'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, 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 10 for the carrying amount of the property, plant and equipment, and Note 1 for the useful economic lives for each class of asset.

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.

18 Operating leases

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods.

	2017	2016
	€000	€000
Not later than one year	**124**	128
Later than one year and not later than five years	**371**	513
Later than five years	**-**	-
	495	641