

Registration number: 09121775

INEOS Upstream Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



INEOS Upstream Limited

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INEOS Upstream Limited

Company Information

Directors	Gareth Anderson Tom Pickering Douglas Scott
Company secretary	Gemma McEucas Cordelia Pace
Registered office	Anchor House 15-19 Britten Street London SW3 3TY
Solicitors	Slaughter and May 1 Bunhill Row London EC1Y 8YY
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Independent Auditor	Deloitte LLP Statutory Auditor Union Plaza 1 Union Wynd Aberdeen United Kingdom AB10 1SL

INEOS Upstream Limited

Strategic Report for the Year Ended 31 December 2019

The Directors present the strategic report of INEOS Upstream Limited ("the Company") for the year ended 31 December 2019.

Fair review of the business

Operationally, the focus of the business continued to be on two sites (Tinker Lane and Springs Road), both operated by our joint venture partner IGas. Following the exploratory well at Tinker Lane, at which drilling concluded on the 17 December 2018, well abandonment and site restoration was successfully conducted.

Drilling of the vertical well Springs Road 1 concluded on 22 March 2019. A hydrocarbon bearing shale sequence of over 250 metres was encountered within the upper and lower Bowland Shale. Significant gas indications were observed throughout the shale section and additionally within sands in the Millstone Grit sequence. This phase of data acquisition included the recovery of approximately 150 metres of shale core and an extensive wireline logging program across the Millstone Grit, and Upper and Lower Bowland Shale. An IGas press release on 27 June 2019 made publicly known key elements of the results in respect of key Shale Play attributes.

The initial gas readings provide an encouraging technical perspective with which to view the wider basin; however the section was considered too thin for the site to be considered as a host to further horizontal drilling and hydraulic fracture stimulation. Petrophysical and core analysis continues, which will give management further insight into the resource potential and shale characterisation that will be utilised for future appraisal and development of the wider East Midlands area. That future activity is expected to be severely restricted in the near-term, however, due to the moratorium on hydraulic fracturing in England that was announced by the UK Government in November 2019.

As at 31 December 2019, the Company has net liabilities of £205,838,000 (2018: £128,293,000).

Exploration and Evaluation costs written off were £63 million (2018: £58 million) and there was an impairment of PPE of £0.4 million (2018: £18 million). The unsuccessful Exploration and Evaluation and impairment totalling £63 million relates to the UK Government announcing in November 2019 an effective moratorium on hydraulic fracturing in Britain. The Company concluded that the non-current asset carry values cannot be commercially supported and consequently the assets were fully impaired.

The strategic aim of the Company is to explore for hydrocarbons in the UK and generally help promote and develop the safe extraction of unconventional gas in the UK. The Company aspires to quickly but deliberately explore onshore opportunities in the UK and rapidly develop producing assets where that exploration is successful.

INEOS Upstream Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Key performance indicators

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Normalised Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)*	£000	(4,395)	(7,727)
Loss for the financial year	£000	(77,545)	(89,931)

* The normalised EBITDA has been adjusted for non-recurring expenses such as impairment loss, unsuccessful exploration and evaluation and gain/loss on disposals.

The main KPI of the business is earnings before interest, taxation, depreciation and amortisation (EBITDA). Management closely monitors EBITDA compared to budget and prior year. The UK Government's November 2019 moratorium on shale production triggered the impairment of all intangible and fixed assets. For further details, see fair review of business section above.

Details of actual and comparative EBITDA results are provided below:

	2019 £ 000	2018 £ 000
Operating loss	(69,303)	(83,858)
Depreciation and Amortisation charge for the year	87	4
EBITDA	<u>(69,216)</u>	<u>(83,854)</u>
Unsuccessful evaluation and exploration activities	63,081	58,269
Impairment loss on property plant and equipment	1,740	17,854
(Profit)/loss on disposal of property, plant and equipment	-	4
Normalised EBITDA	<u>(4,395)</u>	<u>(7,727)</u>

INEOS Upstream Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to the Company's subsidiaries ability to find and exploit gas reserves in the United Kingdom Continental Shelf, Denmark, Norway, Faroe Islands and Greenland. The main uncertainty of the subsidiaries is volatility in market prices and fluctuation in foreign currency exchange rates. The financial risk management process has been discussed in the directors' report.

Climate change and the transition to low carbon economy

The Company recognises the scientific consensus on climate change and has committed to reduce its own emissions, and, as part of the wider Oil and Gas industry, will continue to play a vital role in delivering a low-carbon solution. The Company is continuously reviewing its process to improve the environmental performance of its operations. The Company acknowledges the global trend to move toward net zero carbon emissions. Depending on the nature and speed of any such changes and the Company's response, this could adversely affect the Company's financial performance and competitiveness.

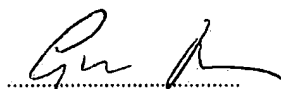
The impact of the UK's exit from the European Union (EU) ("Brexit")

On 31 January 2020, the UK officially left the EU, entering into the one-year transition period during which a new trade agreement is to be negotiated. The Company continues to face uncertainties as the future relationship with the EU is under negotiation. This uncertainty affects the Company as it relates to future energy and trade policies and the movement of people. However, the Company considered that the direct impact of these uncertainties is limited in the short term. The Company will continue to monitor this aspect as the negotiations with the EU evolve.

The impact of the emergence and spread of Coronavirus ("COVID-19")

The Company is closely monitoring the evolution of the COVID-19 outbreak and is following the World Health Organisation and local governments' advice. The Company has taken measures to mitigate the risk to keep employees safe and the Fields operational, such as requesting all staff who are able to do so to work from home since mid-March and introducing social distancing measures on all premises. The spread of COVID-19, actions from OPEC+ together with oversupply has caused a significant drop in the oil and gas price. With regards to the business impact, the effect the virus will have on the global economy and on commodity prices is difficult to assess at this point in time, although the Company is constantly evaluating the situation and monitoring any potential effects on production and operations.

Approved by the Board on 16 October 2020 and signed on its behalf by:


.....
Gareth Anderson
Director

INEOS Upstream Limited

Directors' Report for the Year Ended 31 December 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

Directors of the Company

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

Gareth Anderson (appointed 1 June 2019)

Tom Pickering

David Brooks (resigned 11 September 2020)

Geir Tuft (resigned 18 February 2020)

Anne Bowden (resigned 14 October 2019)

Jonathan Ginns (resigned 6 February 2019)

Andrew Pizzey (resigned 1 June 2019)

The following Director was appointed after the year end:

Douglas Scott (appointed 11 September 2020)

Principal activities

The principal activity of the Company is the exploration and evaluation of land leading to development and ultimately production of shale gas. See strategic report for update on exploration and evaluation activities.

Dividends

The Directors do not propose the payment of a dividend (2018: £Nil).

Financial instruments

Objectives and policies

The Company's subsidiaries are exposed to a variety of financial risks that include effects of commodity price risk, credit risk, liquidity and cash flow risk, currency risk and interest rate risk. The Company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the Company where appropriate.

Future developments

2020 has been marked by a developing outbreak of COVID-19 which is causing global economic disruption and fall in oil and gas prices. Current market visibility remains poor, as there is uncertainty in the length of the restrictions in Europe and the impact of this on oil and gas prices.

In addition, the Directors have implemented a series of programmes to preserve cash including reduction in the levels of non-essential capital expenditure and cut-back of non-essential fixed cost expenditure in operating subsidiaries. In conclusion, the stress testing and sensitivity analysis on both EBITDA and cash flow has indicated that the Company, in combination with the financial support of INEOS Industries Limited, would still have sufficient cash flow to meet all of its obligations as they fall due.

INEOS Upstream Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Going concern

As at 31 December 2019, the Company has net liabilities of £205,838,000 (2018: £128,293,000); however, the Company meets its day-to-day working capital requirements through its intercompany loan facility. The Directors have received confirmation that INEOS Industries Limited will support the Company for at least one year after these financial statements are signed. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Important non adjusting events after the financial year

The Company is closely monitoring the evolution of the COVID-19 pandemic and is following the World Health Organisation travel advice. With regards to business impact, the effect the virus will have on the global economy and the chemicals industry is difficult to assess at this point in time, although the Company is constantly evaluating the situation and monitoring any potential effects on operations. Whilst there is significant uncertainty due to the COVID-19 crisis, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis as given the nature of the Company the impact is expected to be limited.

Reappointment of auditor

Following the completion of the 31 December 2018 audit and a formal tender process, Deloitte LLP was appointed for the statutory audit replacing PricewaterhouseCoopers LLP. Deloitte LLP indicated its willingness to act and its appointment was approved at a Directors' meeting. The auditor, Deloitte LLP, has indicated its willingness to continue in office and resolution concerning its re-appointment will be proposed at the board meeting.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

INEOS Upstream Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Statement of Director's responsibilities in respect of the financial statements

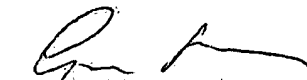
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Approved by the Board on 16 October 2020 and signed on its behalf by:



Garth Anderson
Director

INEOS Upstream Limited

Independent Auditor's Report to the Members of INEOS Upstream Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INEOS Upstream Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

INEOS Upstream Limited

Independent Auditor's Report to the Members of INEOS Upstream Limited (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

INEOS Upstream Limited

Independent Auditor's Report to the Members of INEOS Upstream Limited (continued)

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

Matters on which we are required to report by exception

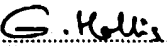
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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


Graham Hollis ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom

16 October 2020

INEOS Upstream Limited

Income Statement for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Revenue		-	-
Cost of sales		<u>(64,144)</u>	<u>(76,031)</u>
Gross loss		(64,144)	(76,031)
Administrative expenses		(5,159)	(7,735)
Impairment loss	8	<u>-</u>	<u>(92)</u>
Operating loss	4	<u>(69,303)</u>	<u>(83,858)</u>
Finance income	7	6	487
Finance costs	9	<u>(8,248)</u>	<u>(6,560)</u>
Net financing costs		<u>(8,242)</u>	<u>(6,073)</u>
Loss before tax		(77,545)	(89,931)
Tax	10	<u>-</u>	<u>-</u>
Loss for the financial year attributable to owners of the Company		<u><u>(77,545)</u></u>	<u><u>(89,931)</u></u>

The above results were derived from continuing operations.

INEOS Upstream Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	2019	2018
	£ 000	£ 000
Loss for the year	<u>(77,545)</u>	<u>(89,931)</u>
Total comprehensive loss for the year attributable to the owners of the Company	<u>(77,545)</u>	<u>(89,931)</u>

INEOS Upstream Limited
(Registration number: 09121775)
Balance Sheet as at 31 December 2019

	Note	31 December 2019 £ 000	31 December 2018 £ 000
Non-current assets			
Intangible assets	11	-	52,943
Property, plant and equipment	12	-	364
Investments	14	-	-
		<u>-</u>	<u>53,307</u>
Current assets			
Inventories	15	215	964
Trade and other receivables	16	1,144	2,514
Cash and bank balances	17	3,061	3,994
		<u>4,420</u>	<u>7,472</u>
Total assets		<u>4,420</u>	<u>60,779</u>
Current liabilities			
Trade and other payables	18	(374)	(6,879)
Loans and borrowings	22	(1,198)	-
Provisions	19	(20)	-
		<u>(1,592)</u>	<u>(6,879)</u>
Net current assets		<u>2,828</u>	<u>593</u>
Total assets less current liabilities		<u>2,828</u>	<u>53,900</u>
Non-current liabilities			
Loans and borrowings	22	(191,243)	(164,194)
Provisions	19	(17,423)	(17,999)
		<u>(208,666)</u>	<u>(182,193)</u>
Total liabilities		<u>(210,258)</u>	<u>(189,072)</u>
Net liabilities		<u>(205,838)</u>	<u>(128,293)</u>
Equity			
Share capital	20	-	-
Retained deficit		<u>(205,838)</u>	<u>(128,293)</u>
Equity attributable to owners of the Company		<u>(205,838)</u>	<u>(128,293)</u>

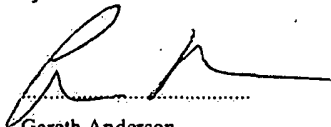
The notes on pages 16 to 34 form an integral part of these financial statements.
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INEOS Upstream Limited

(Registration number: 09121775)

Balance Sheet as at 31 December 2019 (continued)

The financial statements on pages 11 to 34 were approved by the Board on 16 October 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'G. Anderson', written over a horizontal dotted line.

Gareth Anderson

Director

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Retained deficit £ 000	Total equity £ 000
At 1 January 2019	-	(128,293)	(128,293)
Loss for the year	-	(77,545)	(77,545)
Total comprehensive loss	-	(77,545)	(77,545)
At 31 December 2019	-	(205,838)	(205,838)
	Share capital £ 000	Retained deficit £ 000	Total equity £ 000
At 1 January 2018	-	(38,362)	(38,362)
Loss for the year	-	(89,931)	(89,931)
Total comprehensive loss	-	(89,931)	(89,931)
At 31 December 2018	-	(128,293)	(128,293)

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom and registered in England and Wales.

The address of its registered office is:

Anchor House
15-19 Britten Street
London
SW3 3TY
United Kingdom

These financial statements were authorised for issue by the Board on 16 October 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with the Companies Act 2006.

The financial statements are prepared on the historical cost basis.

The Company's financial statements are presented in British pound sterling (£), which is also the Company's functional currency. All the amounts in the financial statements have been rounded to the nearest £'000.

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

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

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

- The requirements of IFRS 7 'Financial Instruments: Disclosures' as the relevant disclosures have been made in the consolidated financial statements of the parent company, INEOS Industries Limited.
- Paragraph 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - I. paragraph 79(a)(iv) of IAS 1;
 - II. paragraph 73(e) of IAS 16 Property, plant and equipment;
 - III. paragraph 118(e) of IAS 38 Intangible assets (reconciliation between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'.
- The requirements of paragraph 58 of IFRS 16 'Leases'.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets' as the relevant disclosures have been made in the consolidated financial statements of the parent company, INEOS Industries Limited.

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of INEOS Industries Limited. The directors have received confirmation that INEOS Industries Limited will support the Company for at least one year after these financial statements are signed.

Exemption from preparing group financial statements

The financial statements contain information about INEOS Upstream Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, INEOS Industries Limited, a company incorporated in United Kingdom.

Finance income and expense

Finance expenses comprise interest payable and other finance charges, unwinding of the discount on provisions, and net foreign exchange losses. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Finance income includes interest receivable on funds invested and net foreign exchange gains.

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

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end 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 statement of comprehensive income.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax on the profit or loss for the period comprises 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 period end date, and any adjustment to tax payable in respect of previous years.

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Property plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. 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.

The carrying amount of property, plant and equipment is reviewed for impairments when events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, the Company makes an estimation of 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 impaired and written down to its recoverable amount.

Assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Oil and gas properties

Oil and gas properties are carried at cost, net of accumulated depletion and accumulated impairment losses. 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. Assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Depreciation

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 Company 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 determine a charge for the year.

Asset class

Oil and gas properties

Depreciation method and rate

3-7 years

Intangible assets

Exploration & Evaluation

The Company follows a successful efforts accounting policy for oil and gas assets. The success or failure of each exploration or appraisal effort is assessed on a well-by-well basis. Exploration costs prior to obtaining the licence interest are charged to the profit and loss account as they are incurred.

Exploration and evaluation expenditure associated with an exploration well, including related exploration and evaluation activities are initially capitalised as intangible assets. If the prospects are determined to be successful on completion of evaluation and the project is initially sanctioned by management, the relevant expenditure including licence acquisition costs are capitalised as oil and gas properties.

If the prospects are subsequently determined to be unsuccessful, and the asset is impaired, the associated costs are expensed in the period in which that determination is made.

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Investments

Investments in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid, less accumulated impairment losses.

Inventories

Inventories consist of petroleum, condensate, liquid petroleum gas and materials. Inventories are valued at the lower of cost and net realisable value. Cost is determined using a weighted average of purchase prices. Provision is made for obsolete, slow-moving and defective items where appropriate.

Long lead items and other special material, which are only purchased for a particular property or approved project are classified as property, plant and equipment.

Provisions

A provision is recognised in the statement of financial position 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 rate that reflects risks specific to the liability.

Decommissioning and restoration

The Company makes full provision for the future costs of the decommissioning and restoration of oil and gas properties on a discounted basis. The decommissioning and restoration provision relates to total cost of plugging and abandoning the existing wells and any costs associated with returning the sites to their original use. A corresponding property, plant and equipment asset of an amount equivalent to the provision is also recognised. The asset is depleted using the unit of production method. The unwinding of discount in the net present value of the total expected cost is treated as an interest expense. Changes in the estimates are reflected prospectively over the remaining life of the field.

Interests in joint ventures (joint operation)

The Company's interests in jointly controlled assets are accounted for by recognising its proportionate share in assets and liabilities from joint ventures, except where as operator the Company takes on the role as independent contractor. In these instances, receivables and payables relating to jointly controlled operations are brought to account on a gross basis. Joint venture expenses and the Company's entitlement to production are recognised on a pro rata basis according to the Company's joint venture interest.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

The carrying amounts of the Company's non-financial 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 intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

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

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.

Financial instruments

Classification and measurement

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.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Financial assets at amortised cost

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 tested for classification as per IFRS 9. If the trade receivables satisfy the criteria for the cash flow characteristics test and business model test as per IFRS 9, then they are recognised at amortised cost. If they do not qualify for recognition at amortised cost they are recognised at fair value through profit and loss.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, but exclude any restricted cash. Restricted cash is not available for use by the Company and therefore is not considered highly liquid, it is disclosed within other receivables in the statement of financial position. 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 loans/borrowings

Interest-bearing loans/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. They are included in current assets/liabilities, except for maturities greater than 12 months after the end of the reporting period.

Financial liabilities at amortised cost

Trade and other payables

Trade payables are obligations to pay for products or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as amounts falling due after more than one year.

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

Impairment of financial assets

Measurement of Expected Credit Losses

The expected credit loss model is applied for recognition and measurement of impairments in financial assets measured at amortised cost. The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade receivables and contract assets. This approach requires the Company to recognise the lifetime expected loss provision for all trade receivables taking in consideration historical as well as forward looking information.

Financial assets which are considered low risk are not provided for impairment by the Company.

An impairment loss in respect of a 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.

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The Company prepares its financial statements in accordance with FRS 101, which requires management to make judgements, estimates and assumptions which affect the application of accounting policies, and the reported amount 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. There are no critical judgements.

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

Estimates - 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 assets and depreciated over its estimated useful life.

Other provisions are recognised in the year when it becomes probable that there will be future outflow of funds resulting from past operations or events that can be estimated with reasonable accuracy. The timing of the recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Estimates of the amount of provisions recognised are based on current legal and constructive requirements, technology, and prices. Because actual outflows can differ from the estimate due to changes in laws, regulations, public expectation, technology, prices and can take place many years in the future, the carrying amounts of the provisions are regularly reviewed and adjusted to take account of such changes.

The decommissioning of oil and gas assets may not be due to occur for many years into the future. Consequently, judgement is required in relation to the estimated cash flows, removal date, environmental legislation, inflation and discount rate used to calculate present value.

The nature and amount of provisions included in the financial statements are detailed in note 19.

Estimates - Impairment

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

In calculating the net present value of the future cash flows, certain assumption and estimates are required to be made in respect of highly uncertain matters. For oil and gas assets, the recoverable amount is calculated using valuation techniques and inputs of various estimates including the expected future cash flows based on future production, commodity prices, exchange rates, discount rates and inflation rates. As at the year-end date, all exploration and evaluation assets (£63,081,000) and oil and gas properties assets (£917,000) were impaired to nil value following the UK Government's November 2019 moratorium on shale production (for further details see notes 11 and 12, respectively).

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4 Operating loss

Arrived at after charging:

	2019 £ 000	2018 £ 000
Depreciation expense (note 12)	87	4
Foreign exchange losses	27	1
Loss on disposal of property, plant and equipment	-	4
Unsuccessful exploration and evaluation activities (note 11)	63,081	58,269
Impairment of assets (note 12)	<u>1,740</u>	<u>17,762</u>

5 Auditor's remuneration

	2019 £ 000	2018 £ 000
Audit of the financial statements	<u>21</u>	<u>28</u>

6 Directors and employees

There were no employees with contracts of employment in the name of the Company during the year (2018: none).

None of the Directors received any fees or remuneration for services as a director of the Company during the financial year (2018: none).

7 Finance income

	2019 £ 000	2018 £ 000
Interest income from group undertakings	2	11
Net foreign exchange gains	<u>4</u>	<u>476</u>
	<u>6</u>	<u>487</u>

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

8 Impairment loss on investments

	2019 £ 000	2018 £ 000
Impairment loss on investment in subsidiaries	-	92

An impairment test was performed on the carrying value of the investment and given the aggregate net liabilities of the entities, the investment was not considered recoverable. The carrying value of the investment was fully impaired in 2018.

9 Finance costs

	2019 £ 000	2018 £ 000
Interest paid to group undertakings	8,050	6,560
Unwinding discount on decommissioning and restoration provision (note 19)	198	-
	<u>8,248</u>	<u>6,560</u>

10 Tax

Tax charged in the income statement

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	-	-

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2018: higher than the standard rate of corporation tax in the UK) of 40% (2018: 40%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Loss before tax	<u>(77,545)</u>	<u>(89,931)</u>
Corporation tax at standard rate	(30,794)	(35,972)
Increase from effect of capital allowances depreciation	52	-
Increase from effect of expenses not deductible in determining taxable profit	3,223	2,807
Decrease from tax losses for which no deferred tax asset was recognised	<u>27,519</u>	<u>33,165</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Tax (continued)

The Company had not commenced trade at the balance sheet date. When trade does commence, the Company's trading activities are expected to be within the UK oil and gas ring fence regime, with tax relief for qualifying pretrading expenditure available at that time. The applicable ring fence tax rate during the year was 40%, comprising 30% ring fence corporation tax and 10% supplementary charge. These were also the substantively enacted rates at the balance sheet.

The Company has not provided deferred tax on net deductible temporary differences of £62,413,000 (2018: £40,745,000) which are available to offset against future trading profit. The Directors consider that the Company should not recognise any deferred tax asset as there is insufficient certainty over the future utilisation of its deferred tax assets.

11 Intangible assets

	Exploration and evaluation £ 000
Cost	
At 1 January 2019	52,943
Additions	10,138
Unsuccessful exploration and evaluation activities	<u>(63,081)</u>
At 31 December 2019	<u>-</u>
Carrying amount	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>52,943</u>

The UK Government's November 2019 moratorium on shale production has triggered the impairment of all exploration and evaluation assets.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

12 Property plant and equipment

	Land and buildings £ 000	Oil and gas properties £ 000	Total £ 000
Cost			
At 1 January 2019	130	17,999	18,129
Additions	-	640	640
At 31 December 2019	130	18,639	18,769
Accumulated depreciation and impairment			
At 1 January 2019	-	17,765	17,765
Charge for the year	-	87	87
Impairment	130	787	917
At 31 December 2019	130	18,639	18,769
Carrying amount			
At 31 December 2019	-	-	-
At 31 December 2018	130	234	364

The UK Government's November 2019 moratorium on shale production has triggered the impairment of all oil and gas properties assets.

13 Joint operations

Joint control is defined as "the contractually agreed sharing of control of an arrangement, which exist only when the decisions about the relevant activities require the unanimous consent of the parties sharing controls". All of the joint operations of the Company are subject to Joint Operating Agreements (JOAs) which fall into this category and where the participants in the agreements are entitled to a share of all the assets, and obligations of all the liabilities of the operations, rather than a share of the net assets.

The contractual agreement for the licence interests in which the Company has an investment do not typically convey control of the underlying joint arrangement to any one party, even where one party has a greater than 50% equity ownership of the area of interest.

The Company's material joint operations as at 31 December 2019 are:

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Joint operations (continued)

Block	Licence	Operator	INEOS Upstream Limited Net % Interest
SJ59a	EXL273	INEOS Upstream Limited	85%
SJ75, SJ76	PEDL 293	INEOS Upstream Limited	70%
SJ64, SJ65	PEDL 295	INEOS Upstream Limited	70%
SJ58b, SJ58c, SJ58d	PEDL 145	INEOS Upstream Limited	60%
SJ68, SJ60e, SJ79	PEDL 193	INEOS Upstream Limited	60%
SJ37, SJ27, SJ28	PEDL 184	Island Gas Limited	50%
SJ47	PEDL 190	Island Gas Limited	50%
SK68b, SK58b	PEDL 200	Dart Energy (East England) Limited	45%
SK68a	PEDL 012	IGas Energy Development Limited	45%
SK69	PEDL 139	Island Gas Limited	40%
SK78f, SK79a	PEDL 140	Island Gas Limited	40%
SE74, SE84	PEDL 287	Cuadrilla South Cleveland Limited	30%
SE75	PEDL 342	Cuadrilla South Cleveland Limited	30%
SE85, SE95	PEDL 288	Cuadrilla South Cleveland Limited	30%
TA5, TA15	PEDL 346	Cuadrilla South Cleveland Limited	30%
SE31c, SE41c	PEDL 273	Island Gas Limited	30%

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Joint operations (continued)

Block	Licence	Operator	INEOS Upstream Limited Net % Interest
SK49, SK59b	PEDL 305	Island Gas Limited	30%
SK87c, SK88b, SK89e	PEDL 316	Island Gas Limited	30%
SE54a, SE55, SE56	PEDL 146	IGas Energy Development Limited	25%
SK87f, SK88h, SK88i, SK97a, SK98f, SK98g	PEDL 210	Dart Energy (East England) Limited	25%
SE51a, SE61a, SE61b, SE61c	EXL288	IGas Energy Development Limited	25%
NS/67, NS/77, NS/86, NS/87	PEDL 162	INEOS Upstream Limited	80%
SJ36a	PEDL 147	IGas Energy Development Limited	75%
SJ46	PEDL 189	Dart Energy (East England) Limited	75%

14 Investments

Subsidiaries	£ 000
Cost	
At 1 January 2019	92
At 31 December 2019	92
Impairment provision	
At 1 January 2019	92
At 31 December 2019	92
Carrying amount	
At 1 January and 31 December 2019	-

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

14 Investments (continued)

All holdings are of the ordinary shares of each subsidiary. Details of the subsidiaries as at 31 December 2019 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2019	2018
INEOS 120 Energy Limited	Dormant	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	100%	100%
INEOS 120 Power Limited	Dormant	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	100%	100%
INEOS 120 Exploration Limited	Exploration and evaluation of PEDL 120 leading to development and ultimately production of shale gas	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	100%	100%

15 Inventories

	31 December 2019 £ 000	31 December 2018 £ 000
Finished goods and goods for resale	215	964

Inventories include an amount of £215,000 (2018: £964,000) carried at fair value less cost to sell. Inventory has been adjusted to its net realisable value with a write down of £823,000 in 2019 (2018: Nil).

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

16 Trade and other receivables

	31 December 2019 £ 000	31 December 2018 £ 000
Trade receivables	503	374
Amounts owed by group undertakings	356	317
Prepayments	274	669
Other receivables	11	1,154
Total current trade and other receivables	<u>1,144</u>	<u>2,514</u>

All trade receivables are due within one year and none are overdue. All trade and other receivables are deemed as low risk and collectible on the basis of established credit management processes such as regular analyses of the creditworthiness of our customers and external credit checks where appropriate for new customers. Trade and other receivables owed by group undertakings are repayable on demand and do not accrue interest.

At 31 December 2018 and 2019, there were no significant trade, group or other receivables balances not past due that were subsequently impaired.

17 Cash at bank and in hand

	31 December 2019 £ 000	31 December 2018 £ 000
Cash at bank	<u>3,061</u>	<u>3,994</u>

18 Trade and other payables

	31 December 2019 £ 000	31 December 2018 £ 000
Trade payables	21	174
Accrued expenses	305	4,666
Amounts owed to group undertakings	48	2,039
Total current trade and other payables	<u>374</u>	<u>6,879</u>

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

19 Provisions

	Decommissioning and restoration provisions £ 000
At 1 January 2019	17,999
Decrease in existing provisions	(131)
Provisions used	(623)
Increase due to unwinding of discount (note 9)	198
At 31 December 2019	<u>17,443</u>
Non-current liabilities	<u>17,423</u>
Current liabilities	<u>20</u>

The Company has provided for its share of the estimated decommissioning and restoration costs of its exploration sites. Decommissioning is expected to occur after the sites have reached the end of their economic useful life or have been determined to be unfeasible. Decommissioning is due to commence in 2024, however, this is subject to delay following the UK Government's November 2019 moratorium on shale production.

20 Called up share capital

Allotted, called up and fully paid shares

	31 December 2019		31 December 2018	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

21 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2018: £12,403,000).

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

22 Loans and borrowings

	31 December 2019 £ 000	31 December 2018 £ 000
Non-current loans and borrowings		
Amounts owed to group undertakings	<u>191,243</u>	<u>164,194</u>
Current loans and borrowings		
Amounts owed to group undertakings	<u>1,198</u>	<u>-</u>

Borrowings

The Company has a loan agreement with INEOS Industries Holdings Limited with an interest rate of 4.5%. Interest is payable on a quarterly basis.

23 Related party transactions

During the year, the Company entered into transactions with related parties in the ordinary courses of business. The Company has also taken advantage of the exemption under paragraph 8 of Financial Reporting Standard 101 not to disclose transactions with the fellow subsidiaries under common ownership.

24 Non adjusting events after the financial period

The Company is closely monitoring the evolution of the COVID-19 pandemic and is following the World Health Organisation travel advice. With regards to business impact, the effect the virus will have on the global economy and the chemicals industry is difficult to assess at this point in time, although the Company is constantly evaluating the situation and monitoring any potential effects on operations. Whilst there is significant uncertainty due to the COVID-19 crisis, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis as given the nature of the Company the impact is expected to be limited.

The notes on pages 16 to 34 form an integral part of these financial statements.

INEOS Upstream Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

25 Parent and ultimate parent undertaking

The Company's immediate parent is INEOS Upstream Holdings Limited.

The ultimate parent is INEOS Limited, a company incorporated in the Isle of Man.

The most senior parent entity producing publicly available financial statements, and the smallest and largest group to consolidate these financial statements is INEOS Industries Limited. These financial statements are available upon request from Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

The ultimate controlling party is Mr J A Ratcliffe.