

INEOS Phenol China Limited

Annual report and financial statements

Registered number 07701537

31 December 2016

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Strategic report

The directors present their strategic report for the year ended 31 December 2016.

Business overview

The principal activity of the company is to act as an investment holding for a joint venture in China. There has been no change from the prior year.

Business review

During the year to 31 December 2016 the result on ordinary activities before taxation is a loss of €749,000 (2015: €896,000).

Objectives and strategy

The directors do not expect any change in the company's activities during the next financial year as the company will continue to act as a holding company.

Principle risks and uncertainties

The management of the business and 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 local and national competition factors which would cause a decline in the market. Further discussion of these risks and uncertainties in the context of the group as a whole, is provided in the annual report of parent company INEOS Group Holdings S.A., which does not form part of this report.

Key performance indicators

The directors of INEOS Group Holdings S.A. manage the group's operations on a divisional basis. For this reason, the company's directors believe that the analysis using performance indicators of the company is not necessary or appropriate for an understanding of the development, performance, or position of the business of INEOS Phenol China Limited. The development, performance and position of the group, including this company, are discussed in the group's annual report which does not form part of this report.

By order of the board



Y Ali
Company Secretary
20 April 2017

Directors' report

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

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

G Leask
J Ginns

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in 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..

Future developments

The directors do not expect any change in the company's activities during the next financial year.

Dividends

The directors do not recommend the payment of a dividend (2015: €nil).

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 Holdings Limited. The directors have received confirmation that INEOS Holdings Limited intends to support the company for at least one year after these financial statements are signed.

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:

Directors' report (continued)

Statement of directors' responsibilities (continued)

- 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.

Disclosure of information to auditors

The directors confirm that as far as they are aware, there is no relevant audit information of which the company's auditors are unaware and that they have taken all steps necessary as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP are deemed to be reappointed in accordance with an elective resolution made under section 487 of the Companies Act 2006.

By order of the board



Y S Ali

Company Secretary

INEOS Phenol China Limited

Hawkslease, Chapel Lane, Lyndhurst, SO43 7FG

20 April 2017

Independent auditors' report to the members of INEOS Phenol China Limited

Report on financial statements

Our opinion

In our opinion, INEOS Phenol China 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the balance sheet as at 31 December 2016;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

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

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Independent auditors' report to the members of INEOS Phenol China Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

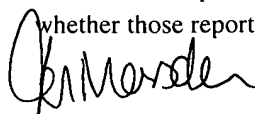
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.


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

Profit and Loss Account

For the year ended 31 December 2016

		2016	2015
	Note	€'000	€'000
Administrative expenses		(200)	(402)
Other operating loss		(1)	(18)
Operating loss	4	(201)	(420)
Interest payable and similar charges	5	(548)	(476)
Loss on ordinary activities before taxation		(749)	(896)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year		(749)	(896)

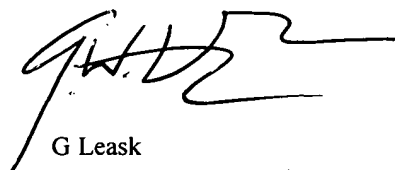
All the activities of the company relate to continuing operations.

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

Balance Sheet
At 31 December 2016

	Note	2016 €'000	2015 €'000
Current assets			
Cash at bank and in hand		30	59
Creditors: amounts falling due within one year	7	(11,224)	(10,504)
Net liabilities		(11,194)	(10,445)
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account		(11,194)	(10,445)
Total shareholders' deficit		(11,194)	(10,445)

These financial statements on pages 6 to 12 were approved by the board of directors on 20 April 2017 and were signed on its behalf by:



G Leask
Director

Company registered number: 07701537

Statement of Changes in Equity
for the year ended 31 December 2016

	Called up Share capital €'000	Profit and loss account €'000	Total shareholders' deficit €'000
Balance at 1 January 2015	-	(9,549)	(9,549)
Loss for the financial year	-	(896)	(896)
Balance at 31 December 2015	-	(10,445)	(10,445)

	Called up Share capital €'000	Profit and loss account €'000	Total shareholders' deficit €'000
Balance at 1 January 2016	-	(10,445)	(10,445)
Loss for the financial year	-	(749)	(749)
Balance at 31 December 2016	-	(11,194)	(11,194)

Notes

(forming part of the financial statements).

1 Accounting policies

INEOS Phenol China Limited (the "Company") is a private company, limited by shares, incorporated and registered in England.

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.

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 SA 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 3 *Business Combinations* in respect of business combinations undertaken by the Company
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*

The accounting policies set out below have, unless otherwise stated, been applied consistently on the going concern basis, to all periods presented in these financial statements and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

Measurement convention

The financial statements are prepared on the historical cost basis.

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 Holdings Limited. The directors have received confirmation that INEOS Holdings Limited intends to support the company for at least one year after these financial statements are signed.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Foreign currency

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

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

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

Trade and other creditors

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

Interest-bearing borrowings

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

2 Reporting currency

The financial statements are expressed in Euros as the company primarily incurs expenditure and has the majority of its assets and liabilities denominated in Euros.

The exchange rate at 31 December 2016 was €1.1656 to £1 (2015: €1.3591 to £1).

3 Directors' remuneration

The Company had no employees during the year (2015: none). No Directors received any fees or remuneration in respect of their services as a Director of the Company during the financial year (2015: nil).

4 Operating loss

Fees receivable by the Company's auditors and its associates in respect of services to the Company and its associates, are disclosed on a consolidated basis in the consolidated financial statements of INEOS Group Holdings S.A..

Notes (continued)
(forming part of the financial statements)

5 Interest payable and similar charges

	2016	2015
	€'000	€'000
Interest payable to group undertakings	(548)	(476)

6 Tax on loss on ordinary activities

Analysis of charge

The taxation charge for the year comprises:

	2016	2015
	€'000	€'000
Current tax	-	-

Factors affecting the charge for the year

The tax charge for the year is higher (2015: higher) than the standard rate of corporation tax in the UK 20% (2015: 20.25%). The differences are explained below:

	2016	2015
	€000	€000
Loss on ordinary activities before taxation	(749)	(896)
Loss on ordinary activities before taxation multiplied by the standard rate of tax in the UK of 20% (2015: 20.25%)	(150)	(182)
Non-deductible expenses	150	182
Total tax expense	-	-

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

Notes (continued)
(forming part of the financial statements)

7 Creditors: amounts falling due within one year

	2016	2015
	€'000	€'000
Amounts owed to group undertakings	11,224	10,454
Accruals and deferred income	-	50
	11,224	10,504

Amounts owed to group undertakings are unsecured, attract interest at commercial rates, have no fixed repayment and are repayable on demand.

8 Called up share capital

	2016	2015
	€	€
On issue		
As at 1 January and 31 December		
1 (2015: 1) ordinary share of £1	1	1
Allotted, called up and fully paid		
As at 1 January and 31 December		
1 (2015: 1) ordinary share of £1	1	1

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

9 Controlling parties

As at 31 December 2016 the immediate parent undertaking was INEOS Holdings International Limited, a company incorporated in England and Wales. The ultimate parent company at 31 December 2016 was INEOS Limited, a company incorporated in Isle of Man.

INEOS Group Holdings S.A. is the parent undertaking of the only group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS Group Holdings SA 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 undertaking INEOS Limited.