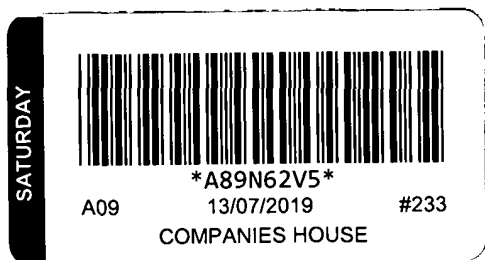


INEOS European Holdings Limited

Annual report and financial statements

Registered number 5310700

31 December 2018



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Strategic report for the year ended 31 December 2018

The directors present their strategic report on the Company for the year ended 31 December 2018.

Review of business and future developments

During the year, the Company continued to provide treasury services to undertakings within the INEOS Group in line with its principal activities.

During the year, the Company acquired 99 shares in INEOS Manufacturing Belgium II N.V., a group company.

For 2019 and for future years it is the expectation the Company will continue with its principal activities.

The Company has investments in and loans with companies in a number of different European countries. The UK has voted to leave the EU and during the course of 2018/19 the UK government has been negotiating the terms of a deal for BREXIT. The Company has identified the potential impact to the business which would result from the various BREXIT scenarios, assessed the risks that will affect the business and has developed mitigating action plans to be implemented once the outcome of BREXIT is known.

Results and dividends

The profit for the financial year before taxation was €43,662,000 (2017: loss of €20,055,000). The directors do not propose the payment of a dividend (2017: *£nil*).

Strategy

The Company holds various investments and operates a centralised cash pooling arrangement with its subsidiaries where the aim is to achieve minimum levels of unutilised cash to allow INEOS Group to manage its overall cash balances effectively.

Key performance indicators (KPIs)

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

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of INEOS Group Holdings S.A. which include those of the Company are discussed in the Group's annual report which does not form part of this report.

On behalf of the board



Y S Ali
Director
10 July 2019

Directors' report for the year ended 31 December 2018

The directors present their report and audited financial statements of the Company for the year ended 31 December 2018.

Principal activities

The Company provides treasury services to a number of other undertakings within the INEOS Group and holds investments in subsidiary and joint venture undertakings engaged in the production and sale of petrochemical products.

Results and dividends

Results and dividends are discussed in the strategic report.

Future developments

Future developments are discussed in the strategic report.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company where appropriate. The Company is funded internally by the INEOS Group and therefore has no direct exposure to liquidity or debt market risk. Interest rate exposures are managed on a group basis and are fully disclosed in the consolidated financial statements of INEOS Group Holdings S.A..

Directors

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

Y S Ali

J F Ginns

G W Leask

Health & safety

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

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

Directors' report for the year ended 31 December 2018 *(continued)*

Statement of directors' responsibilities

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 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 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.

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.

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Independent auditors

During the year PricewaterhouseCoopers LLP were re-appointed as auditors of the Company.

On behalf of the board



Y S Ali
Director
10 July 2019
Registered number 5310700

Independent auditors' report to the members of INEOS European Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, INEOS European Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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 2018; the Profit and Loss Account, 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

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of INEOS European Holdings Limited *(continued)*

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 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 2018 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 set out on page 3, 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.

Independent auditors' report to the members of INEOS European Holdings Limited *(continued)*

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.

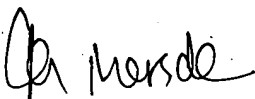
Other required reporting

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
- 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.



Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
10 July 2019

Profit and Loss Account
for the year ended 31 December 2018

	Note	2018 €000	2017 €000
Administrative expenses		(275)	(389)
Operating loss	2	(275)	(389)
Income from other fixed asset investments		206	245
Other interest receivable and similar income	4	51,299	82,600
Interest payable and similar expenses	5	(7,568)	(102,511)
Profit/(loss) before taxation		43,662	(20,055)
Tax on profit/(loss)	6	(1,916)	18,875
Profit/(loss) for the financial year		41,746	(1,180)

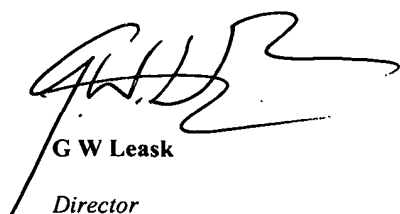
All activities of the Company relate to continuing operations.

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

Balance Sheet
as at 31 December 2018

	<i>Note</i>	2018 €000	2017 €000
Fixed Assets			
Investments	7	594,272	594,211
		<u>594,272</u>	<u>594,211</u>
Current Assets			
Debtors (including €1,033,048,000 (2017:€987,487,000) due after more than one year)	8	1,816,002	1,802,865
Cash at bank and in hand		153,525	86,098
		<u>1,969,527</u>	<u>1,888,963</u>
Creditors: amounts falling due within one year	9	(2,188,648)	(2,139,585)
Net current liabilities		(219,121)	(250,622)
		<u>375,151</u>	<u>343,589</u>
Total assets less current liabilities		375,151	343,589
Creditors: amounts falling due after more than one year	10	(84,585)	(94,769)
Net Assets		290,566	248,820
		<u>290,566</u>	<u>248,820</u>
Capital and reserves			
Called up share capital	11	25	25
Profit and loss account		290,541	248,795
Total Equity		290,566	248,820
		<u>290,566</u>	<u>248,820</u>

These financial statements on pages 7 to 22 were approved by the board of directors on 10 July 2019 and were signed on its behalf by:


G W Leask
Director

Company registered number: 5310700

Statement of Changes in Equity
for the year ended 31 December 2018

	Called up share capital €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2017	25	249,975	250,000
Total comprehensive expense for the year, comprising:			
Loss for the financial year	-	(1,180)	(1,180)
Balance at 31 December 2017	25	248,795	248,820

	Called up share capital €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2018	25	248,795	248,820
Total comprehensive income for the year, comprising:			
Profit for the financial year	-	41,746	41,746
Balance at 31 December 2018	25	290,541	290,566

Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements)

1 Accounting policies

INEOS European Holdings Limited (the "Company") is a private limited company limited by shares incorporated and domiciled in the United Kingdom. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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

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

The financial statements are expressed in euros as the Company primarily generate income, incur expenditure and have the majority of their assets and liabilities denominated in euros. The exchange rate as at 31 December 2018 was €1.10939/£1 (2017: €1.12575/£1).

INEOS Group Holdings S.A. is the parent undertaking that includes the Company in its consolidated financial statements. The consolidated financial statements of INEOS Group Holdings S.A. are prepared in accordance with International Financial Reporting Standards and can 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:

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

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

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 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.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 15.

Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) (continued)

1 Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as financial instruments classified as fair value through other comprehensive income.

1.2 Going concern

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

1.3 Foreign currency

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

1.4 Non-derivative financial instruments

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

Trade and other debtors

Trade and other debtors are recognised initially at fair value 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 debtors satisfy the criteria for 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 being recognised at amortised cost they are recognised at fair value through profit or loss.

Trade and other creditors

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

Investments in debt and equity securities

Investments are stated in the balance sheet at cost less any provisions for impairment.

Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) (continued)

1 Accounting policies (continued)

1.4 Non-derivative financial instruments (continued)

Interest-bearing borrowings

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

1.5 Derivative financial instruments

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

1.6 Intra-group financial instruments

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

1.7 Impairment of financial assets

Trade and other debtors

The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade debtors and contract assets. This approach requires the Company to recognise the lifetime expected loss provision for all trade debtors 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.

1.8 Impairment of non-financial assets excluding inventories and deferred tax assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are assessed at the end of the reporting period to determine whether there is any indication of impairment.

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

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

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

Calculation of recoverable amount

The recoverable amount is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of Impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) *(continued)*

1 Accounting policies *(continued)*

1.8 Impairment of non-financial assets excluding inventories and deferred tax assets *(continued)*

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 of amortisation, if no impairment loss had been recognised.

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 Expenses

Interest receivable and interest payable

Interest payable includes interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

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

1.11 Taxation

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

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

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

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

Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) (continued)

1 Accounting policies (continued)

1.12 Changes in accounting policies

From 1 January 2018 the Company has applied IFRS 9 and IFRS 15 for the first time along with a number of other new standards, although none have had a material effect on the Company's financial statements.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company adopted consequential amendments to IAS 1 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the income statement and OCI.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018, but have not been generally applied to comparative information.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and debtors and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

All financial assets previously classified as loans and debtors under IAS 39 have been reclassified to amortised cost under IFRS 9.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are now measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) (continued)

1 Accounting policies (continued)

1.12 Changes in accounting policies (continued)

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9, but rather those of IAS 39.
- The new hedge accounting requirements have been applied prospectively.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
 - The determination of the business model within which a financial asset is held.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
 - The designation of certain investments in equity instruments not held for trading as FVOCI.

New amendments for 2018

The Company has applied the following amendments to accounting standards for the first time in 2018 with effect from 1 January 2018:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration mandatory for year commencing on or after 1 January 2018.

IFRIC 22 clarifies the transaction date used to determine the exchange rate for foreign currency transactions involving an advance payment or receipt.

Other amendments to be applied by companies in 2018 that are not applicable for the Company are the amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions; amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts; and the amendments to IAS 40 – Transfers of Investment Property.

Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) (continued)

2 Operating loss

Auditors' remuneration:

	2018 €000	2017 €000
Audit of these financial statements	18	18

3 Directors and employees

The Company had no employees during the year (2017: nil). No Directors received any fees or remuneration in respect of their services as a Director of the Company during the financial year (2017: nil).

4 Other interest receivable and similar income

	2018 €000	2017 €000
Interest income on financial assets not at fair value through profit or loss	51,299	49,805
Net foreign exchange gain	-	32,795
Total interest receivable and similar income	51,299	82,600

Interest receivable and similar income includes income from group undertakings of €50,445,000 (2017: €49,357,000).

5 Interest payable and similar expenses

	2018 €000	2017 €000
Total interest payable and similar expenses	3,054	102,511
Net foreign exchange loss	4,514	-
Total interest payable and similar expenses	7,568	102,511

Total interest payable and similar expenses includes interest payable of €3,054,000 (2017: €102,511,000) to group undertakings.

Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) (continued)

6 Tax on profit/(loss)

Recognised in the profit and loss account

	2018 €000	2017 €000
<i>UK corporation tax</i>		
Current tax on profit/(loss) for year	8,257	(3,908)
Adjustments in respect of prior periods	(6,348)	(14,973)
Total	1,909	(18,881)
<i>Foreign Tax</i>		
Current tax on profit/(loss) for year	7	6
Tax charge/(credit) on profit/(loss)	1,916	(18,875)

Reconciliation of effective tax rate

	2018 €000	2017 €000
Tax on profit/(loss)	1,916	(18,875)
Profit/(loss) before taxation	43,662	(20,055)
Profit/(loss) multiplied by the standard rate of tax in the UK of 19.00% (2017: 19.25%)	8,296	(3,861)
Effect of tax rates in foreign jurisdictions	7	6
Non-deductible expenses	(39)	(47)
Adjustments in respect of prior periods	(6,348)	(14,973)
Total tax charge/(credit)	1,916	(18,875)

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 for the year ended 31 December 2018 (forming part of the financial statements) (continued)

7 Investments

	Shares in group undertakings €000	Other €000	Total €000
Cost			
Balance at 1 January 2018	216,553	423,685	640,238
Additions	61	-	61
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	216,614	423,685	640,299
	<hr/>	<hr/>	<hr/>
Provisions			
Balance at 1 January 2018 and 31 December 2018	(46,027)	-	(46,027)
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2017	170,526	423,685	594,211
	<hr/>	<hr/>	<hr/>
At 31 December 2018	170,587	423,685	594,272
	<hr/>	<hr/>	<hr/>

Name	Address of the registered office	Class of shares held	Ownership	
			2018	2017
INEOS 2009A Limited*	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	Ordinary	100%	100%
INEOS 2009B	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	Ordinary	100%	100%
INEOS Group Life Assurance Trustee Limited*	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	Ordinary	100%	100%
INEOS Management (Shanghai) Company Limited*	Unit 803, Building B, CCIG International Plaza, 333 Cao Xi North Road, Shanghai, 200030, China	Registered Capital	100%	100%
INEOS Manufacturing (Hull) Limited*	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	Ordinary	100%	100%
INEOS Manufacturing Belgium N.V. **	Scheldelaan 482, B-2040 Antwerpen, Belgium	Ordinary	100%	100%
INEOS Marketing Support Limited*	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	Ordinary	100%	100%

Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) (continued)

7 Investments (continued)

Name	Address of the registered office	Class of shares held	Ownership	
			2018	2017
INEOS Nitriles (UK) Limited*	PO Box 62, Seal Sands, Middlesbrough, Cleveland, TS2 1TX	Ordinary	100%	100%
INEOS Nitriles Limited*	PO Box 62, Seal Sands, Middlesbrough, Cleveland, TS2 1TX	Ordinary	100%	100%
INEOS Nominee Limited*	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	Ordinary	100%	100%
INEOS Procurement Limited*	Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE	Ordinary	100%	100%
INEOS Sales Belgium S.A.**	Ransbeekstraat 310, B-1120 Needer-over-Heembeek, Belgium	Ordinary	100%	100%
INEOS Sales Italia S.r.l.*	Via Piave, 6, 87013, Rosignano, Solvay (L.I.), Italy	Ordinary	100%	100%
INEOS Sales (UK) Limited*	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	Ordinary	100%	100%
INEOS Services Belgium S.A. **	Ransbeekstraat 310, B-1120 Needer-over-Heembeek, Belgium	Ordinary	100%	100%
INEOS Trading (Shanghai) Company Limited*	Unit 803, Building B, CCIG International Plaza, 333 Cao Xi North Road, Shanghai, 200030, China	Ordinary	100%	100%
INEOS Feluy SPRL	Parc Industriel de Feluy Nord, Zone C, B-7181 Feluy, Belgium	Ordinary	100%	100%
INEOS Investments (Jersey) Limited*	44 Esplanade, St Helier, Jersey, JE4 9WG	Ordinary	100%	100%
INEOS Technologies Italia S.r.l.	Via dell'Elettricità, 39, 30175, Marghera, Venezia, Italy	Ordinary	100%	100%

Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) (continued)

7 Investments (continued)

Name	Address of the registered office	Class of shares held	Ownership	
			2018	2017
INEOS Manufacturing Belgium II N.V. **	Scheldelaan 482, B-2040, Antwerpen, Belgium	Ordinary	100%	-

* Held directly by the Company

** Held directly by the Company except for 1 share held by INEOS Sales (UK) Limited

The 100% holding in INEOS Investments (Jersey) Limited does not constitute control as the shares held do not provide voting rights.

8 Debtors

	2018 €000	2017 €000
Amounts owed by group undertakings	1,816,001	1,802,863
Taxation and social security	1	2
	<u>1,816,002</u>	<u>1,802,865</u>
Due within one year	782,954	815,378
Due after more than one year	1,033,048	987,487

During the year the company has not experienced a significant deterioration in the quality of debtor balances due to the current economic conditions.

9 Creditors: amounts falling due within one year

	2018 €000	2017 €000
Amounts owed to group undertakings	2,188,636	2,139,573
Accruals and deferred income	12	12
	<u>2,188,648</u>	<u>2,139,585</u>

Amounts owed to group undertakings due within one year are unsecured, attract interest at commercial rates, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) (continued)

10 Creditors: amounts falling due after more than one year

	2018 €000	2017 €000
Amounts owed to group undertakings	84,585	94,769

Amounts owed to group undertakings due after more than one year are unsecured, attract interest at commercial rates and are repayable in 2 to 5 years.

11 Called up share capital

	Ordinary shares 2018	
On issue at 1 January and 31 December 2018 – fully paid	2,144,111,032	
	<hr/>	
	2018 €000	2017 €000
<i>Allotted, called up and fully paid</i> Ordinary shares of £0.00001 each	25	25

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

As the reporting currency of the Company is the euro the share capital has been converted to euros at the effective rate of exchange ruling at the date of issuance.

12 Contingent liabilities

The Company is party to a Senior Secured Term Loans agreement dated 27 April 2012 (as amended). The total outstanding indebtedness under the Senior Secured Term Loans agreement at 31 December 2018 was €3,476.6 million (2017: €3,450.5 million). The Company is a guarantor under the Senior Secured Term Loans agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to the Senior Secured Notes due 2023 Indenture dated 05 May 2015 and the Senior Secured Notes due 2025 Indenture dated 03 November 2017. The total outstanding indebtedness under the Senior Secured Notes at 31 December 2018 was €1,320.0 million (2017: €1,320.0 million). The Company is a guarantor under the Senior Secured Notes Indentures. These obligations are secured by fixed and floating charges over the assets of the Company. In April 2019, the group issued €770 million Senior Secured Notes due 2026. The proceeds of the refinancing along with cash on hand were used to redeem in full the Senior Secured Notes due 2023 on 1 May 2019.

The Company is party to the Senior Notes due 2024 Indenture dated 09 August 2016. The total outstanding indebtedness under the Senior Notes at 31 December 2018 was €1,087.3 million (2017: €1,068.8 million). The Company is a guarantor under the Senior Notes Indentures. These guarantees are on an unsecured senior subordinated basis.

Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) *(continued)*

13 Related parties

Other related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with subsidiaries under common ownership.

14 Controlling parties

The Company is a subsidiary undertaking of INEOS Jersey Limited, which is the immediate parent undertaking incorporated in Jersey.

The ultimate parent company at 31 December 2018 was INEOS Limited, a company incorporated in the Isle of Man.

INEOS Group Holdings S.A. is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS Group Holdings S.A. can be obtained from the Company secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

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

15 Accounting estimates and judgements

The Company prepares its financial statements in accordance with FRS101, which requires management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods.

Carrying value of investments

IFRSs require management to test for impairment of an investments if events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

Changing the assumptions selected by management, in particular the discount rate used in the present value calculation, could significantly affect the 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 and hurricanes, technical obsolescence or lower than anticipated sales of products with capitalised intellectual property rights could result in shortened useful lives or impairment. Changes in the discount rates used could also lead to impairments.